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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 2023

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2023, revenue of the Group amounted to approximately RMB2,065.5 million, representing a decrease of approximately RMB56.8 million or approximately 2.7% as compared with that in the same period of 2022.
- For the year ended 31 December 2023, gross profit of the Group amounted to approximately RMB318.6 million, representing a decrease of approximately RMB249.9 million or approximately 44.0% as compared with that in the same period of 2022.
- For the year ended 31 December 2023, net profit of the Group amounted to approximately RMB45.2 million, representing a decrease of approximately RMB209.0 million or approximately 82.2% as compared with that in the same period of 2022.
- For the year ended 31 December 2023, basic and diluted earnings per share attributable to ordinary equity owners of the parent amounted to approximately RMB0.03, representing a decrease of approximately RMB0.21 or approximately 87.5% as compared with that in the same period of 2022.
- The Board recommended the declaration of a final dividend of RMB0.038 per ordinary share for the year ended 31 December 2023, subject to the Shareholders' approval at the AGM. Assuming the final dividend is approved at the AGM, together with the interim dividend of RMB0.029 per ordinary share for the six months ended 30 June 2023, the dividends in aggregate for the year ended 31 December 2023 will amount to RMB0.067 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 2023 (the "**Reporting Period**" or the "**Review Year**") together with the comparative figures for the year ended 31 December 2022 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
REVENUE	*5*	**2,065,474**	2,122,318
Cost of sales		**(1,746,838)**	(1,553,865)
Gross profit		**318,636**	568,453
Other income and gains	*5*	**29,289**	9,725
Selling and distribution expenses		**(44,219)**	(50,578)
Administrative expenses		**(178,301)**	(133,925)
Other expenses		**(12,892)**	(7,983)
Impairment losses on property, plant and equipment and intangible assets	*11*	**(14,046)**	(16,166)
Impairment losses on investment in an associate		**(758)**	–
Finance costs	*6*	**(33,028)**	(15,885)
Share of loss of an associate		**(110)**	(119)
Exchange losses, net		**(4,971)**	(18,788)
PROFIT BEFORE TAX	*7*	**59,600**	334,734
Income tax expense	*8*	**(14,407)**	(80,502)
PROFIT FOR THE YEAR		**45,193**	254,232
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		**4,466**	24,302
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**")		**1,454**	(5,844)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**5,920**	18,458
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**51,113**	272,690

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Profit attributable to:			
Owners of the parent		**29,061**	242,035
Non-controlling interests		**16,132**	12,197
		45,193	254,232
Total comprehensive income attributable to:			
Owners of the parent		**34,981**	260,493
Non-controlling interests		**16,132**	12,197
		51,113	272,690
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (expressed in RMB per share)	*10*	**0.03**	0.24

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	**31 December 2023 RMB'000**	31 December 2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**1,725,269**	1,761,973
Right-of-use assets	*12(a)*	**89,582**	89,806
Investment in an associate		**–**	868
Equity investments designated at FVOCI	*13*	**32,309**	30,855
Financial assets at fair value through profit or loss ("**FVPL**")	*19*	**25,183**	37,119
Intangible assets	*14*	**6,850**	7,571
Deferred tax assets		**67,449**	28,311
Other non-current assets		**39,530**	50,826
Total non-current assets		**1,986,172**	2,007,329
CURRENT ASSETS			
Inventories	*15*	**285,326**	272,759
Trade receivables	*16*	**342,512**	233,739
Notes receivable	*17*	**399,501**	421,045
Prepayments and other receivables	*18*	**69,279**	59,596
Financial assets at FVPL	*19*	**12,879**	4,621
Restricted cash	*20*	**70,586**	7,081
Cash and cash equivalents	*20*	**287,441**	189,069
Total current assets		**1,467,524**	1,187,910
CURRENT LIABILITIES			
Trade and bills payables	*21*	**472,614**	384,084
Other payables and accruals		**277,648**	363,347
Contract liabilities		**11,173**	4,458
Interest-bearing bank and other borrowings	*22*	**277,444**	247,094
Income tax payable		**19,347**	20,792
Current portion of long-term borrowings	*22*	**21,650**	14,693
Other current liabilities	*23*	**60,286**	–
Total current liabilities		**1,140,162**	1,034,468
NET CURRENT ASSETS		**327,362**	153,442
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,313,534**	2,160,771

	Notes	**31 December 2023 RMB'000**	31 December 2022 RMB'000
NON-CURRENT LIABILITIES			
Deferred income		**8,163**	10,449
Deferred tax liabilities		**7,732**	11,570
Interest-bearing bank and other borrowings	*22*	**18,058**	38,793
Lease liabilities	*12(b)*	**232**	–
Other non-current liabilities	*24*	**224,518**	–
Total non-current liabilities		**258,703**	60,812
Net assets		**2,054,831**	2,099,959
EQUITY			
Equity attributable to owners of the parent			
Share capital	*25*	**65,346**	65,807
Treasury shares		**(16,513)**	(4,467)
Reserves		**1,846,641**	1,976,131
		1,895,474	2,037,471
Non-controlling interests		**159,357**	62,488
Total equity		**2,054,831**	2,099,959

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent											
	Share capital *RMB'000*	Treasury shares *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Safety production fund *RMB'000*	Statutory reserve *RMB'000*	Fair value reserve of equity investments at FVOCI *RMB'000*	Translation reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non – controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2023	65,807	(4,467)	261,159	9,405	71,069	136,274	(12,189)	49,835	1,460,578	2,037,471	62,488	2,099,959
Profit for the year	–	–	–	–	–	–	–	–	29,061	29,061	16,132	45,193
Other comprehensive income for the year	–	–	–	–	–	–	1,454	4,466	–	5,920	–	5,920
Total comprehensive income for the year	–	–	–	–	–	–	1,454	4,466	29,061	34,981	16,132	51,113
Repurchase of own shares	–	(19,663)	–	–	–	–	–	–	–	(19,663)	–	(19,663)
Deregistration of a subsidiary	–	–	–	–	–	(274)	–	–	274	–	–	–
Disposal of partial interest in a subsidiary*	–	–	–	(18,896)	–	–	–	–	–	(18,896)	18,896	–
Transfer of reserve upon a subsidiary's capital movement	–	–	–	11,000	–	(11,000)	–	–	–	–	–	–
Dividend distributed to shareholders *(Note 9)*	–	–	(89,265)	–	–	–	–	–	–	(89,265)	(5,313)	(94,578)
Deemed disposal of partial interest in a subsidiary**	–	–	–	(49,154)	–	–	–	–	–	(49,154)	67,154	18,000
Transfer to statutory reserve	–	–	–	–	–	17,261	–	–	(17,261)	–	–	–
Appropriation to safety production fund	–	–	–	–	5,167	–	–	–	(5,167)	–	–	–
Cancellation of own shares	(461)	7,617	(7,156)	–	–	–	–	–	–	–	–	–
At 31 December 2023	65,346	(16,513)	164,738	(47,645)	76,236	142,261	(10,735)	54,301	1,467,485	1,895,474	159,357	2,054,831

* In June 2023, Tsaker Chemical (Hong Kong) Company Limited ("**Tsaker Hong Kong**") (a direct wholly-owned subsidiary of the Company) sold to several independent investors a total of 3,886,924 shares in Hebei Tsaker New Materials Technology Company Limited ("**Tsaker Technology**") (an indirect non-wholly-owned subsidiary of the Company), representing an aggregate of approximately 6.12% equity interests in Tsaker Technology, at an aggregate consideration of approximately RMB55,000,000. Pursuant to the share transfer agreement, in the event that Tsaker Technology fails to consummate a proposed listing on the Beijing Stock Exchange by 31 December 2024, each of the purchasers shall have a repurchase right to require Tsaker Hong Kong to repurchase all or part of its respective sale shares in Tsaker Technology at a pre-determined repurchase price. Directors of the Company are of the opinion that the repurchase rights agreed in the above-mentioned transactions lead to contractual obligations to deliver cash or another financial asset to other entities and accounted for the considerations received from the independent investors as financial liabilities (note 23). Non-controlling interests were recognised at the proportionate share of Tsaker Technology's net assets at the transaction date.

** In March and April 2023, several independent investors agreed to inject an aggregate amount of RMB229,000,000 into Shandong Tsaker New Materials Co., Ltd. ("**Shandong TNM**"), an indirect wholly-owned subsidiary of the Company, by way of cash contribution in return for approximately 9.84% equity interests in aggregate in the enlarged registered capital of Shandong TNM. Pursuant to the shareholders' agreements entered into for the above capital injection transactions, each of the independent investors (except an employee shareholding platform established by certain employees of Shandong TNM and its subsidiary) shall have repurchase rights to require Shandong TNM and/or Mr. GE Yi and/or Shandong TNM's immediate holding company to repurchase its equity interest in Shandong TNM at a pre-determined repurchase price at any time on or after the occurrence of any trigger events defined in the shareholders' agreements. Directors of the Company are of the opinion that the repurchase rights agreed in the above-mentioned transactions lead to contractual obligations to deliver cash or another financial asset to other entities and accounted for the considerations received from the independent investors as financial liabilities (note 24). Non-controlling interests were recognised at the proportionate share of Shandong TNM Group's net assets at the transaction date.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2023

	Attributable to owners of the parent											
	Share capital *RMB'000*	Treasury shares *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Safety production fund *RMB'000*	Statutory reserve *RMB'000*	Fair value reserve of equity investments at FVOCI *RMB'000*	Translation reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non – controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2022	66,269	(5,893)	375,070	(5,030)	65,940	130,910	(589)	25,533	1,223,280	1,875,490	15,936	1,891,426
Profit for the year	–	–	–	–	–	–	–	–	242,035	242,035	12,197	254,232
Other comprehensive income for the year	–	–	–	–	–	–	(5,844)	24,302	–	18,458	–	18,458
Total comprehensive income for the year	–	–	–	–	–	–	(5,844)	24,302	242,035	260,493	12,197	272,690
Repurchase of own shares	–	(6,871)	–	–	–	–	–	–	–	(6,871)	–	(6,871)
Transfer of fair value reserve upon the disposal of equity investments at FVOCI	–	–	–	–	–	–	(5,756)	–	5,756	–	–	–
Deregistration of a subsidiary	–	–	–	–	–	(244)	–	–	244	–	–	–
Dividend distributed to shareholders (*Note 9*)	–	–	(106,076)	–	–	–	–	–	–	(106,076)	(2,210)	(108,286)
Deemed disposal of partial interest in a subsidiary	–	–	–	14,435	–	–	–	–	–	14,435	36,565	51,000
Transfer to statutory reserve	–	–	–	–	–	5,608	–	–	(5,608)	–	–	–
Appropriation to safety production fund	–	–	–	–	5,129	–	–	–	(5,129)	–	–	–
Cancellation of own shares	(462)	8,297	(7,835)	–	–	–	–	–	–	–	–	–
At 31 December 2022	65,807	(4,467)	261,159	9,405	71,069	136,274	(12,189)	49,835	1,460,578	2,037,471	62,488	2,099,959

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**59,600**	334,734
Adjustments for:			
Finance costs	6	**33,028**	15,885
Exchange gains, net		**(502)**	(2,154)
Interest income	5	**(2,911)**	(613)
Dividend income from equity investments at FVOCI and FVPL	5	**(30)**	(118)
Loss on disposal of items of property, plant and equipment	7	**5,060**	1,545
Fair value losses of financial assets at FVPL	5	**8,877**	18,443
Depreciation of property, plant and equipment	11	**153,452**	100,251
Depreciation of right-of-use assets	12(a)	**3,885**	4,701
Amortisation of intangible assets	14	**1,337**	1,824
Amortisation of deferred income		**(2,286)**	(10,304)
Share of loss of an associate		**110**	119
Impairment of an associate		**758**	–
Impairment of trade receivables	16	**736**	1,410
Impairment of other receivables	18	**6,193**	–
Impairment of property, plant and equipment	11	**14,046**	7,163
Impairment of intangible assets	14	**–**	9,003
Write-down of inventories to net realisable value	7	**19,792**	1,969
		301,145	483,858
Increase in inventories		**(32,359)**	(13,865)
Increase in trade receivables and notes receivables		**(205,418)**	(91,224)
Decrease in prepayments and other receivables		**10,476**	41,842
Increase in trade payables		**139,454**	81,580
Decrease in other payables and accruals		**(98,483)**	(1,042)
Increase/(Decrease) in contract liabilities		**6,715**	(2,027)
Increase in restricted cash		**(7,524)**	(5,095)
Cash generated from operations		**114,006**	494,027
Interest received		**2,911**	613
Interest paid		**(18,467)**	(18,656)
Income tax paid		**(52,271)**	(104,487)
Net cash flows from operating activities		**46,179**	371,497

	Notes	**2023**	2022
		RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from equity investments at FVOCI and FVPL	*5*	**30**	118
Proceeds from disposal of financial assets at FVPL		**20,529**	165,026
Proceeds from disposal of financial assets at FVOCI		**–**	38,282
Purchases of items of property, plant and equipment		**(72,436)**	(279,380)
Purchases of intangible assets		**(616)**	(310)
Proceeds from disposal of items of property, plant and equipment		**238**	1,775
Purchases of equity investments designated at FVOCI		**–**	(7,371)
Prepaid land lease payment		**–**	(7,060)
Purchase of financial assets at FVPL		**(25,730)**	(196,596)
Other cash flows used in investing activities		**(55,981)**	280
Net cash flows used in investing activities		**(133,966)**	(285,236)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans and other borrowings		**355,759**	414,103
Repurchase of own shares		**(19,663)**	(6,871)
Repayment of bank loans and other borrowings		**(338,025)**	(428,918)
Principal portion of lease liabilities	*12(b)*	**(548)**	(449)
Dividend paid		**(94,578)**	(108,286)
Disposal of partial interest in a subsidiary		**55,000**	–
Deemed disposal of partial interest in a subsidiary		**229,000**	51,000
Other cash flows used in financing activities		**(1,288)**	–
Net cash flows from/(used in) financing activities		**185,657**	(79,421)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**97,870**	6,840
Cash and cash equivalents at beginning of year	*20*	**189,069**	180,075
Effect of foreign exchange rate changes, net		**502**	2,154
CASH AND CASH EQUIVALENTS AT END OF YEAR	*20*	**287,441**	189,069

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

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

2. ACCOUNTING POLICIES

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**"), 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 2023. 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 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 the related assets (including goodwill), liabilities, any non-controlling interest and exchange fluctuation reserve; and recognise the fair value of any investment retained and 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 new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

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

(a) Amendments to HKAS 1 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 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements in the annual report to be released. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) 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. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* 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.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately, which have been reflected in the reconciliation disclosed in the financial statements in the annual report to be released. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")[1, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")[1, 4]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1]
Amendments to HKAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024

2 Effective for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet determined but available for adoption

4 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

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

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 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 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 was removed by the HKICPA. 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.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments 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. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application 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 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has three (2022: 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; and
(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.

Besides the above three operating segments, the Group had another operating segment named "others" in 2022 and years before. The "others" segment comprises principally the Group's environmental technology consultancy services which engages in environmental protection. With no revenue generated from this segment since 2022, the Group has ceased to report it as a separate operating segment.

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 2023	Battery materials *RMB'000*	Dye and agricultural chemical intermediates *RMB'000*	Pigment intermediates and new materials *RMB'000*	Total segments *RMB'000*
Segment revenue *(Note 5)*:				
Revenues from external customers	**498,646**	**1,189,868**	**376,960**	**2,065,474**
Intersegment sales	**–**	**10,730**	**–**	**10,730**
Total segment revenue	**498,646**	**1,200,598**	**376,960**	**2,076,204**
Reconciliation				
Elimination of intersegment sales				**(10,730)**
Revenue				**2,065,474**
Segment results	**(180,149)**	**175,482**	**101,831**	**97,164**
Including:				
Interest income	**1,766**	**533**	**2,629**	**4,928**
Finance costs	**(18,542)**	**(14,151)**	**(1,663)**	**(34,356)**
Reconciliation				
Interest income***				**(2,017)**
Finance costs***				**1,328**
Elimination of intersegment results				**(2,794)**
Corporate and other unallocated expenses				**(34,081)**
Profit before tax				**59,600**
Segment assets	**1,652,186**	**1,604,179**	**459,843**	**3,716,208**
Reconciliation				
Elimination of intersegment receivables				**(492,485)**
Corporate and other unallocated assets				**231,613**
Elimination of inventories due to unrealised gains				**(1,640)**
Total assets				**3,453,696**
Segment liabilities	**1,235,407**	**467,583**	**111,972**	**1,814,962**
Reconciliation				
Elimination of intersegment payables				**(492,485)**
Corporate and other unallocated liabilities				**76,388**
Total liabilities				**1,398,865**
Other segment information				
Impairment losses recognised in profit or loss	**31,508**	**8,040**	**1,219**	**40,767**
Depreciation and amortisation*	**78,246**	**59,009**	**19,076**	**156,331**
Capital expenditure**	**64,409**	**57,886**	**46,494**	**168,789**

Year ended 31 December 2022	Battery materials *RMB'000*	Dye and agricultural chemical intermediates *RMB'000*	Pigment intermediates and new materials *RMB'000*	Total segments *RMB'000*
Segment revenue *(Note 5)*:				
Revenues from external customers	689,512	1,072,240	360,566	2,122,318
Intersegment sales	–	14,075	–	14,075
Total segment revenue	689,512	1,086,315	360,566	2,136,393
Reconciliation				
Elimination of intersegment sales				(14,075)
Revenue				2,122,318
Segment results	185,505	99,209	89,367	374,081
Including:				
Interest income	22	163	193	378
Finance cost	(1,940)	(20,840)	(2,493)	(25,273)
Reconciliation				
Interest income***				235
Finance costs***				9,388
Realisation of intersegment results				159
Corporate and other unallocated expenses				(49,129)
Profit before tax				334,734
Segment assets	1,523,322	1,592,427	371,803	3,487,552
Reconciliation				
Elimination of intersegment receivables				(585,103)
Corporate and other unallocated assets				291,636
Realisation of inventories due to unrealised gains				1,154
Total assets				3,195,239
Segment liabilities	990,207	572,924	90,726	1,653,857
Reconciliation				
Elimination of intersegment payables				(585,103)
Corporate and other unallocated liabilities				26,526
Total liabilities				1,095,280
Other segment information				
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

* 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.

*** Interest income and finance costs under reconciliation include interest income and finance costs from corporate and unallocated parts with segments.

Geographical information

(a) Revenue from external customers

	2023	2022
	RMB'000	*RMB'000*
Chinese Mainland	**1,697,131**	1,720,796
India	**125,031**	126,928
Indonesia	**53,294**	42,540
Brazil	**40,426**	51,154
Germany	**39,624**	46,915
Spain	**28,873**	31,830
Taiwan, China	**26,500**	26,846
United States	**20,231**	42,196
Japan	**16,664**	20,373
Türkiye	**10,269**	4,617
Pakistan	**3,077**	1,800
The Netherlands	**–**	1,140
Other countries/regions	**4,354**	5,183
Total revenue	**2,065,474**	2,122,318

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

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

Information about major customers

In 2023, revenue of approximately RMB228,274,000 was derived from sales from the dye and agricultural chemical intermediates segment to a single customer.

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

5. REVENUE, OTHER INCOME AND GAINS

Revenue of the Group for the year ended 31 December 2023 and 2022 was all revenue from contracts with customers.

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2023

Segments	**Battery materials** *RMB'000*	**Dye and agricultural chemical intermediates** *RMB'000*	**Pigment intermediates and new materials** *RMB'000*	**Total** *RMB'000*
Types of goods or services				
Sale of goods	**498,646**	**1,189,868**	**376,960**	**2,065,474**
Total	**498,646**	**1,189,868**	**376,960**	**2,065,474**
Geographical markets				
Chinese Mainland	**498,646**	**974,173**	**224,312**	**1,697,131**
India	**–**	**12,493**	**112,538**	**125,031**
Indonesia	**–**	**53,294**	**–**	**53,294**
Brazil	**–**	**40,426**	**–**	**40,426**
Germany	**–**	**39,624**	**–**	**39,624**
Spain	**–**	**28,873**	**–**	**28,873**
Taiwan, China	**–**	**26,494**	**6**	**26,500**
United States	**–**	**–**	**20,231**	**20,231**
Japan	**–**	**–**	**16,664**	**16,664**
Türkiye	**–**	**10,269**	**–**	**10,269**
Pakistan	**–**	**3,033**	**44**	**3,077**
Other countries/regions	**–**	**1,189**	**3,165**	**4,354**
Total	**498,646**	**1,189,868**	**376,960**	**2,065,474**
Timing of revenue recognition				
Goods transferred at a point in time	**498,646**	**1,189,868**	**376,960**	**2,065,474**
Total	**498,646**	**1,189,868**	**376,960**	**2,065,474**

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*	Total *RMB'000*
Types of goods or services				
Sale of goods	689,512	1,072,240	360,566	2,122,318
Total	689,512	1,072,240	360,566	2,122,318
Geographical markets				
Chinese Mainland	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
Türkiye	–	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	689,512	1,072,240	360,566	2,122,318
Timing of revenue recognition				
Goods transferred at a point in time	689,512	1,072,240	360,566	2,122,318
Total	689,512	1,072,240	360,566	2,122,318

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:

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	**4,048**	5,687
Total	**4,048**	5,687

(b) Performance obligations

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

Sale of goods, including chemical intermediates, battery materials

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.

Other income and gains

	2023	2022
	RMB'000	*RMB'000*
Bank interest income	**2,911**	613
Dividend income from equity investments at FVOCI and financial assets at FVPL	**30**	118
Fair value losses, net:		
Financial assets at FVPL	**(8,877)**	(18,443)
Government grants*	**32,772**	15,266
Others	**2,453**	12,171
Total other income and gains	**29,289**	9,725

* For the year ended 31 December 2023, government grants amounting to approximately RMB32,772,000 (2022: approximately RMB15,266,000) 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.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings and other non-current liabilities	**28,837**	15,389
Interest on lease liabilities	**33**	25
Other finance costs	**4,158**	3,994
Total interest expense on financial liabilities not at fair value through profit or loss	**33,028**	19,408
Less: Interest capitalised	**–**	(3,523)
Total	**33,028**	15,885

No interest expense was capitalised for the year ended 31 December 2023 (the weighted average interest rate of capitalization for the year ended 31 December 2022: 5.44%).

7. PROFIT BEFORE TAX

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

	Notes	**2023** **RMB'000**	2022 RMB'000
Cost of inventories sold		**1,746,838**	1,553,865
Depreciation of property, plant and equipment	*11*	**153,452**	100,251
Depreciation of right-of-use assets	*12(a)*	**3,885**	4,701
Amortisation of intangible assets	*14*	**1,337**	1,824
Research and development costs		**39,460**	25,495
Lease payments not included in the measurement of lease liabilities	*12(c)*	**916**	2,485
Auditor's remuneration		**2,250**	2,100
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages, salaries and welfare		**160,393**	149,844
Pension and other social insurances**		**46,959**	39,500
Total		**207,352**	189,344
Exchange losses, net		**4,971**	18,788
Dividend income from equity investments at FVOCI and financial assets at FVPL		**(30)**	(118)
Impairment loss of an investment in an associate		**758**	–
Impairment losses on property, plant and equipment	*11*	**14,046**	7,163
Impairment losses on intangible assets	*14*	**–**	9,003
Loss on disposal of items of property, plant and equipment*		**5,060**	1,545
Impairment of trade receivables*	*16*	**736**	1,410
Impairment of other receivables*	*18*	**6,193**	–
Write-down of inventories to net realisable value***		**19,792**	1,969
Fair value losses on financial assets at FVPL	*5*	**8,877**	18,443
Share of loss of an associate		**110**	119
Bank interest income	*5*	**(2,911)**	(613)
Proceeds from sale of items produced while testing machinery and equipment		**–**	(17,307)
Direct cost of sales of items produced while testing machinery and equipment		**–**	12,261

* 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 2023 and 2022 for the Group to reduce contribution payables in future years, if applicable.

*** Write-down of inventories to net realisable value is included in Cost of inventories sold above and "Cost of sales" in the consolidated statement of profit and loss and other comprehensive income.

8. 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 (2022: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 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.

Chinese Mainland

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

(a) Tsaker Technology, 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%.

(c) Tsaker Dongao (Hainan) Technology Co., Limited, a wholly-owned subsidiary of the Company, is established in the Hainan Free Trade Post and is subject to the applicable enterprise income tax rate of 15%.

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.

	2023	2022
	RMB'000	*RMB'000*
Current – Chinese Mainland		
Charge for the year	**51,613**	70,725
Overprovision in prior years	**(463)**	(2,858)
Current – Elsewhere	**6,233**	1,383
Deferred	**(42,976)**	11,252
Total tax charge for the year	**14,407**	80,502

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

	2023 *RMB'000*	2022 *RMB'000*
Profit before tax	**59,600**	334,734
Tax at the statutory income tax rate (25%)	**14,900**	83,684
Tax effects of different tax rates	**(146)**	(143)
Effect of preferential income tax rates applicable to certain subsidiaries	**(11,106)**	(8,221)
Non-deductible expenses	**2,366**	12,462
Income not subject to tax	**(1,592)**	(2,601)
Additional deduction of research and development costs and qualified assets	**(8,152)**	(10,017)
Adjustments in respect of current tax of previous periods	**(463)**	(2,858)
Temporary differences (including tax losses) not recognised	**15,150**	6,408
Withholding tax	**5,253**	1,788
Tax losses utilised from previous periods	**(1,803)**	–
Total income tax expense	**14,407**	80,502

9. DIVIDENDS

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Interim dividend approved and paid of RMB0.029 per ordinary share (2022: RMB0.036)	*(a)*	**29,365**	36,689
Final dividend proposed after the end of the reporting period of RMB0.038 per ordinary share (2022: RMB0.059)	*(b)*	**38,479**	60,129
		67,844	96,818

(a) On 18 August 2023, the Board declared an interim dividend of RMB0.029 per ordinary share (the "**Interim Dividend**") (six months ended 30 June 2022: RMB0.036 per ordinary share), amounting to total of approximately RMB29,443,000 (six months ended 30 June 2022: approximately RMB36,689,000). The total amount of the Interim Dividend was calculated based on the issued and fully paid shares of the Company as at 30 June 2023. If taken the subsequent cancellation after 30 June 2023 of 2,664,000 shares into consideration, the total amount of the Interim Dividend amounted to approximately RMB29,365,000.

(b) The Directors recommend a final dividend of RMB0.038 (2022: RMB0.059) per ordinary share in respect of the year ended 31 December 2023, amounting to a total of approximately RMB38,479,000 (2022: approximately RMB60,129,000). 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 2023. If taken the subsequent cancellation of approximately 16,922,000 shares after 31 December 2023 into consideration, the total amount of final dividend amounted to approximately RMB37,836,000.

10. 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 1,010,136,000 (2022: 1,019,073,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

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

	2023	2022
Earnings		
Profit for the year attributable to ordinary equity holders of the parent *(RMB'000)*	**29,061**	242,035
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation *('000)*	**1,010,136**	1,019,073

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Machinery and equipment *RMB'000*	Office equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
At 31 December 2022 and 1 January 2023:						
Cost	1,044,462	1,305,447	18,596	7,271	69,926	2,445,702
Accumulated depreciation and impairment	(179,239)	(469,093)	(17,928)	(3,691)	(13,778)	(683,729)
Net carrying amount	865,223	836,354	668	3,580	56,148	1,761,973
At 1 January 2023, net of accumulated depreciation and impairment	865,223	836,354	668	3,580	56,148	1,761,973
Additions	4,535	41,863	2,594	421	86,679	136,092
Disposals	(1,414)	(3,734)	(125)	(25)	–	(5,298)
Depreciation provided during the year	(50,423)	(96,851)	(4,600)	(1,578)	–	(153,452)
Impairment	–	(12,436)	–	–	(1,610)	(14,046)
Transfers	50,569	24,945	4,000	144	(79,658)	–
At 31 December 2023, net of accumulated depreciation and impairment	868,490	790,141	2,537	2,542	61,559	1,725,269
At 31 December 2023:						
Cost	1,096,587	1,355,319	23,165	6,874	63,656	2,545,601
Accumulated depreciation and impairment	(228,097)	(565,178)	(20,628)	(4,332)	(2,097)	(820,332)
Net carrying amount	868,490	790,141	2,537	2,542	61,559	1,725,269

Impairment assessment in 2023

As at 31 December 2023, since certain construction in progress of the Mononitrotoluene separation and crystallization process test project (the "**Test Project**") would be no longer used, a full impairment provision of approximately RMB1,610,000 was made based on the carrying amount. Besides, certain equipment of Iron Phosphate and the Sodium Methoxide workshop (a workshop of the Pigment intermediate) would be no longer used, full impairment provisions of approximately RMB11,774,000 and approximately RMB662,000 were made against their carrying amounts, respectively.

	Buildings *RMB'000*	Machinery and equipment *RMB'000*	Office equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
At 1 January 2022:						
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	407,738	456,652	2,019	1,766	586,110	1,454,285
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	865,223	836,354	668	3,580	56,148	1,761,973
At 31 December 2022:						
Cost	1,044,462	1,305,447	18,596	7,271	69,926	2,445,702
Accumulated depreciation and impairment	(179,239)	(469,093)	(17,928)	(3,691)	(13,778)	(683,729)
Net carrying amount	865,223	836,354	668	3,580	56,148	1,761,973

Impairment assessment in 2022

As at 31 December 2022, certain equipment of the Test Project were no longer used. An impairment provision of approximately 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 amounts and impairment provision as at 31 December 2022 are as follows:

	Recoverable amounts *RMB'000*	**Carrying amounts** *RMB'000*	**Impairment provision** *RMB'000*
Certain equipment of the 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 approximately RMB6,676,000 was made against their carrying amounts.

12. LEASES

The Group as a lessee

Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 20 to 50 years, and no ongoing payments will be made under the terms of these land leases.The Group has lease contracts for various items of office premises and apartments for employees used in its operations. The leases of office premises and apartments for employees have lease terms of 2 to 3 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:

	Leasehold land *RMB'000*	**Office premises and apartments for employees** *RMB'000*	**Total** *RMB'000*
As at 1 January 2022	86,834	613	87,447
Addition	7,060	–	7,060
Depreciation charge	(4,256)	(445)	(4,701)
As at 31 December 2022 and 1 January 2023	89,638	168	89,806
Addition	**–**	**3,661**	**3,661**
Depreciation charge	**(3,102)**	**(783)**	**(3,885)**
As at 31 December 2023	**86,536**	**3,046**	**89,582**

(b) Lease liabilities

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

	2023 ***RMB'000***	2022 *RMB'000*
Carrying amount at 1 January	**178**	627
New leases	**1,061**	–
Accretion of interest recognised during the year	**33**	25
Payments	**(581)**	(474)
Carrying amount at 31 December	**691**	178
Analysed into:		
Current portion	**459**	178
Non-current portion	**232**	–

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

	2023 ***RMB'000***	2022 *RMB'000*
Interest on lease liabilities	**33**	25
Depreciation charge of right-of-use assets	**3,885**	4,701
Expense relating to short-term leases	**916**	2,485
Total amount recognised in profit or loss	**4,834**	7,211

13. EQUITY INVESTMENTS DESIGNATED AT FVOCI

	2023	2022
	RMB'000	*RMB'000*
Equity investments designated at FVOCI:		
Unquoted equity investments at fair value	**32,309**	30,855
Total	**32,309**	30,855

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

In 2023, the Group recognised a gain of approximately RMB1,454,000 in other comprehensive income in relation to the fair value change of equity investments designated at FVOCI (2022: a loss of approximately RMB5,844,000).

14. INTANGIBLE ASSETS

	Software	**Technological know-how**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
At 1 January 2022:			
Cost	3,590	19,494	23,084
Accumulated amortisation	(1,111)	(4,654)	(5,765)
Net carrying amount	2,479	14,840	17,319
Cost at 1 January 2022, net of accumulated amortisation	2,479	14,840	17,319
Additions	310	–	310
Amortisation provided during the year	(362)	(1,462)	(1,824)
Impairment during the year	–	(9,003)	(9,003)
Exchange realignment	–	769	769
At 31 December 2022	2,427	5,144	7,571
At 31 December 2022			
Cost	3,900	20,554	24,454
Accumulated depreciation and impairment	(1,473)	(15,410)	(16,883)
Net carrying amount	2,427	5,144	7,571
Cost at 1 January 2023, net of accumulated amortisation	**2,427**	**5,144**	**7,571**
Additions	**616**	**–**	**616**
Amortisation provided during the year	**(535)**	**(802)**	**(1,337)**
At 31 December 2023	**2,508**	**4,342**	**6,850**

	Software	Technological know-how	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2023:			
Cost	**4,516**	**20,554**	**25,070**
Accumulated depreciation and impairment	**(2,008)**	**(16,212)**	**(18,220)**
Net carrying amount	**2,508**	**4,342**	**6,850**

15. INVENTORIES

	2023	2022
	RMB'000	*RMB'000*
Raw materials	**35,808**	46,381
Work in progress	**56,700**	55,195
Finished goods	**192,818**	171,183
Total	**285,326**	272,759

16. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**350,952**	241,443
Impairment	**(8,440)**	(7,704)
Net carrying amount	**342,512**	233,739

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 to three months for domestic and 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.

As at 31 December 2023, the subsidiaries of the Company have pledged trade receivables of approximately RMB114,378,000 to secure a bank loan amounted to approximately RMB57,580,000.

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:

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**272,758**	163,099
1 month to 2 months	**41,383**	33,379
2 months to 3 months	**17,059**	7,391
3 months to 4 months	**2,077**	16,147
Over 4 months	**9,235**	13,723
Total	**342,512**	233,739

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

	2023	2022
	RMB'000	*RMB'000*
At the beginning of year	**7,704**	6,294
Impairment provided *(note 7)*	**736**	1,410
At end of year	**8,440**	7,704

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 2023

	Within 1 year	**Between 1 and 2 years**	**Between 2 and 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**0.12%**	**4.11%**	**8.35%**	**100.00%**	**–**
Gross carrying amount *(RMB'000)*	**339,714**	**925**	**2,527**	**7,786**	**350,952**
Expected credit losses *(RMB'000)*	**405**	**38**	**211**	**7,786**	**8,440**

As at 31 December 2022

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

17. NOTES RECEIVABLE

Notes receivable of the Group are bank 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 2023 and 2022 was past due or impaired.

Transferred financial assets that are not derecognised: The Group endorsed certain notes receivable accepted by banks in Chinese Mainland (the "**Endorsed Notes**") with aggregate carrying amounts of approximately RMB223,828,000 and approximately RMB291,610,000 as at 31 December 2023 and 2022, 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 recoursed as at the end of the year.

Transferred financial assets that are derecognised: The Group endorsed certain notes receivable accepted by banks in Chinese Mainland (the "**Derecognised Notes**") to certain of its suppliers in order to settle the trade payables due to such suppliers with aggregate carrying amounts of approximately RMB126,155,000 and approximately RMB325,965,000 as at 31 December 2023 and 2022, 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 2023 and 2022 for notes receivable.

For the years ended 31 December 2023 and 2022, 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 year or cumulatively.

18. PREPAYMENTS AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Advances to suppliers	**36,826**	42,518
Deductible value-added tax and prepaid corporate income tax	**22,111**	12,732
Other receivables	**16,535**	4,346
	75,472	59,596
Impairment allowance	**(6,193)**	–
Total	**69,279**	59,596

Except for the impairment provided for certain other receivables which indicates that the Group is unlikely to receive the outstanding contractual amounts in full, no impairment allowance is provided for other receivables for which credit risk has not increased significantly since initial recognition.

Deductible value-added tax and prepaid corporate income tax are to be deducted in the following year. Advances to suppliers and other receivables are unsecured and interest-free.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		2023	2022
	Notes	***RMB'000***	*RMB'000*
Financial assets at FVPL – current:			
Listed equity investments	*(a)*	**7,879**	4,621
Wealth management products	*(b)*	**5,000**	–
Subtotal		**12,879**	4,621
Financial assets at FVPL – non-current:			
Unlisted investments	*(c)*	**25,183**	37,119
Total		**38,062**	41,740

(a) The listed equity investments were classified as FVPL as they were held for trading.

(b) The wealth management products were issued by banks in Chinese Mainland. The Directors of the Company consider that they are investments with cash flows not solely payments of their principal and interest and recorded them as financial asset at FVPL.

(c) The unlisted investment is an investment in beneficial rights from shares of a private equity fund. The Directors of the Company consider it as an investment with cash flows not solely payments of its principal and interest and recorded it as financial asset at FVPL.

20. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	Note	**2023** **RMB'000**	2022 *RMB'000*
Cash and bank balances		**358,027**	196,150
Less: Restricted cash – current	*(a)*	**(70,586)**	(7,081)
Cash and cash equivalents		**287,441**	189,069
Denominated in RMB		**258,691**	173,604
Denominated in other currencies		**28,750**	15,465
Cash and cash equivalents		**287,441**	189,069

(a) As at 31 December 2023, restricted cash mainly represented guarantee deposits for the issued notes payable.

RMB is not freely convertible into other currencies, however, under Chinese Mainland'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 authorized 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.

21. 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:

	2023 **RMB'000**	2022 *RMB'000*
Within 1 month	**245,178**	255,671
1 month to 2 months	**56,558**	44,232
2 months to 3 months	**34,573**	22,527
Over 3 months	**136,305**	61,654
Total	**472,614**	384,084

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

22. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2023			2022		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Short-term						
Bank loans – secured	**2.80-4.50**	**2024**	**212,193**	3.20-6.80	2023	196,568
Bank loans – unsecured	**3.70-5.00**	**2024**	**65,251**	4.50-5.80	2023	50,526
Total			**277,444**			247,094
Long-term						
Bank loans – secured	**–**	**–**	**–**	5.00	2025	10,000
Bank loans – unsecured	**–**	**–**	**–**	5.00-7.20	2023-2025	4,900
Other borrowings – secured	**7.65-9.22**	**2024-2026**	**39,708**	8.32-9.22	2023-2025	38,586
Total			**39,708**			53,486
Less: current portion of long-term bank and other borrowings			**(21,650)**			(14,693)
			18,058			38,793
Total bank and other borrowings			**317,152**			300,580
Analysed into:						
Bank loans repayable:						
Within one year			**277,444**			247,584
In the second year			**–**			10,490
In the third to fifth years, inclusive			**–**			3,920
Subtotal			**277,444**			261,994
Other borrowings repayable:						
Within one year			**21,650**			14,203
In the second year			**12,332**			15,288
In the third to fifth years, inclusive			**5,726**			9,095
Subtotal			**39,708**			38,586
Total			**317,152**			300,580

(a) The Group had unutilised banking facilities of approximately RMB177,498,000 as at 31 December 2023 (2022: approximately RMB110,653,000).

(b) Certain of the Group's interest-bearing bank and other borrowings as at 31 December 2023 were secured by:

(i) mortgages over certain of the Group's property, plant and equipment of approximately RMB138,038,000 as at 31 December 2023 (2022: approximately RMB30,255,000);

(ii) mortgages over certain of the Group's right-of-use assets of approximately RMB32,153,000 as at 31 December 2023 (2022: approximately RMB3,572,000);

(iii) mortgages over certain of the Group's trade receivables of approximately RMB114,378,000 as at 31 December 2023 (2022: approximately RMB36,972,000).

(c) All the outstanding interest-bearing bank and other borrowings are denominated in RMB.

23. OTHER CURRENT LIABILITIES

	2023	2022
	RMB'000	*RMB'000*
Considerations received from independent investors for partial disposal of the equity interests in a subsidiary*	**57,489**	–
Others	**2,797**	–
Total	**60,286**	–

* As disclosed in the Consolidated Statement of Changes in Equity, considerations received from independent investors for partial disposal of the equity interests in Tsaker Technology, an indirect non-wholly-owned subsidiary of the Company, with repurchase rights given to these independent investors were accounted for and disclosed as current financial liabilities.

24. OTHER NON CURRENT LIABILITIES

	2023	2022
	RMB'000	*RMB'000*
Considerations received from independent investors in subsidiaries*	**220,001**	–
Others	**4,517**	–
Total	**224,518**	–

* As disclosed in the Consolidated Statement of Changes in Equity, considerations received from independent investors by way of cash contribution to Shandong TNM, an indirect wholly-owned subsidiary of the Company, with repurchase rights given to these independent investors were accounted for as non-current financial liabilities.

25. SHARE CAPITAL

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

Shares	**Number of shares**	**Share capital** *USD*	**Issued share capital equivalent of** *RMB'000*
Authorised:			
As at 31 December 2022 at USD0.01 each	2,000,000,000	20,000,000	
As at 31 December 2023 at USD0.01 each	**2,000,000,000**	**20,000,000**	
Issued and fully paid:			
At 1 January 2022 at USD0.01 each	1,026,255,000	10,262,550	66,269
Share cancelled	(7,122,500)	71,225	(462)
At 31 December 2022 and 1 January 2023 at USD0.01 each	**1,019,132,500**	**10,191,325**	**65,807**
Shares cancelled	**(6,535,000)**	**(65,350)**	**(461)**
As at 31 December 2023 at USD0.01 each	**1,012,597,500**	**10,125,975**	**65,346**

Note:

The Company repurchased 18,549,500 and 5,966,000 of its shares in 2023 and 2022, respectively, on The Stock Exchange of Hong Kong Limited for considerations of approximately RMB19,663,000 and approximately RMB6,871,000, respectively. 6,535,000 shares were cancelled during the year ended 31 December 2023.

26. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2023 (2022: Nil).

27. COMMITMENTS

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

	2023 *RMB'000*	2022 *RMB'000*
Contracted, but not provided for:		
Plant and machinery	**6,382**	93,098

28. EVENTS AFTER THE REPORTING PERIOD

On 18 March 2024, the directors recommend a final dividend of RMB0.038 per ordinary share in respect of the year ended 31 December 2023 and the proposal is subject to the approval of the Company's shareholders at the 2023 annual general meeting as set out in note 9.

As of the date of this announcement, except for the above event, 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 2023

	Battery materials	**Dye and agricultural chemical intermediates**	**Pigment intermediates and new materials**	**Total**
Revenue *(RMB'000)*	**498,646**	**1,189,868**	**376,960**	**2,065,474**
Cost of sales *(RMB'000)*	**571,307**	**941,353**	**234,178**	**1,746,838**
Sales volume *(tonnes)*	**44,700**	**78,416**	**11,613**	**134,729**
Gross profit margin	**-14.6%**	**20.9%**	**37.9%**	**15.4%**
Average unit selling price *(RMB/tonne)*	**11,155**	**15,174**	**32,460**	**15,331**

For the year ended 31 December 2022

	Battery materials	Dye and agricultural chemical intermediates	Pigment intermediates and new materials	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 *(tonnes)*	33,722	61,679	9,675	105,076
Gross profit margin	36.4%	19.1%	31.3%	26.8%
Average unit selling price *(RMB/tonne)*	20,447	17,384	37,268	20,198

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.

During the Reporting Year, there were no material changes in the main operations of the Group. The traditional business segments continue to enjoy a prominent position in the market, and revenue from the top five largest customers accounted for approximately 37.0% (2022: approximately 38.6%) of the Group's revenue for the year.

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 Chinese Mainland accounted for approximately 82.2% (2022: approximately 81.1%) of the Group's total revenue, and export revenue accounted for approximately 17.8% (2022: approximately 18.9%) of the Group's total revenue.

PERFORMANCE REVIEW

During the Review Year, the total revenue of the Group decreased by approximately 2.7% to approximately RMB2,065.5 million (2022: approximately RMB2,122.3 million) as compared with that in the same period of 2022. The decrease in revenue was mainly due to the significant year-on-year decline in the average unit selling price of iron phosphate, the major product of the Group's battery materials segment, as a result of market fluctuation during the Review Year.

In 2023, due to a significant decrease in the average unit selling price of iron phosphate, the major battery material product of the Group, the gross profit of the Group decreased by approximately 44.0% to approximately RMB318.6 million (2022: approximately RMB568.5 million) as compared with that in 2022. The overall gross profit margin of the Group decreased to approximately 15.4% in 2023 from approximately 26.8% in 2022. The net profit of the Group for the year 2023 decreased by approximately 82.2% to approximately RMB45.2 million (2022: approximately RMB254.2 million); net profit margin was approximately 2.2% (2022: approximately 12.0%); and basic earnings per share was approximately RMB0.03 (2022: approximately RMB0.24).

Battery materials – accounting for approximately 24.1% (2022: approximately 32.5%) of the Group's total revenue

The Group is one of the major iron phosphate producers in China. Iron phosphate is mainly used in the production of lithium iron phosphate, which is the mainstream cathode material for the production of power lithium batteries and energy storage lithium batteries.

In 2023, the domestic and overseas new energy vehicle and electrochemical energy storage industries sustained rapid growth with continuous growth in demand for lithium battery products and upstream lithium battery materials. The Group gradually launched iron phosphate products produced from its new production line with annual production capacity of 50,000 tonnes. 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), Jiangxi Zhili Technology Co., Ltd.* (江西智鋰科技股份有限公司) and Fujian Zijin Lithium Material Technology Co., Ltd.* (福建紫金鋰元材料科技有限公司).

Against the backdrop of the rapid development of the market, domestic iron phosphate suppliers were actively expanding their production capacity, and the expansion rate of which was faster than the growth rate of end-use demand during the Review Year. The imbalance in supply and demand pattern of the market had resulted in a significant decline in the market price of iron phosphate as compared with that in the same period of 2022.

As a result of the combined effects of the above factors, the sales volume of the Group's iron phosphate products increased significantly with a significant decrease in the average unit selling price during the Review Year, and the revenue from the battery materials segment of the Group decreased by approximately 27.7% over that in 2022 to approximately RMB498.6 million (2022: approximately RMB689.5 million), accounting for approximately 24.1% (2022: approximately 32.5%) of the Group's total revenue.

During the Review Year, the gross loss of this segment was approximately RMB72.7 million (2022: a gross profit of approximately RMB250.8 million), and the gross profit margin decreased by approximately 51.0 percentage points to approximately -14.6% (2022: approximately 36.4%).

Dye and agricultural chemical intermediates – accounting for approximately 57.6% (2022: approximately 50.5%) of the Group's total revenue

The Group is the world's largest manufacturer of 4,4'-diaminostilbene-2,2' disulfonic acid ("**DSD Acid**"). DSD Acid is mainly used in the production of optical brightening agents, and its end applications include brightening of paper and detergents, and brightening elements of bleach for textile.

The Group is one of the world's three largest mononitrotoluene manufacturers. 4-nitrotoluene or para-nitrotoluene ("**PNT**"), 2-nitrotoluene or ortho-nitrotoluene ("**ONT**") and 3-nitrotoluene or meta-nitrotoluene ("**MNT**") are collectively referred to as mononitrotoluene. PNT is the major raw material in the production of DSD Acid. By commencing its own production of mononitrotoluene, the Group is able to stabilise the upstream supply of raw materials. ONT and ortho-toluidine ("**OT**") are major raw materials in the production of herbicides as agricultural chemicals.

During the Review Year, the end-user demand for the dye intermediate products of the Group gradually recovered, resulting in a significant increase in the sales volume of DSD Acid as compared with that in the same period in 2022. The tight market supply of DSD Acid during the same period of 2022 has resulted in higher average unit selling price of DSD Acid at that time. During the Review Year, the average unit selling price of DSD Acid was lower as compared with that in the same period of 2022. The combined effect of these two factors led to an increase of approximately 38.0% in revenue of dye intermediate products of the Group to approximately RMB529.1 million (2022: approximately RMB383.4 million) as compared with that in 2022, accounting for approximately 25.6% (2022: approximately 18.1%) of the Group's total revenue.

During the Review Year, the agricultural chemical intermediate products of the Group maintained steady operations with revenue of approximately RMB660.7 million (2022: approximately RMB688.8 million), accounting for approximately 32.0% (2022: approximately 32.4%) of the Group's total revenue.

During the Review Year, the total revenue of this segment increased by approximately RMB117.6 million or approximately 11.0% as compared with that in 2022, and accounted for approximately 57.6% (2022: approximately 50.5%) of the Group's total revenue.

During the Review Year, the total gross profit of this segment increased by approximately 21.3% to approximately RMB248.5 million (2022: approximately RMB204.8 million), and the gross profit margin increased by approximately 1.8 percentage points to approximately 20.9% (2022: approximately 19.1%). In particular, the gross profit margin of dye intermediates decreased by approximately 1.9 percentage points to approximately 12.9% (2022: approximately 14.8%), and the gross profit margin of agricultural chemical intermediates increased by approximately 5.8 percentage points to approximately 27.3% (2022: approximately 21.5%).

Pigment intermediates and new materials – accounting for approximately 18.3% (2022: approximately 17.0%) of the Group's total revenue

The Group is the world's largest manufacturer and distributor of the high-performance pigment intermediate dimethyl succinylosuccinate ("**DMSS**"). The Group is also a main manufacturer of dimethyl acetylsuccinate ("**DMAS**"), a food additive intermediate, and diisopropyl succinate ("**DIPS**"), a high-performance pigment intermediate, in the world. The above high-performance intermediate products are mainly used in the production of end products such as printing inks, food additives, automobile paints and coatings. 3,3',4,4'-biphenyltetracarboxylic dianhydride ("**BPDA**"), a new product of the Group, is an important monomer for the production of new material polyimide.

During the Review Year, the sales volume of pigment intermediates products increased as compared with that in the same period of 2022. The new material monomer BPDA products were gradually launched in the market and started contributing to the Group's revenue. The average unit selling price of the products of this segment decreased as compared with that in the same period of 2022 due to changes in the structure of types of products sold. Due to the combined effect of the above two factors, revenue of this segment increased by approximately 4.5% over that in 2022 to approximately RMB377.0 million (2022: approximately RMB360.6 million), accounting for approximately 18.3% (2022: approximately 17.0%) of the Group's total revenue.

During the Review Year, the profitability of this segment greatly improved. The total gross profit of this segment increased by approximately 26.5% to approximately RMB142.8 million (2022: approximately RMB112.9 million), and the gross profit margin increased by approximately 6.6 percentage points to approximately 37.9% (2022: approximately 31.3%).

EXPORT

In 2023, the export revenue of the Group amounted to approximately RMB368.3 million, representing a decrease of approximately RMB33.2 million or approximately 8.3% as compared with the export revenue of approximately RMB401.5 million in 2022. The decrease in export revenue of the Group was mainly due to the combined effects of the decrease in the export volume of products of the dye and agricultural chemical intermediate segment as affected by the international market environment and the decrease in the average selling price of products of the pigment intermediate and new materials segment as a result of the changes in the structure of types of export products sold.

In 2023, the export revenue of the Group accounted for approximately 17.8% (2022: approximately 18.9%) of the Group's total revenue.

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 material products, and successfully developed high-capacity long-cycle lithium iron phosphate precursor and high-pressure solid lithium iron phosphate precursor, which improved the quality level of the products in the existing production line. We successfully developed the entire process of recycling technology for lithium iron phosphate, and recycled major elements such as lithium, iron and phosphorus as resources. We continued to carry out research and development of new 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. We were committed to improving the production efficiency, and reducing the overall production cost of BPDA. The BPDA products produced by the Group's first-phase production line gradually entered the market and started to make revenue contribution. We continuously improved and enhanced the production process and product quality of our traditional intermediate products to consolidate our technological advantages, cut costs and increase efficiency on an ongoing basis.

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

In 2023, the global economy maintained certain resilience against high inflation and interest rates. China's economy showed a steady recovery. The domestic consumer market continued to pick up, which was the key driver of economic growth. The new energy industry chain maintained a relatively high growth rate, while the market penetration of new energy vehicles continued to rise and the electrochemical energy storage market also achieved rapid growth. However, high interest rates, high inflation and geopolitical conflicts continued to weigh on global economic growth, and the US dollar interest rate hikes continued to undermine global financial stability, thus undermining investors' confidence and leading to a weak trade growth. Under the complex economic circumstances, the Group adhered to a proactive and steady development strategy to actively respond to market fluctuations and changes.

During the Review Year, the battery materials segment developed amid drastic changes. Although the domestic and overseas new energy vehicle and electrochemical energy storage industries sustained rapid growth, the market prices of the two core raw materials of lithium iron phosphate, namely lithium carbonate and iron phosphate, dropped significantly as a result of higher upstream raw material production capacity expansion over downstream demand growth, thus having a material adverse effect on the profitability of the Group's battery materials segment. In order to cope with market changes and realise steady development, the Company had proactively adjusted its development plan for this segment by postponing the construction plan to build a new production line with production capacity of 80,000 tonnes/year and the expansion plan to expand the existing production line with production capacity of 30,000 tonnes/year to 60,000 tonnes/year from the planned completion by the end of 2023 to by the end of 2024 or in due course. The plans may be further adjusted in light of the actual market situation. Despite the above changes and adjustments, the Group is still full of confidence in the long-term development of the battery materials segment in the future. With the continuous development of the domestic and overseas new energy vehicle industry and electrochemical energy storage industry, along with the elimination of outdated production capacity and the improvement in the supply and demand gap amid the market restructuring process, the Group will continue to invest in the promising lithium battery materials market by leveraging its technological advantages accumulated over the years since entering the lithium iron phosphate market, and its first-mover advantages in the market.

During the Review Year, in order to diversify the shareholder structure of Shandong Tsaker New Materials Co., Ltd.* (山東彩客新材料有限公司) ("**Shandong TNM**", an indirect non-wholly-owned subsidiary of the Company primarily engaging in the production and sales of battery material products), expand its capital strength and facilitate its business development, in March and April 2023, Shandong TNM entered into capital increase agreements with ten independent investors including Sinopec Group Capital Co., Ltd.* (中國石化集團資本有限公司). The independent investors agreed to make cash capital contribution of RMB229,000,000 in aggregate to Shandong TNM in exchange for approximately 9.84% equity interest in the enlarged registered capital of Shandong TNM in aggregate. In addition, affected by the market environment, the Group's planned spin-off and separate listing of Shandong TNM and its subsidiary ("**Shandong TNM Group**") on a stock exchange recognised by the PRC (the "**Proposed Spin-off**") have been postponed. We will reactivate the Proposed Spin-off in due course depending on market conditions and make further announcement(s) as and when appropriate in accordance with the relevant requirements under the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the"**Stock Exchange**").

During the Review Year, the Group's pigment intermediates and new materials segment had further improvement in profitability. New material monomer BPDA products were gradually introduced to the market and made revenue contribution. Besides, we continued to make progress regarding the proposed transfer of listing of Hebei Tsaker New Materials Technology Company Limited* ("**Tsaker Technology**", an indirect non-wholly-owned subsidiary of the Company primarily engaging in the production and sales of pigment intermediates and new material products) to the Beijing Stock Exchange (the "**BSE**") in China (the "**Proposed BSE Listing**"). In order to diversify the shareholder structure and promote the corporate profile and reputation of Tsaker Technology, in June 2023, Tsaker Chemical (Hong Kong) Company Limited ("**Tsaker Hong Kong**", a direct wholly-owned subsidiary of the Company) entered into a share transfer agreement with Hebei Industrial Investment Strategically New Industry Development Centre (Limited Partnership)* (河北產投戰新產業發展中心(有限合夥)), Hebei Structural Reform Fund (Limited Partnership)* (河北結構調整基金(有限合夥)) and Cang County Cangfu Equity Investment Fund (Limited Partnership)* (滄縣滄服股權投資基金(有限合夥)) (collectively, the "**Purchasers**"), pursuant to which Tsaker Hong Kong disposed of an aggregate of approximately 6.12% equity interest in Tsaker Technology to the Purchasers at an aggregate consideration of approximately RMB55,000,000. The Company will make further announcement(s) on the Proposed BSE Listing as and when appropriate in accordance with the relevant requirements under the Listing Rules.

During the Review Year, benefiting from the recovery of domestic and overseas consumption, the market demand for the dye intermediate products of the Group recovered significantly. In order to consolidate the market share of the dye intermediate products of the Group, the Group adopted aggressive competitive strategies during the Review Year with a significant increase in product sales as compared with that in the same period of 2022. The Group's agricultural chemical intermediates segment maintained steady operations with ever-increasing profitability against the backdrop of domestic economic recovery and development. We believe that the revenue and profit of the dye and agricultural chemical intermediates segment of the Group will maintain positive growth along with economic recovery and easing inflation.

Looking ahead, we will continue to take a proactive approach in pursuit of stable development, actively rise to market changes, and maintain a sound financial strategy. We will further invest in research and development to constantly develop new products and new processes. As a future development direction of the Group, we will continue to expand our product offerings in the fields of new energy and new materials. Holding fast to our traditional business segments, we will also maintain and expand our industry-leading edges in terms of technology, cost and market competitiveness. In spite of an international political and economic environment full of complexity and volatility, we are confident to seize opportunities and overcome challenges so as to embrace a better tomorrow.

FINANCIAL REVIEW

REVENUE AND GROSS PROFIT

In 2023, the revenue of the Group amounted to approximately RMB2,065.5 million, representing a decrease of approximately RMB56.8 million or approximately 2.7% as compared with approximately RMB2,122.3 million in 2022. The gross profit amounted to approximately RMB318.6 million, representing a decrease of approximately RMB249.9 million or approximately 44.0% as compared with approximately RMB568.5 million in 2022. In 2023, the Group's gross profit margin was approximately 15.4%, as compared with that of approximately 26.8% in 2022. The decrease in gross profit and gross profit margin was mainly due to the significant year-on-year decline in the average unit selling price of iron phosphate, a major product of the Group's battery materials segment, as a result of market fluctuation during the Review Year.

NET PROFIT AND NET PROFIT MARGIN

In 2023, the net profit of the Group was approximately RMB45.2 million, representing a decrease of approximately RMB209.0 million or approximately 82.2% as compared with approximately RMB254.2 million in 2022. In 2023, the Group's net profit margin was approximately 2.2%, as compared with that of approximately 12.0% in 2022. The decrease in net profit and net profit margin was mainly due to the significant decrease in the average unit selling price of iron phosphate, the major battery material product of the Group, as mentioned above.

SELLING AND DISTRIBUTION EXPENSES

In 2023, selling and distribution expenses amounted to approximately RMB44.2 million, representing a decrease of approximately RMB6.4 million as compared with approximately RMB50.6 million in 2022. The decrease in selling and distribution expenses was mainly due to the decrease in the average unit freight cost of the Group.

In 2023, selling and distribution expenses represented approximately 2.1% (2022: approximately 2.4%) of the Group's total revenue.

ADMINISTRATIVE EXPENSES

In 2023, administrative expenses were approximately RMB178.3 million, representing an increase of approximately RMB44.4 million as compared with approximately RMB133.9 million in 2022. The increase in administrative expenses was mainly due to (i) the increase in research and development expenditures; (ii) the increase in depreciation included in administrative expenses as the office building of Shandong TNM was officially put into use in early 2023; and (iii) the increase in labor costs included in administrative expenses.

In 2023, administrative expenses represented approximately 8.6% (2022: approximately 6.3%) of the Group's total revenue.

IMPAIRMENT LOSSES ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

In 2023, the Group provided impairment losses on property, plants and equipment of approximately RMB14.0 million (2022: approximately RMB7.2 million) and none impairment losses on intangible assets (2022: approximately RMB9.0 million). The impairment losses on property, plants and equipment for the year were mainly attributed to the impairment provisions arising from the disposal to be conducted of certain iron phosphate production equipment in the battery materials segment. For more details, please refer to note 11 to financial statements of this announcement.

FINANCE COSTS

In 2023, finance costs amounted to approximately RMB33.0 million, representing an increase of approximately RMB17.1 million as compared with approximately RMB15.9 million in 2022. The increase was mainly due to the grant of repurchase rights to investors upon the introduction of the first round of independent investors to Shandong TNM Group and the transfer of partial interest in Tsaker Technology held by Tsaker Hong Kong during the Review Period, under which the relevant repurchase obligations were recognized as financial liabilities with interest to be accrued. For details, please refer to the notes to the consolidated statement of changes in equity in this announcement.

EXCHANGE LOSSES, NET

In 2023, exchange losses amounted to approximately RMB5.0 million, as compared with exchange losses of approximately RMB18.8 million in 2022, which was mainly attributable to the fluctuation in the exchange rate of RMB against USD.

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. The subsidiary 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%. The Singapore subsidiary of the Company is generally subject to the Singapore Enterprise Income Tax at a rate of 17.0%. In 2023, income tax expense amounted to approximately RMB14.4 million, representing a decrease of approximately RMB66.1 million as compared with approximately RMB80.5 million in 2022. The decrease in income tax expense was mainly due to the decrease in the profit before tax during the Review Year as compared with that in 2022.

CASH FLOWS

In 2023, net cash inflows from operating activities of the Group amounted to approximately RMB46.2 million, representing a decrease of approximately RMB325.3 million as compared with approximately RMB371.5 million in 2022, which was mainly attributable to the decrease in the operating profit during the Review Year.

In 2023, net cash outflows used in investing activities of the Group amounted to approximately RMB134.0 million, representing a decrease of approximately RMB151.2 million as compared with approximately RMB285.2 million in 2022, which was mainly attributable to the decrease in the capital expenditure and payment for the construction of the production line of Shandong TNM during the Review Year upon the completion of the construction of the iron phosphate production line with an annual production capacity of 50,000 tonnes of Shandong TNM in 2022.

In 2023, the Group's net cash inflows from financing activities amounted to approximately RMB185.7 million, representing an increase of approximately RMB265.1 million as compared with net cash outflows used in financing activities of approximately RMB79.4 million in 2022, which was mainly due to the completion of the introduction of first round of independent investors to Shandong TNM Group and the transfer of partial interest in Tsaker Technology held by Tsaker Hong Kong during the Review Year. For details, please refer to the Company's announcements dated 10 March 2023, 17 April 2023, 26 May 2023, 13 June 2023 and 26 June 2023.

LIQUIDITY AND CAPITAL STRUCTURE

In 2023, the daily working capital of the Group was primarily derived from cash flows from internal operations, disposal of partial interest in a subsidiary, capital contribution from non-controlling interests and bank borrowings. As at 31 December 2023, the Group had (i) cash and cash equivalents of approximately RMB287.4 million, in which approximately RMB258.7 million was denominated in RMB and approximately RMB28.7 million in other currencies (USD, HKD and SGD) (2022: 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)); (ii) restricted cash of approximately RMB70.6 million denominated in RMB (2022: approximately RMB7.1 million denominated in RMB); and (iii) interest-bearing bank and other borrowings of approximately RMB317.1 million with interest rate of 2.8%-9.22% per annum, all denominated in RMB (2022: approximately RMB300.6 million with interest rate of 3.2%-9.22% per annum, all denominated in RMB), of which (a) approximately RMB299.1 million shall be repayable within one year, approximately RMB12.3 million shall be repayable in the second year, and approximately RMB5.7 million shall be repayable in the third to fifth years, inclusive (2022: 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); and (b) all bore fixed interest rates (2022: all bore fixed interest rates). The Group's unutilised banking facilities amounted to approximately RMB177.5 million (2022: approximately RMB110.7 million) as at 31 December 2023.

In 2023, 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 2023. 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 2023, the Group's gearing ratio (calculated as interest-bearing bank and other borrowings at the end of the year divided by total equity) was approximately 15.4% as compared with approximately 14.3% as at 31 December 2022.

CURRENT ASSETS

As at 31 December 2023, the total current assets of the Group amounted to approximately RMB1,467.5 million (2022: approximately RMB1,187.9 million), primarily consisting of inventories of approximately RMB285.3 million (2022: approximately RMB272.8 million), trade receivables and notes receivable of approximately RMB742.0 million (2022: approximately RMB654.8 million), prepayments and other receivables of approximately RMB69.3 million (2022: approximately RMB59.6 million), cash and cash equivalents of approximately RMB287.4 million (2022: approximately RMB189.1 million) and restricted cash of approximately RMB70.6 million (2022: approximately RMB7.1 million).

INVENTORIES

Inventories of the Group mainly consisted of raw materials, work-in-progress and finished products. In 2023, the inventory turnover days decreased by 4 days from 62 days in 2022 to 58 days. The inventory turnover days remained stable.

TRADE RECEIVABLES AND NOTES RECEIVABLE

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Trade receivables	**342,512**	233,739
Notes receivable	**399,501**	421,045
	742,013	654,784

As at 31 December 2023, trade receivables and notes receivable of the Group increased by approximately RMB87.2 million as compared with that in 2022.

The turnover days for trade receivables and notes receivables increased to 122 days for 2023 from 81 days for 2022, which was mainly due to the increase in the Group's sales to customers with longer credit period in the battery materials segment.

PREPAYMENTS AND OTHER RECEIVABLES

As at 31 December 2023, prepayments and other receivables of the Group increased by approximately RMB9.7 million from approximately RMB59.6 million in aggregate as at 31 December 2022 to approximately RMB69.3 million in aggregate, which was mainly due to the increase in the amount of input VAT to be deducted.

CURRENT LIABILITIES

As at 31 December 2023, the total current liabilities of the Group amounted to approximately RMB1,140.2 million (2022: approximately RMB1,034.5 million), primarily consisting of trade and bills payables of approximately RMB472.6 million (2022: approximately RMB384.1 million), other payables and accruals of approximately RMB277.6 million (2022: approximately RMB363.3 million) and interest-bearing bank and other borrowings of approximately RMB299.1 million (2022: approximately RMB261.8 million).

TRADE AND BILLS PAYABLES

The turnover days for trade and bills payables increased to 88 days in 2023 from 67 days in 2022. The increase in the turnover days was mainly due to the increase in the purchase from suppliers offering longer credit periods.

OTHER PAYABLES AND ACCRUALS

As at 31 December 2023, other payables and accruals of the Group decreased by approximately RMB85.7 million from approximately RMB363.3 million in aggregate as at 31 December 2022 to approximately RMB277.6 million in aggregate, which was mainly due to the decrease in the endorsed notes receivable not derecognised.

PLEDGE OF ASSETS

As at 31 December 2023, certain of the Group's property, plant and equipment, right-of-use assets and trade receivables with a net carrying amount of approximately RMB284.6 million (2022: approximately RMB70.8 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

Except for the deemed disposal of partial interest in Shandong TNM as a result of the introduction of the first round of independent investors to Shandong TNM Group and the transfer of partial interest in Tsaker Technology by Tsaker Hong Kong during the Review Year as disclosed above, 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 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have other plans for material investments or capital assets acquisition as at 31 December 2023 and the date of this announcement.

CONTINGENT LIABILITIES

As at 31 December 2023, 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 2023, the Group had 2,058 (2022: 1,947) employees.

During the Review Year, the total staff costs of the Group (including salaries, bonuses, social insurances and provident funds) amounted to approximately RMB217.1 million (2022: approximately RMB197.7 million).

The Group did not have any share option scheme for the year ended 31 December 2023.

FINAL DIVIDEND

The Board recommended the declaration of a final dividend of RMB0.038 per ordinary share for the year ended 31 December 2023. Such final dividend is subject to approval of the shareholders of the Company (the "**Shareholders**") at the annual general meeting of the Company (the "**AGM**") to be held on 16 May 2024 and will be paid to the Shareholders on 28 June 2024 whose names appear on the register of members of the Company (the "**Register of Members**") on 27 May 2024. Based on the total number of shares of the Company of 995,676,000 shares as of the date of this announcement, the total amount of final dividend amounted to approximately RMB37,836,000.

Assuming the final dividend is approved at the AGM, together with the interim dividend of RMB0.029 per ordinary share for the six months ended 30 June 2023, the total amount of dividends for the year ended 31 December 2023 will be RMB0.067 per ordinary share. (Dividends in aggregate for the year ended 31 December 2022: RMB0.095 per ordinary share.)

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members will be closed from Friday, 10 May 2024 to Thursday, 16 May 2024, 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, 9 May 2024.

The Register of Members will be closed from Wednesday, 22 May 2024 to Monday, 27 May 2024, 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 Tuesday, 21 May 2024.

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 C1 (previously 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. 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 C3 (previously 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 2023, 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 18,549,500 shares at a total consideration (before deduction of expenses) of HK$21,473,740. Out of the shares repurchased during the year ended 31 December 2023, 2,664,000 repurchased shares and 15,885,500 repurchased shares were subsequently cancelled on 27 July 2023 and 6 February 2024, respectively.

The details of the repurchase are set out below:

Month	**Number of shares repurchased**	**Highest purchase price per share** *HK$*	**Lowest purchase price per share** *HK$*	**Total consideration (before deduction of expenses)** *HK$*
April 2023	62,000	1.39	1.38	85,830
May 2023	449,000	1.40	1.28	603,325
June 2023	905,500	1.29	1.23	1,136,510
July 2023	1,247,500	1.35	1.28	1,634,785
August 2023	2,099,500	1.19	1.10	2,389,665
September 2023	5,923,000	1.22	1.12	6,804,285
October 2023	5,097,000	1.17	1.06	5,829,720
November 2023	376,000	1.12	1.06	405,735
December 2023	2,390,000	1.12	1.04	2,583,885
Total	**18,549,500**			**21,473,740**

Save as disclosed above, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 28 to the financial statements in this announcement, the Group did not have any other significant events after the Reporting Period from 31 December 2023 up to the date of this announcement.

AUDIT COMMITTEE AND FINANCIAL STATEMENTS

The audit committee of the Board, 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 2023.

The figures in relation to the results of the Group for the year ended 31 December 2023 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 2023 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 2023 annual report containing all the information required by the Listing Rules will be published on the respective websites of the Stock Exchange and the Company and made available for the Shareholders' review in due course.

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

Beijing, The PRC, 18 March 2024

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. ZHU Lin, Mr. YU Miao and Ms. ZHANG Feiyan as independent non-executive Directors.

* *For identification purpose only*