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中国安储能源集团
China AnChu Energy Storage Group

CHINA ANCHU ENERGY STORAGE GROUP LIMITED
中國安儲能源集團有限公司

(formerly known as China Fordoo Holdings Limited 中國虎都控股有限公司)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2399)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the "**Board**") of directors (the "**Directors**") of China Anchu Energy Storage Group Limited (the "**Company**") is pleased to announce the audited annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2022 (the "**Year**").

FINANCIAL HIGHLIGHTS

From continuing operations

- Revenue of the Group increased by 61.5% to RMB603.9 million (2021: RMB373.9 million).
- Gross profit of the Group increased by 29.4% to RMB142.6 million (2021: RMB110.2 million).
- Net loss of the Group was RMB88.6 million (2021: net loss of RMB166.9 million).
- Basic and diluted loss per share was RMB4.67 cents (2021: RMB9.03 cents).
- The Board has resolved not to recommend the payment of a final dividend for the year (2021: Nil).

	2022	2021	Change
Profitability ratios			
From continuing operations			
Gross profit margin	**23.6%**	29.5%	–5.9 ppt
Net loss margin	**–14.7%**	–44.7%	+30.0 ppt
From continuing and discontinued operations			
Return on equity[(1)]	**–20.4%**	–37.6%	+17.2 ppt
Liquidity ratios			
From continuing operations			
Inventory turnover (Days)[(2)]	**34**	60	–26
Trade and bills receivables turnover (Days)[(3)]	**174**	186	–12
Trade payables turnover (Days)[(4)]	**123**	57	+66
Capital ratios			
Net Debt to equity ratio (%)[(5)]	**100.6%**	71.8%	+28.8 ppt
Gearing ratio [(6)]	**116.8%**	100.8%	+16.0 ppt

Notes:

(1) Net loss for the Year divided by total equity.

(2) Average of the inventory at the beginning and at the end of the Year divided by cost of sales times number of days during the Year.

(3) Average of the trade and bills receivables at the beginning and at the end of the Year divided by revenue times number of days during the Year.

(4) Average of the trade payables and bills payable at the beginning and at the end of the Year divided by costs of sales times number of days during the Year.

(5) Net debt divided by total equity as of the end of the Year. Net debt includes bank and other borrowings and corporate bonds net of cash and cash equivalents, pledged bank deposits and fixed deposits held at bank.

(6) Total debts divided by the total equity as of the end of the Year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2022
(Expressed in Renminbi)

	Notes	**2022** *RMB'000*	2021 *RMB'000*
Continuing operations			
Revenue	*4*	**603,911**	373,861
Cost of sales		**(461,281)**	(263,694)
Gross profit		**142,630**	110,167
Other income and other gains or losses	*5*	**15,759**	14,619
Impairment loss of intangible assets		**(6,911)**	(2,111)
Impairment losses under expected credit losses model, net of reversal		**(113,557)**	(86,960)
Selling and distribution expenses		**(41,029)**	(50,390)
Administrative and other operating expenses		**(74,314)**	(103,674)
Loss from operations		**(77,422)**	(118,349)
Finance costs	*6(a)*	**(30,617)**	(28,710)
Loss before taxation	*6*	**(108,039)**	(147,059)
Income tax credit/(expenses)	*7*	**19,396**	(19,879)
Loss for the year from continuing operations		**(88,643)**	(166,938)
Discontinued operation			
Loss for the year from discontinued operation		**–**	(3,687)
Loss for the year		**(88,643)**	(170,625)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
For the year ended 31 December 2022
(Expressed in Renminbi)

	2022	2021
	RMB'000	*RMB'000*
Other comprehensive income/(expense) for the year		
Items that will not be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside the mainland of the People's Republic of China (the "**PRC**") to presentation currency	**4,787**	3,689
Exchange reserve realised on disposal of subsidiaries	**–**	(83)
Other comprehensive income for the year	**4,787**	3,606
Total comprehensive expenses for the year	**(83,856)**	(167,019)
Loss for the year attributable to equity owners of the Company		
— from continuing operations	**(100,012)**	(174,391)
— from discontinued operation	**–**	(3,687)
	(100,012)	(178,078)
Profit for the year attributable to non-controlling interest		
— from continuing operations	**11,369**	7,453
	(88,643)	(170,625)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
For the year ended 31 December 2022
(Expressed in Renminbi)

	Notes	2022 RMB'000	2021 RMB'000
Total comprehensive income/(expense) attributable to:			
Equity owners of the Company		**(96,573)**	(174,354)
Non-controlling interest		**12,717**	7,335
		(83,856)	(167,019)
Loss per share (RMB cents)			
Basic and diluted			
— from continuing and discontinued operations	8	**(4.67)**	(9.22)
— from continuing operations	8	**(4.67)**	(9.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

(Expressed in Renminbi)

	Notes	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment		**27,164**	42,149
Investment properties		**375,424**	338,937
Right-of-use assets		**234,124**	237,674
Intangible assets		**45,413**	9,428
Prepayment for acquisition of property, plant and equipment		**4,601**	–
Deferred tax assets		**101,929**	75,576
		788,655	703,764
Current assets			
Inventories		**54,308**	31,244
Trade and other receivables	*9*	**420,314**	249,616
Pledged bank deposit		**20,000**	–
Cash and cash equivalents		**50,375**	131,821
		544,997	412,681
Current liabilities			
Trade and other payables	*10*	**337,881**	156,823
Bank borrowings		**411,121**	398,500
Lease liabilities		**4,159**	2,530
Corporate bonds		**28,628**	31,820
Current taxation		**4,930**	3,978
		786,719	593,651
Net current liabilities		**(241,722)**	(180,970)
Total assets less current liabilities		**546,933**	522,794

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 December 2022
(Expressed in Renminbi)

	Notes	2022 RMB'000	2021 RMB'000
Non-current liabilities			
Deferred tax liabilities		**37,740**	37,740
Lease liabilities		**5,057**	3,651
Convertible bond		**46,945**	–
Corporate bonds		**21,835**	27,391
		111,577	68,782
Net assets		**435,356**	454,012
Capital and reserves			
Share capital	*11*	**4,420**	4,163
Reserves		**410,884**	442,514
Equity attributable to equity owners of the Company		**415,304**	446,677
Non-controlling interest		**20,052**	7,335
Total equity		**435,356**	454,012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION

China Anchu Energy Storage Group Limited (the "**Company**") was incorporated in the Cayman Islands on 23 December 2013 as an exempted company with limited liability under the Company Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands.

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the sales of industrial products to customers located in Saudi Arabia, the sales of menswear apparel and brand licensing in the PRC and sales of energy storage battery in the PRC.

In preparing these consolidated financial statements, the Directors have considered the future liquidity of the Group. As at 31 December 2022, the Group has net current liabilities of approximately RMB241,722,000 and loss for the Year was approximately RMB88,643,000.

Notwithstanding the aforesaid conditions, these consolidated financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. The Directors have prepared the Group's cash flow projections for the period of not less than 12 months from the end of reporting period after taking into consideration of the following measures and arrangements made subsequent to the reporting date:

(i) The Group have guarantee contracts with certain banks to obtain maximum credit amounts of RMB560,000,000 and as at 31 December 2022, the unutilised facilities amount in respect of bank borrowings was approximately RMB148,900,000.

(ii) The Group is taking measures to tighten cost controls over various costs and expenses and to seek new investments and business opportunities with an aim of attaining profitable and positive cash flow operations.

On the basis of the foregoing, and after assessing the Group's current and forecasted cash positions, the Directors are satisfied that the Group will be able to meet in full the Group's financial obligations as they fall due for the period of twelve months from the date of consolidated financial statements. Accordingly, the consolidated financial statements of the Group have been prepared on the going concern basis.

2 APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

2.1 Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "**Committee**") of the IASB issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.2 New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Standards that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.

The Directors anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

— specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

— clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

Based on the Group's outstanding liabilities as at 31 December 2021, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

IAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". 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.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to IAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in IAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

3 SEGMENT INFORMATION

Operating segments and the amounts of each segment item reported in the consolidated financial statements are identified from the consolidated financial statements provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The main operations of the Group are the sales of industrial products to customers located in Saudi Arabia, the sales of menswear apparel and brand licensing in the PRC and sales of energy storage battery in the PRC.

The following is an analysis of the Group's revenue and results by segment:

Segment revenue and results

For the year ended 31 December 2022

	Continuing operations				
	Menswear Apparel *RMB'000*	Industrial Products *RMB'000*	Energy Storage Battery *RMB'000*	Unallocated *RMB'000*	Consolidated *RMB'000*
Revenue	102,635	500,878	398	–	603,911
Segment result before the following items	(19,615)	41,215	(13,847)	–	7,753
Impairment of intangible assets recognised in profit or loss	(6,911)	–	–	–	(6,911)
Allowance for ECL, net recognised in profit or loss	(100,503)	(13,054)	–	–	(113,557)
Depreciation and amortisation	(20,832)	–	(5,521)	–	(26,353)
Segment result	(147,861)	28,161	(19,368)	–	(139,068)
Other revenue and unallocated gains				1,496	1,496
Corporate and other unallocated gains				29,533	29,533
Loss before tax					(108,039)
Tax credit/(expenses)	24,046	(4,650)	–	–	19,396
					(88,643)

For the year ended 31 December 2021

	Continuing operations				Discontinued operation	
	Menswear Apparel *RMB'000*	Industrial Products *RMB'000*	Unallocated *RMB'000*	Sub-total *RMB'000*	Advertising *RMB'000*	Consolidated *RMB'000*
Revenue	275,026	98,835	–	373,861	3,577	377,438
Segment result before the following items	6,418	28,123	–	34,541	(3,566)	30,975
Impairment of intangible assets recognised in profit or loss	(2,111)	–	–	(2,111)	–	(2,111)
Allowance for ECL, net recognised in profit or loss	(86,960)	–	–	(86,960)	–	(86,960)
Depreciation and amortisation	(69,001)	–	–	(69,001)	(154)	(69,155)
Segment result	(151,654)	28,123	–	(123,531)	(3,720)	(127,251)
Other revenue and unallocated gains			1,957	1,957	–	1,957
Corporate and other unallocated expenses			(25,485)	(25,485)	–	(25,485)
Loss before tax				(147,059)	(3,720)	(150,779)
Tax (expenses)/credit	(16,870)	(3,009)	–	(19,879)	33	(19,846)
				(166,938)	(3,687)	(170,625)

During the year of 2021, the Group commenced the business engaging in provision of advertising services along with the acquisition of Good Productive Limited and its subsidiaries ("**Good Productive Group**") (as detailed in note 12), and it was considered as a new operating and reportable segment by the most senior executive management. As the uncertainties brought by the recent change in regulatory environment in the PRC that affected the operation of Good Productive Group in the PRC, the Group disposed the Good Productive Group on 30 November 2021. This new operating segment was treated as discontinued operation.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss from each segment without allocation of central administration costs, directors' emoluments, investment income and finance costs.

Segment assets and liabilities

For the year ended 31 December 2022

	Continuing operations				
	Menswear Apparel ***RMB'000***	**Industrial Products** ***RMB'000***	**Energy Storage Battery** ***RMB'000***	**Unallocated** ***RMB'000***	**Consolidated** ***RMB'000***
Segment assets	**817,297**	**357,099**	**123,782**	**35,474**	**1,333,652**
Segment liabilities	**471,265**	**249,740**	**24,702**	**152,589**	**898,296**

For the year ended 31 December 2021

	Continuing operations				Discontinued operation	
	Menswear Apparel	Industrial Products	Unallocated	Sub-total	Advertising	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	695,475	80,920	340,050	1,116,445	–	1,116,445
Segment liabilities	491,070	63,474	107,889	662,433	–	662,433

Amounts included in measure of segment profit or loss and segment assets

For the year ended 31 December 2022

	Continuing operations				
	Menswear Apparel	**Industrial Products**	**Energy Storage Battery**	**Unallocated**	**Consolidated**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Addition to non-current assets	**33,144**	**–**	**65,435**	**1,957**	**100,536**
Depreciation and amortisation	**(20,832)**	**–**	**(5,521)**	**(7,708)**	**(34,061)**
Loss on disposal of property, plant and equipment	**(1,751)**	**–**	**–**	**–**	**(1,751)**
Impairment of intangible assets recognised in profit or loss	**(6,911)**	**–**	**–**	**–**	**(6,911)**
Allowance for ECL, net recognised in profit or loss	**(100,503)**	**(13,054)**	**–**	**–**	**(113,557)**

For the year ended 31 December 2021

	Continuing operations				Discontinued operation	
	Menswear Apparel	Industrial Products	Unallocated	Sub-total	Advertising	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Addition to non-current assets	50,475	–	7,780	58,255	1,125	59,380
Depreciation and amortisation	(69,001)	–	(1,911)	(70,912)	(154)	(71,066)
Loss on disposal of property, plant and equipment	(858)	–	–	(858)	–	(858)
Impairment of intangible assets recognised in profit or loss	(2,111)	–	–	(2,111)	–	(2,111)
Allowance for ECL, net recognised in profit or loss	(86,960)	–	–	(86,960)	–	(86,960)

Geographical information

The following table presents the Group's geographical information in terms of revenue for the years ended 31 December 2022 and 2021:

	Continuing operations		Discontinued operation		Total	
	2022	2021	**2022**	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
China	**103,033**	275,026	**–**	3,577	**103,033**	278,603
Saudi Arabia	**500,878**	98,835	**–**	–	**500,878**	98,835
	603,911	373,861	**–**	3,577	**603,911**	377,438

Non-current assets

The principal place of the Group's operation is in PRC. For the purpose of segment information disclosures under IFRS 8, the Group regards PRC as its country of domicile. Over 90% of the Group's non-current assets are located in the PRC.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the Group's total revenue are as follows:

	2022	2021
	RMB'000	*RMB'000*
Customer A (sale of industrial products)	**158,516**	N/A*
Customer B (sale of industrial products)	**144,157**	59,319
Customer C (sale of industrial products)	**121,344**	N/A*
Customer D (sale of industrial products)	**62,712**	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4 REVENUE

Revenue by product type is as follows:

	2022	2021
	RMB'000	*RMB'000*
Continuing operations		
Sales of industrial products	**500,878**	98,835
Sales of menswear apparel	**91,976**	264,271
Menswear apparel brand licensing	**10,659**	10,755
Sales of energy storage battery	**398**	–
	603,911	373,861
Timing of revenue recognition		
Over time	**10,659**	10,755
At a point in time	**593,252**	363,106
	603,911	373,861

5 OTHER INCOME AND OTHER GAINS OR LOSSES

	2022	2021
	RMB'000	*RMB'000*
Continuing operations		
Interest income	**1,276**	1,016
Rental income from investment properties less direct outgoings	**11,013**	9,103
Service income	**–**	332
Government grants	**58**	1
Net foreign exchange loss	**88**	(41)
Net loss on disposal of property, plant and equipment	**(1,751)**	(858)
Net gain on disposal of subsidiaries	**–**	3,687
Gain/(loss) on modification of corporate bonds	**1,175**	972
Sales of scrap materials	**2,763**	44
Others	**1,137**	363
	15,759	14,619

Government grants were received from several local government authorities, of which the entitlements were under the discretion of the relevant authorities.

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2022	2021
	RMB'000	*RMB'000*
Continuing operations		
(a) Finance costs:		
Interest on corporate bonds	**5,745**	7,724
Interest on convertible bonds	**4,300**	–
Interest on bank borrowings	**20,281**	20,814
Interest on lease liabilities	**291**	172
	30,617	28,710
(b) Staff costs (including directors' remuneration):		
Contributions to defined contribution retirement plans	**2,249**	718
Salaries, wages and other benefits	**17,802**	14,075
	20,051	14,793
(c) Other items:		
Amortisation of intangible assets	**5,810**	45,917
Depreciation of property, plant and equipment	**3,670**	3,767
Depreciation of investment properties	**14,067**	12,254
Amortisation of right-of-use assets	**10,514**	8,974
Auditors' remuneration	**1,381**	1,493
Research and developments expenses *(note i)*	**3,106**	1,747
Cost of inventories	**461,281**	263,694
Allowance for ECL, net	**113,557**	86,960
Expense related to short-term leases	**–**	5

Note:

(i) Research and developments expenses include staff costs working in the Group's design and product development department.

7 INCOME TAX CREDIT/(EXPENSES)

	2022	2021
	RMB'000	*RMB'000*
Continuing operations		
Current tax		
Provision for PRC enterprises income tax for the year	**(52)**	–
Over provision for PRC enterprises income tax for prior year	**–**	13
Provision for Hong Kong Profit Tax for the year	**(6,905)**	(3,009)
Deferred tax credit/(expenses)	**26,353**	(16,883)
	19,396	(19,879)

8 LOSS PER SHARE

(a) Basic loss per share

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

	2022	2021
	RMB'000	*RMB'000*
Loss		
Loss for the year for the purposes of computation of basic loss per share		
— from continuing operations	**(100,012)**	(174,391)
— from discontinued operation	**–**	(3,687)
	(100,012)	(178,078)
	Number of shares	
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue	**2,142,977**	1,930,768

(b) Diluted loss per share

The computation of diluted loss per share for the years ended 31 December 2022 and 2021 did not assume the exercise of outstanding share options of the Company since their assumed conversion would result in a decrease in loss per share.

9 TRADE AND OTHER RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**772,960**	521,514
Less: Loss allowance for expected credit loss	**(412,363)**	(302,106)
Written-off	**(3,923)**	(1,615)
Trade receivables	**356,674**	217,793
Prepayments to suppliers	**16,101**	11,706
Other deposits, prepayments and receivables	**47,539**	20,117
	420,314	249,616

Aging analysis

At the end of the reporting period, the aging analysis of trade receivables with net of allowance for credit losses, based on invoice date, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**223,565**	160,066
More than 3 months but within 6 months	**5,321**	12,880
More than 6 months but within 1 year	**121,109**	44,847
Over 1 year	**6,679**	–
	356,674	217,793

Trade receivables are normally due for settlement within 90–180 days from the invoice date.

10 TRADE AND OTHER PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade payables	**251,439**	58,984
Other payables	**31,523**	45,807
Accruals	**54,919**	52,032
	337,881	156,823

The below is an aging analysis of the trade payables at the end of the reporting period based on relevant invoice dates:

	2022	2021
	RMB'000	*RMB'000*
Within 1 month or on demand	**51,527**	29,532
Over 1 month but within 3 months	**114,430**	23,793
Over 3 months but within 6 months	**71,288**	–
Over 6 months but within 1 year	**14,194**	5,659
	251,439	58,984

11 SHARE CAPITAL

	Number of ordinary shares of HK$0.0025	**Amount**
		HK$'000
Authorised:		
As at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	**4,000,000,000**	**10,000**

	Number of ordinary shares of HK$0.0025	**Amount**	**Amount**
		HK$'000	*RMB'000*
Issued and fully paid:			
As at 1 January 2021	1,923,600,000	4,809	3,819
Issuance of share under subscription *(note)*	168,418,000	421	344
As at 31 December 2021 and 1 January 2022	2,092,018,000	5,230	4,163
Issuance of share under subscription *(note)*	120,000,000	300	257
As at 31 December 2022	**2,212,018,000**	**5,530**	**4,420**

Note: On 18 October 2021, the Company entered into the subscription agreement with an independent third party, pursuant to which the subscriber had conditionally agreed to subscribe for 37,087,000 new shares at the subscription price of HK$0.614 per subscription share. The subscription was completed and 37,087,000 of new shares were issued and allotted on 26 October 2021.

On 24 December 2021, the Company entered into the subscription agreement with independent third parties, pursuant to which the subscribers had conditionally agreed to subscribe for 131,331,000 new shares at the subscription price of HK$0.550 per subscription share. The subscription was completed and 131,331,000 of new shares were issued and allotted on 31 December 2021.

On 13 July 2022, the Company entered into the subscription agreement with an independent third party, pursuant to which the subscriber had conditionally agreed to subscribe for 120,000,000 new shares at the subscription price of HK$0.550 per subscription share. The subscription was completed and 120,000,000 of new shares were issued and allotted on 29 July 2022.

12 BUSINESS COMBINATION

(a) Acquisition of subsidiaries

On 14 December 2020 and 5 March 2021, the Company entered into the sale and purchase agreement and the supplemental agreement with Mr. Tong Xin, being the former executive director of the Company (resigned on 12 October 2021) and the ultimate beneficial owner of vendor ("**Mr. Tong**"), respectively, for the acquisition of 100% issued share capital of Good Productive Limited and its subsidiaries ("**Good Productive Group**") at a cash consideration of HK$9,700,000 (equivalent to RMB8,199,000) ("**Acquisition consideration**"). Good Productive Limited is an investment holding company and its subsidiaries were principally engaged in the sales and marketing of automobiles through an e-commerce platform. The acquisition of Good Productive Group was completed on 30 March 2021.

The fair value of identifiable assets acquired and liabilities assumed of the acquiree as at the date of acquisition were as follows:

	RMB'000
Net assets acquired:	
Intangible assets	1,031
Cash and cash equivalents	4,597
Trade and other receivables	12,956
Other payables	(11,534)
Deferred tax	(258)
Tax payables	(2,147)
Net identifiable assets at fair value	4,645
Cash consideration payable	8,199
Less: fair value of net identifiable assets acquired	(4,645)
Goodwill	3,554

	RMB'000
Net cash inflow arising on acquisition:	
Cash consideration *(c)*	–
Add: cash and cash equivalents acquired	4,597
	4,597

(b) Disposal of subsidiaries

On 30 November 2021, the Company and Mr. Tong entered into an equity transfer agreement for the disposal of 100% issued share capital of Good Productive Group (the "**Disposal**") at a cash consideration of HK$9,700,000 (equivalent to RMB8,071,000) ("**Disposal Consideration**"). Accordingly, the Company agreed to dispose and Mr. Tong agreed to acquire the entire issued share capital of Good Productive Group.

The reason for the Disposal was mainly due to the uncertainties brought by the recent change in regulatory environment in the PRC that affected the operation of Good Productive Group in the PRC, including the introduction of (i) Measures for the Supervision and Administration of Combating Money Laundering and Financing of Terrorism by Financial Institutes; and (ii) Personal Information Protection Law. The Disposal was completed on 30 November 2021.

The net assets of Good Productive Group as at the date of disposal were as follow:

	RMB'000
Property, plant and equipment	77
Intangible assets	894
Goodwill	3,554
Other receivables	9,244
Cash and bank equivalents	63
Other payables	(8,979)
Deferred tax	(237)
Exchange reserve	83
Net assets disposal of Good Productive Group	4,699
Consideration	(8,071)
Gain on disposal	3,372
Cash consideration *(c)*	–
Cash and cash equivalents disposed	(63)
Net cash outflow from the disposal	(63)

(c) Non-cash transaction

Under the circumstances that (i) the Acquisition Consideration due to Mr. Tong was not yet paid; and (ii) the Disposal Consideration due from Mr. Tong was not yet received, the Company and Mr. Tong agreed in writing that the Acquisition Consideration and the Disposal Consideration to be set-off.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is principally engaged in the sales of industrial products to customers located in Saudi Arabia, the sales of menswear apparel and brand licensing in the PRC and sales of energy storage battery in the PRC.

Industrial Products

The Group has diversified into the business of sales of automotive, motorcycle and other industrial products through its 51% indirectly-owned subsidiary ("**Subsidiary**") to customers located in Saudi Arabia since the second half of 2021. The demand of such products from customers in Saudi Arabia remained high during the Year as the economy of Saudi Arabia: (i) recovered rapidly from the COVID-19 pandemic due to the high vaccination rate; and (ii) benefited from the high oil prices and strong demand of oil owing to the Russian-Ukrainian War.

Menswear Apparel

The Group is a menswear enterprise in the PRC focusing on the sales of its branded menswear apparel and brand licensing. The Group completed the transformation from labour intensive manufacturing industry to outsourcing its branded menswear apparel by leveraging its own design talent in 2021. The Group currently sources its products on OEM basis only, which is more flexible in meeting the customer demand in the current trend.

Under the current weak retail situation, distributors placed small quantity orders of different product mix, which meant that economies of scale in production could not be achieved. In addition, after experiencing the suspension of social and economic activities in all the years due to the COVID-19 pandemic, outsourcing production process can avoid the sunk cost of production, such as idle labor costs and the fringe benefits.

Energy Storage Battery

The Company further expanded to the business of energy storage battery segment during the Year. Jiangsu HengAn Energy Technology Co., Ltd., an indirectly wholly-owned subsidiary of the Company, acquired the intellectual property rights and fixed assets in respect of the production facilities of zinc-bromine flow battery (鋅溴液流電池) during the Year. The Group believes that the energy storage battery market will have promising prospects for development under the support of the national policy of "carbon emission reduction".

As the battery production was still under trial stage in 2022, the revenue for the Year is insignificant.

On 21 June 2022, the Group issued a 8% convertible bond due 2024 for a sum of HK$60 million (approximately RMB51.28 million), which had been fully utilised for future business development and general working capital. Please refer to the announcements of the Company dated 8 June 2022 and 21 June 2022 for details.

On 29 July 2022, the Group issued a total of 120,000,000 new shares under general mandate for a total sum of HK$66 million (approximately RMB56.41 million). The amounts of HK$32.0 million and approximately HK$7.9 million had been utilised for future business development and general working capital, respectively. Please refer to the announcements of the Company dated 13 July 2022 and 29 July 2022 for details.

BUSINESS REVIEW

A. Industrial Products Segment

The Group has diversified into the business of the sale of automotive, motorcycle and other industrial products to customers in Saudi Arabia in the second half of 2021 with a business partner who is having 49% of the equity interest of the Subsidiary. The business partner has over 15 years of extensive experience in selling auto parts with strong network of marketing in Saudi Arabia and supply chain in PRC. The Group believes that the automotive market in Saudi Arabia will have good prospects for development under the current plan and seized the opportunity to enter into the automotive market with a strong partnership in business.

Saudi Arabia and its Automotive Market

In accordance with the Market Intelligence of the International Trade Administration (https://www.trade.gov/market-intelligence/saudi-arabia-automotive-market), the automotive market in the Middle East/North Africa (the "**MENA**") region is growing at an estimated rate of 36% with Saudi Arabia as the leading regional market. Saudi Arabia accounted for almost 52% of the vehicles sold in the Gulf Cooperation Council (the "**GCC**") and 35% in the MENA region in 2020. Total vehicles sold in Saudi Arabia in 2019, 2020 and 2021 were approximately 556,000, 436,000 and 584,000, respectively. In 2022, a total of approximately 626,000 automobiles were sold in the automotive market in Saudi Arabia. It was the highest amount in the past six years and a 7.2% increase as compared to the year of 2021.

Saudi Vision 2030, initially announced on 25 April 2016, is a strategic framework to reduce Saudi Arabia's dependence on oil, diversify its economy, and develop public service sectors. Key goals include reinforcing economic and investment activities, increasing non-oil international trade, and promoting a softer and more secular image of Saudi Arabia. To achieve these goals, the National Industrial Development Center (the "**NIDC**") aims to attract 3-4 OEMs across the vehicles value chain, with the goal of producing 300,000 vehicles annually with a 40% local content by 2030. (In 2021, there are only four assembly plants in Saudi Arabia for commercial vehicles and these have a low volume output.) The NIDC provides incentives to enable industrialization through loans, tax incentives and tariff exemptions. Vehicle body panels, wheel components, tires, seats, fuel pumps, seat belts, rear indicator light covers, headlights, bumpers and engine covers are in demand and present sustainable market opportunities for the Group in Saudi Arabia.

In December 2022, President of the PRC, Xi Jinping, visited Saudi Arabia for the first China-Arab States Summit and the first China-Gulf Cooperation Council Summit and signed a number of agreements, including a strategic partnership agreement with Saudi Arabia's King Salman bin Abdul Aziz. They expressed appreciation for the growth of trade and investment between the two countries, which reflects the depth and sustainability of the economic relationship between the two countries. They also agreed to work together to deepen the automotive industry, supply chain, logistics, desalination, infrastructure, processing industry, mining, finance and other fields under the framework of "the Belt and Road Initiative" and "Saudi Vision 2030" to create an opportunity, incentive and supportive investment environment.

Customers

As at 31 December 2022, the Group had four main customers for the industrial products segment. They are engaging in the businesses of wholesale and retail sale of automotive, motorcycle and other industrial products in Saudi Arabia and other Middle Eastern countries. They are mainly located in Jeddah which is the second largest city in Saudi Arabia. Jeddah has long been a seaport city and a trading hub for the region. These merits are beneficial to our customers' business.

The demand of such products from customers in Saudi Arabia remained high during the Year as the economy of Saudi Arabia: (i) recovered rapidly from the Covid-19 pandemic due to the high vaccination rate; and (ii) benefited from the high oil prices and strong demand of oil owing to the Russian-Ukrainian War. Saudi Arabia achieved real gross domestic product (GDP) growth of 8.7% in 2022.

The revenue of the five largest customers during the Year accounted for approximately 98.8% of the total revenue of the industrial products segment.

Suppliers

The Group purchased industrial products from suppliers, mainly factories and distributors in the PRC.

Due to the recurrence of COVID-19 pandemic during early 2022, some of the suppliers in Southeast Asia were not able to arrange productions and shipments to meet the demand from customers in Saudi Arabia. Since our main suppliers and export ports were located in Zhejiang and Shandong in the PRC and were not significantly affected by the pandemic prevention measures. Therefore, we had stronger bargaining power to negotiate and led to higher selling prices and higher profit margin in the first half of the Year.

Along with the easing of COVID-19 pandemic, the suppliers in Southeast Asia engaging exporting business to Saudi Araba started to resume normal. The competition faced by the industrial products segment was getting fierce and put pressure on the prices of the Group's industrial products in the second half of the Year, thus lowering the overall profit margin.

The purchase amounts of the five largest suppliers during the Year for industrial products segment accounted for approximately 85.5% of the total purchase amounts of the industrial products segment.

B. Menswear Apparel Segment

Distribution Network for the Sales of Menswear Apparel

The Group primarily sells its products on a wholesale basis to its third-party distributors, who then sell the products to end customers through retail outlets or resell the products to their sub-distributors, who in turn sell the products to end customers through retail outlets operated by those sub-distributors. The Group also sells its products to online distributors which then resell the products to end customers through different third-party online platforms such as Tmall.com and JD.com.

Due to the economic environment in the PRC and the end of the leases during the Year, we closed all 15 self-operated retail outlets in Quanzhou, Fujian Province and Beijing in the second half of the Year.

As at 31 December 2022, our distribution network comprised 52 distributors (2021: 57) (including one online distributor) and 22 sub-distributors (2021: 28) which operated 209 retail outlets (2021: 248), representing a net decrease of 54 retail outlets. As at 31 December 2022, 87.6% (2021: 79.8%) of the retail outlets were located in department stores or shopping malls whereas 12.4% (2021: 20.2%) of the retail outlets were standalone stores.

Marketing and Promotion

The Group believes that brand awareness is crucial to its long-term business development and a cornerstone of its future success. During the Year, the Group invested moderately in advertising and promotion to enhance its brand awareness, including organizing presentation events for new products and engaging in online advertisement through the internet, e.g. www.163.com, and software value-added services to improve our brand name.

Design and Product Development

The Group always puts great emphasis on product design and quality, as we believe our ability and commitment to provide fashionable and comfortable products have been integral to our success. As at 31 December 2022, our product design and development team consisted of 6 (2021: 14) members. The key team members, who plan, implement, supervise and manage the design and development efforts, have an average of 10 years of experience in the fashion industry. We will continue to invest in our product design and research and development capabilities to capture fashion trends and product designs.

Sales Fairs

We generally organize sales fairs at our headquarters in Quanzhou to showcase our upcoming products for the spring/summer and autumn/winter collections to our existing and potential distributors and their sub-distributors. We review our distributors' orders placed at our sales fairs to ensure that they are reasonable and in line with the relevant distributor's capacity and development plans. The sales fair for 2022 autumn/winter collections was held in April 2022, and the sales fair for 2023 spring/summer collections was held in September 2022.

C. Energy Storage Battery Segment

In the Year, as part of the Group's strategy to diversify its business and to enhance the long-term growth and shareholder value, the Group had diversified its business into energy storage battery segment thought Jiangsu HengAn Energy Technology Co., Ltd.* (江蘇恒安儲能科技有限公司) ("**Jiangsu HengAn**"), an indirectly wholly-owned subsidiary of the Company. The main operations of this segment are production and sales of zinc-bromine flow battery (鋅溴液流電池). A zinc-bromine flow battery is a rechargeable battery system that uses the reaction between zinc metal and bromine to generate electric current. It is being developed for stationary power applications, ranging from domestic energy usage to grid-scale energy (電網規模能源). It enables power system operators and utilities companies to store energy for later use.

Acquisition of intellectual property rights and fixed assets

On 10 January 2022, Jiangsu HengAn entered into the Intellectual Property Rights Transfer Agreement and the Fixed Assets Transfer Agreement to acquire the intellectual property rights and fixed assets in respect of the production facilities of zinc-bromine flow battery at a total consideration of RMB53.6 million, which comprises of (i) consideration for the intellectual properties rights, RMB48.7 million; and (ii) consideration for the fixed assets, RMB4.9 million. Most of the intellectual properties rights, in the approximate amount of RMB48.6 million, had been transferred to Jiangsu HengAn and all of the fixed assets were received by Jiangsu HengAn as at 31 December 2022.

Zinc-bromine Flow Battery Research and Development Production Base

Jiangsu HengAn set up a zinc-bromine flow battery research and development production base (the "**Production Base**") in the Jiangning Development Zone* (江寧開發區) and commenced the phase 1 development plan.

After the phase 1 development plan was completed in November 2022, Jiangsu HengAn started the production trial run. During the trial run stage, the production capacity was relatively low and therefore the revenue for the Year was insignificant.

On 13 February 2023, the Company has entered into a letter of intent (the "**LOI**") on collaboration with Nanjing Jiangning Economic and Technological Development Corporation* (南京江寧經濟技術開發區管理委員會) (the "**NJETDC**"), to carry out phase 2 development plan to increase the plant production capacity of the Production Base to meet demands from customers. The Group expects that phase 2 development plan would be commenced by the end of 2023.

For details of the LOI, please refer to the announcement of the Company dated 13 February 2023.

FINANCIAL REVIEW

REVENUE

Revenue by Product Type

	For the year ended 31 December				
	2022		2021		**Change**
	RMB million	***% of revenue***	*RMB million*	*% of revenue*	**%**
Continuing operations					
Industrial Products					
Automotive Industrial Products	**235.4**	**39.0%**	39.4	10.5%	+497.5%
Other Industrial Products	**265.5**	**44.0%**	59.4	15.9%	+347.0%
Total of Industrial Products	**500.9**	**83.0%**	98.8	26.4%	+407.0%
Menswear Apparel					
Menswear Apparel Products	**92.0**	**15.2%**	264.3	70.7%	–65.2%
Brand licensing	**10.6**	**1.8%**	10.8	2.9%	–1.9%
Total of Menswear Apparel	**102.6**	**17.0%**	275.1	73.6%	–62.7%
Energy Storage Battery					
Energy Storage Battery	**0.4**	**0.0%**	–	–	+100%
Total	**603.9**	**100%**	373.9	100%	+61.5%

The increase in revenue was the combined effect of the increase of approximately RMB402.1 million in the revenue from the industrial products segment and decrease of approximately RMB172.5 million in the revenue from the menswear apparel segment. There was a new revenue contribution of approximately RMB0.4 million from the energy storage battery segment.

The increase in revenue from the industrial products segment was significant due to the strong demand from the customers in Saudi Arabia. As mentioned in the Business Review, it was attributed to the economy of Saudi Arabia.

In addition, the revenue from sales of other industrial products increased significantly too. Other industrial products were mainly the household hardware materials for decoration and renovation. Due to the strong economy in Saudi Arabia, people were willing to renovate their apartments and thus raised the demand from such industrial products.

The decrease in revenue from the menswear apparel segment was primarily due to (i) the persistent COVID-19 pandemic and slowdown in China's economic growth in the Year; (ii) the reduction of selling prices to attract consumers; (iii) the Group's continued consolidation strategy on its retail outlet network; and (iv) the decrease in wholesale orders as a result of the termination of distribution relationships with some of the Group's distributors who had slow repayment history.

Revenue by Region

	For the year ended 31 December				
	2022		2021		**Change**
Region	***RMB million***	***% of Revenue***	*RMB million*	*% of Revenue*	**%**
Continuing operations					
Saudi Arabia					
Industrial Products	**500.9**	**83.0%**	98.8	26.4%	+407.0%
PRC					
Menswear Apparel	**102.6**	**17.0%**	275.1	73.6%	–62.7%
Energy Storage Battery	**0.4**	**0.0%**	–	–	+100%
Total of PRC	**103.0**	**17.0%**	275.1	73.6%	-62.6%
Total	**603.9**	**100%**	373.9	100%	+61.5%

Saudi Arabia region became the major revenue contributor to the Group accounting for approximately 83.0% (2021: 26.4%) of the total revenue.

Cost of Sales

	For the year ended 31 December					
	2022		**2021**		**Change**	**Change**
	RMB million	***% of revenue***	*RMB million*	*% of revenue*	*RMB million*	*%*
Continuing operations						
Industrial Products	**381.0**	**76.1%**	64.9	65.7%	+316.1	+487.1%
Menswear Apparel	**79.9**	**77.9%**	198.8	72.3%	–118.9	–59.8%
Energy Storage Battery	**0.4**	**100%**	–	–	+0.4	+100%
Total	**461.3**	**76.4%**	263.7	70.5%	+197.6	+74.9%

Cost of sales from continuing operations increased by approximately 74.9% to approximately RMB461.3 million for the Year from approximately RMB263.7 million for the year ended 31 December 2021 (the "**Prior Year**").

For industrial products segment, the cost of sales was attributable to the purchases of industrial products from suppliers in the PRC. The increase in cost of sales from industrial products segment was in line with the increase in revenue from this segment.

The decrease in cost of sales from menswear apparel segment was in line with the decrease in revenue from this segment.

Gross Profit

	For the year ended 31 December			
	2022	**2021**	**Change**	**Change**
	RMB million	*RMB million*	*RMB million*	*%*
Continuing operations				
Industrial Products	**119.9**	33.9	+86.0	+253.7%
Menswear Apparel	**22.7**	76.3	–53.6	–70.2%
Energy Storage Battery	**0.0**	–	+0.0	+100%
Total	**142.6**	110.2	+32.4	+29.4%

Gross Profit Margin

	For the year ended 31 December		
	2022	**2021**	**Change**
	%	*%*	
Continuing operations			
Industrial Products	**23.9%**	34.3%	–10.4%
Menswear Apparel	**22.1%**	27.7%	–5.6%
Energy Storage Battery	**0.0%**	–	0.0%
Group	**23.6%**	29.5%	–5.9%

The decrease in profit margin in industrial products segment was caused by lower selling prices incurred in the second half of the Year due to more supplies in the market when the impact of COVID-19 was reducing and sales discounts were offered to the customers to enhance customer loyalty. The decrease in profit margin in the menswear apparel segment was due to the higher cost of sales and decrease in selling prices of menswear apparel in order to attract customers during the weak consumer sentiment market.

Profit/(loss) for the Year from continuing operations

	For the year ended 31 December			
	2022	**2021**	**Change**	**Change**
	RMB million	*RMB million*	*RMB million*	*%*
Continuing operations				
Industrial Products	**23.5**	25.1	–1.6	–6.4%
Menswear Apparel	**(123.8)**	(169.8)	+46.0	+27.1%
Energy Storage Battery	**(19.3)**	–	–19.3	–100%
Unallocated	**31.0**	(22.2)	+53.2	+239.6%
Total	**(88.6)**	(166.9)	+78.3	+46.9%

The Group recorded continuous loss for the Year despite the net profit contribution of approximately RMB23.5 million from the industrial products segment. Loss for the Year from the energy storage battery segment, which was under trial run production stage, was approximately RMB19.3 million (2021: nil).

The management of the Group concluded there was impairment indication and conducted a review of the recoverable amounts of certain intangible assets and trade receivables of the Group. Based on the result of the assessment, management of the Group determined that the recoverable amounts of these assets were lower than their carrying amounts. An impairment loss on certain intangible assets of approximately RMB6.9 million (2021: RMB2.1 million) and net allowance for expected credit losses on trade receivables under IFRS 9 "Financial Instruments" of approximately RMB113.6 million (2021: RMB87.0 million) had been recognized.

Other Incomes and Other Gains or Losses

For the Year, other incomes and other gains or losses from continuing operations increased by approximately RMB1.2 million to approximately RMB15.8 million from approximately RMB14.6 million for the Prior Year. The net increase was mainly due to an increase in rental income of approximately RMB1.9 million, increase in sale of scrap materials of approximately RMB2.7 million and increase in gain on modification of corporate bonds of approximately RMB203,000, offset by a decrease in net gain on disposal of subsidiaries of approximately RMB3.7 million.

Selling and Distribution Expenses

	For the year ended 31 December					
	2022		**2021**		**Change**	**Change**
	RMB million	***% of revenue***	*RMB million*	*% of revenue*	*RMB million*	*%*
Continuing operations						
Industrial Products	**23.5**	**4.7%**	5.8	5.9%	+17.7	+305.2%
Menswear Apparel	**16.6**	**16.2%**	44.6	16.2%	–28.0	–62.8%
Energy Storage Battery	**0.9**	**225.0%**	–	–	+0.9	+100%
Total	**41.0**	**6.8%**	50.4	13.5%	–9.4	–18.7%

For the industrial products segment, the increase in the selling and distribution expenses was in line with the increase of revenue but offset by the decreased shipping container charges in the Year. Thus, the expenses to the revenue decreased by approximately 1.2% from 5.9% in the Prior Year to 4.7% for the Year.

For the menswear apparel segment, the decrease in selling and distribution expenses was primarily due to (i) the decrease in salesman salaries and insurance resulting from the decrease in the Group's headcount coupled with a decrease in number of stores during the year; (ii) the decrease in advertising and promotional and packing materials expenses which were in line with the decrease in revenue; and (iii) the decrease in store management, store decoration and promotion expenses, which was in line with the consolidation strategy on the underperforming shops.

For the energy storage battery segment, the selling and distribution expenses were approximately RMB876,000, accounted for approximately 225.0% of the revenue from this segment.

Administrative and Other Operating Expenses

	For the year ended 31 December					
	2022		**2021**		**Change**	**Change**
	RMB million	***% of revenue***	*RMB million*	*% of revenue*	*RMB million*	*%*
Continuing operations						
Industrial Products	**55.1**	**11.0%**	9.9	10.0%	+45.2	+456.6%
Menswear Apparel	**41.4**	**40.4%**	89.2	32.4%	–47.8	–53.6%
Energy Storage Battery	**18.3**	**4,575%**	–	–	+18.3	+100%
Unallocated	**(40.5)**	**n/a**	4.6	n/a	–45.1	–980.4%
Total	**74.3**	**12.3%**	103.7	27.7%	–29.4	–28.4%

For the industrial products segment, the increase in the administrative and other operating expenses was in line with the increase in revenue from this segment.

For the menswear apparel segment, the decrease in the administrative and other operating expenses was mainly due to the decrease in staff salaries expenses resulting from the decrease in the menswear apparel segment's headcount of approximately RMB1.6 million and the decrease in amortisation expenses in goodwill of approximately RMB43.4 million. All goodwill was fully impaired as at 31 December 2021.

For the energy storage battery segment, the administrative and other operating expenses were mainly composed of staff salaries and insurance expenses of approximately RMB8.3 million, depreciation expenses for property, plant and equipment and amortisation expenses for intangible assets of approximately RMB3.4 million, amortisation expenses on leases of approximately RMB1.8 million and research and development expenses of approximately RMB2.0 million. This segment was under trial run production stage in the Year,

Finance Costs

For the Year, finance cost from continuing operations increased by approximately 6.6% year-on-year to approximately RMB30.6 million (2021: RMB28.7 million), which was mainly due to the increase in bank borrowing, corporate bonds and convertible bond.

Income Tax

For the Year, income tax credit increased by approximately RMB39.3 million year-on-year from income tax expenses of approximately RMB19.9 million in Prior Year to income tax credit of approximately RMB19.4 million. The increase in income tax credit was mainly arising from the movements in deferred tax assets due to the net increase in written off of trade receivables and impairment of intangible assets for the Year and offset by the increase in profit from industrial products segment.

Dividends

The Board has resolved not to recommend the payment of a final dividend for the Year (2021: Nil).

Liquidity and Financial Resources and Capital Structure

As at 31 December 2022, the total cash and bank balances of the Group were approximately RMB70.4 million (2021: RMB131.8 million), comprising cash and cash equivalents of approximately RMB50.4 million (2021: RMB131.8 million) and pledged bank deposit of RMB20.0 million (2021: nil).

As at 31 December 2022, the Group had a total of interest bearing borrowings of approximately RMB508.5 million (2021: RMB457.7 million) comprising bank borrowings of approximately RMB411.1 million (2021: RMB398.5 million), corporate bonds of approximately RMB50.5 million (2021: RMB59.2 million) and convertible bond of approximately RMB46.9 million (2021: nil). The Group's borrowings were primarily denominated in RMB and HK$ (2021: in both RMB and HK$) and bear interest at fixed rate (2021: fixed rate) ranging from 5.0% to 15.0% (2021: 5.0% to 15.0%) per annum.

The maturity profile of the borrowings as at 31 December 2022 was as follows:

	2022		2021	
	RMB million	***%***	*RMB million*	*%*
Within 1 year or on demand	**439.8**	**86.5%**	419.0	91.5%
Over 1 but within 2 years	**46.9**	**9.2%**	20.5	4.5%
Over 2 but within 5 years	**21.8**	**4.3%**	18.2	4.0%
Total	**508.5**	**100%**	457.7	100%

As at 31 December 2022, the gearing ratio was approximately 116.8% (2021: 100.8%). The decrease was mainly due to the decrease in total equity. The Group's gearing ratio is measured by the total interest-bearing borrowings divided by total equity and multiplied by 100%.

As at 31 December 2022, the Group's total equity decreased by approximately RMB18.6 million to approximately RMB435.4 million (2021: RMB454.0 million). The decrease was mainly due to the incur of loss for the Year.

Trade Working Capital Ratios

The Group's average inventory turnover days was 34 days for the Year, as compared to 60 days for the Prior year. The decrease was mainly due to better management of inventory level under current operation. The Group will purchase upon receiving orders from customers so as to avoid overstocking and storage costs.

The Group's average trade receivables turnover days was 174 days for the Year, representing a decrease of 12 days from 186 days for the Prior year.

Such decrease is the combined effect of the higher turnover days in menswear apparel segment (401 days) and the lower turnover days in industrial products segment (127 days). Although the Group's trade receivables of menswear apparel segment decreased by approximately 60.8% year-on-year to RMB63.4 million (31 December 2021: RMB162.0 million), the average trade receivables turnover days of menswear apparel segment was 401 days for the Year, representing an increase of 185 days from 216 days for the Prior year. The increase in trade receivables turnover days was mainly due to the long outstanding trade receivables from some customers. The management in charge has been closely following up with the distributors for settlement arrangement with monthly statements and collection letters issued, regular telephone calls and site visits, if possible. The Group will consider taking legal actions to collect the overdue trade receivables and enforce the collaterals if no further repayment is made in near future.

The Group's average trade payables turnover days was 123 days for the Year, representing an increase of 66 days from 57 days for the Prior Year. The increase was mainly due to the higher average trade payables turnover days of industrial products segment of 138 days for the Year, and the increase in the average trade payables turnover days of menswear apparel segment of 19 days from 30 days for the Prior Year to 49 days for the Year. For menswear apparel segment, we normally have 7 to 60 days credit period from our suppliers, while for industrial products segment, we normally have 90 days credit period from our suppliers.

The Group recorded a net debt to equity ratio of approximately 100.6% as at 31 December 2022 (31 December 2021: 71.8%).

The Group regularly and actively monitors its capital structure to ensure there is sufficient working capital to operate its business and to maintain a balanced capital structure between providing steady returns to the Shareholders and benefits to its other stakeholders and having an adequate level of borrowing and security.

Charges of Assets

As at 31 December 2022, secured bank borrowings of RMB411.1 million (2021: RMB398.5 million) were secured by certain buildings, investment properties, land use rights and a bank deposit with carrying value of approximately RMB12.6 million (2021: RMB31.4 million), approximately RMB375.4 million (2021: RMB338.9 million), approximately RMB224.7 million (2021: RMB231.8 million) and RMB20.0 million (2021: nil), respectively.

Significant Investment, Material Acquisition and Disposal of Subsidiaries and Associated Companies

Energy Storage Battery Segment

On 10 January 2022, as part of the Group's strategy to diversify its business and to enhance the long-term growth and shareholder value, Jiangsu HengAn entered into the Intellectual Property Rights Transfer Agreement and the Fixed Assets Transfer Agreement with Beijing Baineng Huitong Technology Co., Ltd.* (北京百能匯通科技有限責任公司), Baoding Baineng Huitong New Energy Technology Co., Ltd.* (保定百能匯通新能源科技有限公司) and Qinghai Baineng Huitong New Energy Technology Co., Ltd.* (青海百能匯通新能源科技有限公司) (collectively, the "**Transferors**"), pursuant to which Jiangsu HengAn agreed to acquire and the Transferors agreed to transfer the intellectual property rights and fixed assets in respect of the production facilities of zinc-bromine flow battery (鋅溴液流電池) at a total consideration of RMB53.6 million, which comprises of (i) consideration for the intellectual properties rights, RMB48.7 million; and (ii) consideration for the fixed assets, RMB4.9 million (the "**2022 Acquisitions**").

Most of the intellectual properties rights had been transferred to Jiangsu HengAn and all of the fixed assets had been received by Jiangsu HengAn in June 2022. The assembly of fixed assets were completed in late 2022 and production trial run was started.

Save as disclosed above, the Group had no significant investment, material acquisition and disposal of subsidiaries and associates during the Year.

Factory Restructuring

Since 2020, the Group has started to restructure some redundant factory areas (the "**Restructuring**") in Quanzhou to change the usage of those areas into developing a one-stop home and commercial furnishing chain business platform (the "**Platform**") to increase the income streams.

The Platform will facilitate the matching of suppliers and customers of the furnishing industry. The Restructuring will be separated into different areas such as furnishing materials store, furnishing design centre and supporting facilities such as business centre. We expect to receive rental incomes, promotion and advertisement fees from the Platform.

The Restructuring is still under the construction stage and is principally funded by cash generated from our operations and bank borrowings. According to the initial planned timetable, we expected that the Restructuring would be completed by early 2022. However, due to the recurring COVID-19 situation in 2022, the completion will be delayed to 2023.

Capital Commitments and Contingencies

As at 31 December 2022, the Group had a total capital commitment of approximately RMB203.2 million. It was primarily related to the construction in progress. All the capital commitments are expected to be financed by our operations and bank borrowings.

As at 31 December 2022, the Group had no material contingent liabilities.

Foreign Currency Exposure

The functional currency of the Group is Renminbi and the Company's financial statements are translated into Renminbi for reporting and consolidation purpose. Foreign exchange differences arising from translation of financial statements are directly recognised in equity as a separate reserve. As the Group conducts its business transactions principally in Renminbi and US Dollar, other than the Hong Kong dollar corporate bonds, the exchange rate risk at the Group's operational level is not significant. The Group does not employ any financial instruments for hedging purpose.

Employees, Training and Development

The Group had a total of 133 employees as at 31 December 2022 (2021: 138). Total staff costs for the year amounted to approximately RMB20.1 million (2021: RMB14.8 million).

The Group places strong emphasis on recruiting quality personnel from universities and technical schools and provides on-going training and development opportunities to our staff members. Our training programs cover topics such as sales, customer service, quality control, sales fairs planning and pre-employment training. We also provide training on workplace ethics, fire protection and other areas relevant to the business. We believe that staff training plays an important role in recruiting and retaining talent as well as enhancing employees' loyalty.

The Group offers competitive remuneration packages to its employees, including basic salary, allowances, insurance, commission/bonuses and share options, based on factors such as market rates, responsibility, job complexity and the Group's performance.

Use of Proceeds

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 July 2014 with net proceeds (the "**Net Proceeds**") from the global offering of approximately HK$454.7 million (after deducting underwriting commissions and related expenses). Part of these proceeds were applied during the financial year in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 June 2014 (the "**Prospectus**"). As at 31 December 2022, the Group had utilised HK$390.8 million of the Net Proceeds and unutilised Net Proceeds amounted to HK$63.9 million.

The following table sets forth a breakdown of the use of the Net Proceeds during the Year:

Use of Net Proceeds during the Year	***HK$ million***
Brand promotion and marketing	–
Research, design and product development	**0.1**
Repay a portion of our bank borrowings	–
Expand distribution network and provide storefront decoration	–
Install ERP system	–
Working capital and other general corporate purposes	–
	0.1

As at 31 December 2022, the accumulated use of the Net Proceeds is set out below:	**Available for use** *HK$million*	**Utilized (as at 31 December 2022)** *HK$million*	**Unutilized (as at 31 December 2022)** *HK$million*
Brand promotion and marketing	**122.8**	**122.8**	–
Research, design and product development	**90.9**	**52.5**	**38.4**
Repay a portion of our bank borrowings	**90.9**	**90.9**	–
Expand distribution network and provide storefront decoration	**59.1**	**59.1**	–
Install ERP system	**45.5**	**20.0**	**25.5**
Working capital and other general corporate purposes	**45.5**	**45.5**	–
	454.7	**390.8**	**63.9**

The proceeds not utilised were deposited into interest bearing bank accounts with licensed commercial banks in China. The unused proceeds are planned to be utilised by 2023.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code (the "**Model Code**") for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**") as the Company's code of conduct regarding Directors' securities transactions.

Senior management who, because of their office in the Company, are likely to be in possession of inside information, have also been requested to comply with the provisions of the Model Code.

Upon specific enquiries, all Directors and the senior management of the Company confirmed that they have complied with the relevant provisions of the Model Code throughout the Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the Year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (THE "CG CODE")

After reviewing the Company's corporate governance practices and the CG Code contained in Appendix 14 to the Listing Rules, the Board is satisfied that the Company has complied with the CG Code provisions for the Year.

With effect from 27 December 2021, Ms. Huang Yumin (黃宇敏) ("**Ms. Huang**") resigned as an independent non-executive Director ("**INED**"), the member of the audit committee (the "**Audit Committee**"), the member of the remuneration committee (the "**Remuneration Committee**") and the member of the nomination committee (the "**Nomination Committee**") of the Company. Following the resignation of Ms. Huang, the Board comprises only two INEDs. On 27 December 2021, Mr. Peng Zuncheng (彭遵丞), an executive Director, was appointed as a member of the Remuneration Committee; and Mr. Cheung Chiu Tung (張照東), an INED, was appointed as a member of the Nomination Committee. In light of the above, the Company failed to comply with (i) rule 3.10(1) of the Listing Rules requires that the Company must have at least three INEDs and (ii) rule 3.21 of the Listing Rules requires that the audit committee must comprise a minimum of three members. With effect from 16 March 2022, Mr. Ma Yuheng (馬有恒) ("**Mr. Ma**") was appointed as an INED and a member of Audit Committee. Following the appointment of Mr. Ma as an INED and a member of the Audit Committee, the Company then re-complies with the requirements of rule 3.10(1) and rule 3.21 of the Listing Rules.

The Board currently comprises four executive Directors, one non-executive Director and three independent non-executive Directors, with independent non-executive Directors representing 37.5% of the Board, which fulfills the requirement of the Listing Rules. Such percentage of independent non-executive Directors on the Board can ensure their views would carry sufficient weight and enhance the independence of the Board. On the above basis, the Board considers that the current board structure will not impair the balance of power and the authority of the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

ISSUE OF CONVERTIBLE BOND UNDER GENERAL MANDATE

On 8 June 2022 (after trading hours of the Stock Exchange), the Company entered into a subscription agreement (the "**Subscription Agreement**") with Asia Glory International Development Limited (the "**Investor**"), pursuant to which the Company has conditionally agreed to issue a 8% convertible bond in the principal amount of HK$60,000,000 to the Investor, which may be converted into 100,000,000 new ordinary shares of the Company (the "**Conversion Share**") at the initial conversion price of HK$0.60 per Conversion Share (the "**Initial Conversion Price**"), subject to adjustments from time to time (the "**Convertible Bond**") (the "**Subscription**").

The net proceeds from the Subscription, after deduction of relevant expenses, amounted to approximately HK$58.32 million (approximately RMB49.85 million). Assuming conversion of the Convertible Bond into Conversion Shares in full at the Initial Conversion Price, a total of 100,000,000 Conversion Shares will be issued. None of the Convertible Bond was redeemed or converted since issuance.

During the Year, the above net proceeds were fully utilized as intended as to (i) approximately HK$51.3 million for future business development; and (ii) approximately HK$7.0 million for general working capital.

For details of the Subscription, please refer to the announcements of the Company dated 8 June 2022 and 21 June 2022.

ISSUE OF NEW SHARES UNDER GENERAL MANDATE IN THE YEAR

On 13 July 2022 (after trading hours of the Stock Exchange), the Company entered into the subscription agreement with True Faith Ventures Limited ("**True Faith**"), pursuant to which True Faith had conditionally agreed to subscribe for 120,000,000 new shares of the Company (the "**Shares**") at the subscription price of HK$0.550 per subscription Share. The subscription was completed and 120,000,000 of new Shares were issued and allotted to True Faith on 29 July 2022. The aggregate nominal value of the subscription shares was approximately HK$300,000. The net proceeds from the subscription amounted to approximately HK$65.86 million (approximately RMB56.29 million), which were intended for future business development and general working capital. The amounts of approximately HK$32.0 million and approximately HK$7.9 million were utilised for the respective usage mentioned above. It is expected that the remaining proceeds will be utilised by the end of 2023. For details of the subscription, please refer to the announcements of the Company dated 13 July 2022 and 29 July 2022.

CHANGE OF COMPANY NAME AND ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

By the special resolutions passed at the extraordinary general meeting of the Company held on 2 September 2022, the English name of the Company was changed from "China Fordoo Holdings Limited" to "China Anchu Energy Storage Group Limited" and the dual foreign name in Chinese of the Company was changed from "中國虎都控股有限公司" to "中國安儲能源集團有限公司", and the memorandum of association and the articles of association of the Company have been amended and restated to (1) bring the Articles of Association in line with the amendments made to Appendix 3 to the Listing Rules which took effect on 1 January 2022 and applicable laws of the Cayman Islands; (2) reflect the change of the Company name; and (3) make other consequential and housekeeping amendments. The change of the Company name and adoption of new memorandum and articles of association became effective on 2 September 2022.

For details of the change of the Company name and adoption of new memorandum and articles of association, please refer to the circular of the Company dated 4 August 2022 and the announcements of the Company dated 11 July 2022, 2 September 2022 and 14 September 2022.

The English and Chinese stock short names of the Company for trading in the Shares on the Stock Exchange will be changed from "FORDOO" to "CN ANCHU ENERGY" and from "虎都" to "中國安儲能源" respectively with effect from 9:00 a.m. on 6 October 2022. For details of the change of stock short names of the Company, please refer to the announcement of the Company dated 30 September 2022.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as otherwise disclosed in the announcement, no important events affecting the Company have occurred since 31 December 2022 and up to the date of this announcement.

SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed with the Company's auditor, Elite Partners CPA Limited, which is consistent with the figures set out in the Group's consolidated financial statements for the year ended 31 December 2022.

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditor's report on the consolidated financial statements of the Group for the Year:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty in relation to going concern

We draw attention in note 1 to the consolidated financial statements which indicated that as at 31 December 2022, the Group has net current liabilities of approximately RMB241,722,000 and loss for the year then ended was RMB88,643,000. These conditions, along with other matters as set out in note 1 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of on this matter.

REVIEW OF ANNUAL RESULT

The audit committee (the "**Audit Committee**") consists of the three independent non-executive Directors, namely Mr. Poon Yick Pang Philip (Chairman of the Audit Committee), Mr. Cheung Chiu Tung and Mr. Ma Yu-heng. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed auditing, financial reporting, internal control and risk management systems, and has reviewed the audited annual financial results for the year ended 31 December 2022.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual report for the Year will be dispatched to the shareholders of the Company and published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at www.fordoo.cn in due course. This announcement can also be accessed on the above websites.

By Order of the Board
China Anchu Energy Storage Group Limited
Kwok Kin Sun
Chairman and Executive Director

Hong Kong, 30 March 2023

As at the date of this announcement, the executive Directors are Mr. Kwok Kin Sun, Mr. Kwok Hon Fung, Mr. Lu Ke and Mr. Peng Zuncheng; the non-executive Director is Mr. Wang Yan; and the independent non-executive Directors are Mr. Cheung Chiu Tung, Mr. Poon Yick Pang Philip and Mr. Ma Yu-heng.

Website: www.fordoo.cn