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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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

Revenue of the Group for the six months ended 30 June 2024 amounted to approximately RMB1,005.0 million, representing an increase of approximately RMB8.6 million or approximately 0.9% comparing with that in the same period of 2023.

Gross profit of the Group for the six months ended 30 June 2024 amounted to approximately RMB145.4 million, representing a decrease of approximately RMB30.8 million or approximately 17.5% comparing with that in the same period of 2023.

Net profit of the Group for the six months ended 30 June 2024 amounted to approximately RMB23.5 million, representing a decrease of approximately RMB19.5 million or approximately 45.3% comparing with that in the same period of 2023.

Basic and diluted earnings per share attributable to ordinary equity holders of the parent for the six months ended 30 June 2024 amounted to approximately RMB0.02, representing a decrease of approximately RMB0.01 or approximately 33.3% comparing with that in the same period of 2023.

The Board resolved to declare and pay an interim dividend of RMB0.005 per ordinary share (six months ended 30 June 2023: RMB0.029 per ordinary share) and a special dividend of RMB0.025 per ordinary share (six months ended 30 June 2023: nil) for the six months ended 30 June 2024.

RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Tsaker New Energy Tech Co., Limited (the “**Company**” or “**we**” or “**our**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Review Period**”), together with the comparative figures for the same period in 2023. These results were prepared based on the Group’s unaudited consolidated financial statements, which were prepared in accordance with the Hong Kong Accounting Standard 34, “Interim financial reporting”, and the disclosure requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	<i>Notes</i>	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
REVENUE	4	1,005,013	996,415
Cost of sales		<u>(859,592)</u>	<u>(820,177)</u>
Gross profit		145,421	176,238
Other income and gains		8,594	17,770
Selling and distribution expenses		(18,922)	(23,883)
Administrative expenses		(74,668)	(88,988)
Other expenses		(7,936)	(9,340)
Finance costs	5	(22,147)	(10,105)
Share of loss of an associate		–	(202)
Exchange gains/(losses), net		<u>179</u>	<u>(6,771)</u>
PROFIT BEFORE TAX	6	30,521	54,719
Income tax expense	7	<u>(7,023)</u>	<u>(11,749)</u>
PROFIT FOR THE PERIOD		<u>23,498</u>	<u>42,970</u>
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		1,220	7,551
Other comprehensive loss 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”)			
– Changes in fair value		–	(4,634)
Other comprehensive income, net of tax		<u>1,220</u>	<u>2,917</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>24,718</u>	<u>45,887</u>
Profit attributable to:			
Owners of the parent		15,634	32,853
Non-controlling interests		<u>7,864</u>	<u>10,117</u>
		<u>23,498</u>	<u>42,970</u>
Total comprehensive income attributable to:			
Owners of the parent		16,854	35,770
Non-controlling interests		<u>7,864</u>	<u>10,117</u>
		<u>24,718</u>	<u>45,887</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (expressed in RMB per share)	8	<u>0.02</u>	<u>0.03</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	<i>Notes</i>	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,685,402	1,725,269
Right-of-use assets		87,292	89,582
Equity investments designated at FVOCI		32,309	32,309
Financial assets at fair value through profit or loss ("FVPL")	12	21,282	25,183
Intangible assets		6,201	6,850
Deferred tax assets		100,126	67,449
Other non-current assets		40,644	39,530
		<hr/>	<hr/>
Total non-current assets		1,973,256	1,986,172
CURRENT ASSETS			
Inventories	10	349,922	285,326
Trade receivables	11	309,942	342,512
Notes receivable		497,380	399,501
Prepayments and other receivables		67,687	69,279
Financial assets at FVPL	12	17,736	12,879
Restricted cash		33,393	70,586
Cash and cash equivalents		177,439	287,441
		<hr/>	<hr/>
Total current assets		1,453,499	1,467,524

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2024

	<i>Notes</i>	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables		417,335	472,614
Other payables and accruals		408,305	277,648
Contract liabilities		6,084	11,173
Interest-bearing bank and other borrowings	13	205,088	277,444
Income tax payable		20,564	19,347
Current portion of long-term borrowings	13	19,157	21,650
Other current liabilities		62,580	60,286
		<u>1,139,113</u>	<u>1,140,162</u>
Total current liabilities		<u>1,139,113</u>	<u>1,140,162</u>
NET CURRENT ASSETS		<u>314,386</u>	<u>327,362</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,287,642</u>	<u>2,313,534</u>
NON-CURRENT LIABILITIES			
Deferred income		10,179	8,163
Deferred tax liabilities		8,609	7,732
Interest-bearing bank and other borrowings	13	9,714	18,058
Lease liabilities		–	232
Other non-current liabilities		232,381	224,518
		<u>260,883</u>	<u>258,703</u>
Total non-current liabilities		<u>260,883</u>	<u>258,703</u>
Net assets		<u>2,026,759</u>	<u>2,054,831</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		64,133	65,346
Treasury shares		(6,686)	(16,513)
Reserves		1,809,454	1,846,641
		<u>1,866,901</u>	<u>1,895,474</u>
Non-controlling interests		<u>159,858</u>	<u>159,357</u>
Total equity		<u>2,026,759</u>	<u>2,054,831</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2024

	<i>Note</i>	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		72,479	81,318
Income tax paid		(37,312)	(46,638)
		<u>35,167</u>	<u>34,680</u>
CASH FLOWS USED IN INVESTING ACTIVITIES			
Payment for the purchase of property, plant and equipment, right-of-use assets, and intangible assets		(61,380)	(72,081)
Other cash flows from/(used in) investing activities		50,622	(8,719)
		<u>(10,758)</u>	<u>(80,800)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from borrowings		114,845	196,366
Repayment of borrowings		(196,112)	(123,146)
Principal portion of lease liabilities		(254)	(314)
Dividend paid		(45,199)	(65,213)
Repurchase of own shares		(7,591)	(1,652)
Cash contribution from non-controlling interests of a subsidiary		–	229,000
Disposal of partial interest in a subsidiary		–	55,000
Other cash flows used in financing activities		–	(18,630)
		<u>(134,311)</u>	<u>271,411</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		(109,902)	225,291
Cash and cash equivalents at beginning of period		287,441	189,069
Effect of foreign exchange rate changes, net		(100)	483
		<u>177,439</u>	<u>414,843</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<i>14</i>	<u>177,439</u>	<u>414,843</u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

1. CORPORATE 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. The Company's subsidiaries are 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. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.

2.2 Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

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

- (a) 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. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) 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 Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three (2023: three) 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.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

3. OPERATING SEGMENT INFORMATION (CONTINUED)

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 same as that of the interim condensed consolidated statement of financial position as at 30 June 2024, excluding unallocated corporate assets and liabilities as these assets and liabilities are managed on a group basis.

The following tables present revenue and profit information of the Group's operating segments for the six months ended 30 June 2024 and 2023.

Six months ended 30 June 2024 (unaudited)	Battery materials <i>RMB'000</i>	Dye and agricultural chemical intermediates <i>RMB'000</i>	Pigment Intermediates and new materials <i>RMB'000</i>	Total for segments <i>RMB'000</i>	Corporate, other unallocated expenses and eliminations <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Revenue						
External customers	281,949	502,506	220,558	1,005,013	–	1,005,013
Inter-segment	–	4,301	–	4,301	(4,301)	–
Total segment revenue	281,949	506,807	220,558	1,009,314	(4,301)	1,005,013
Results						
Segment profit	(101,222)	98,928	63,331	61,037	(30,516)	30,521
Six months ended 30 June 2023 (unaudited)						
	Battery materials <i>RMB'000</i>	Dye and agricultural chemical intermediates <i>RMB'000</i>	Pigment Intermediates and new materials <i>RMB'000</i>	Total for segments <i>RMB'000</i>	Corporate, other unallocated expenses and eliminations <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Revenue						
External customers	217,966	585,414	193,035	996,415	–	996,415
Inter-segment	–	6,676	–	6,676	(6,676)	–
Total segment revenue	217,966	592,090	193,035	1,003,091	(6,676)	996,415
Results						
Segment profit	(116,584)	152,765	58,026	94,207	(39,488)	54,719

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

3. OPERATING SEGMENT INFORMATION (CONTINUED)

The following table presents asset and liability information of the Group's operating segments as at 30 June 2024 and 31 December 2023, respectively.

	Battery materials <i>RMB'000</i>	Dye and agricultural chemical intermediates <i>RMB'000</i>	Pigment inter mediates and new materials <i>RMB'000</i>	Total for segments <i>RMB'000</i>	Corporate, other unallocated assets and liabilities and eliminations <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment Assets						
30 June 2024 (unaudited)	<u>1,739,015</u>	<u>1,630,131</u>	<u>474,597</u>	<u>3,843,743</u>	<u>(416,988)</u>	<u>3,426,755</u>
31 December 2023 (audited)	<u>1,652,186</u>	<u>1,604,179</u>	<u>459,843</u>	<u>3,716,208</u>	<u>(262,512)</u>	<u>3,453,696</u>
Segment Liabilities						
30 June 2024 (unaudited)	<u>1,397,857</u>	<u>429,705</u>	<u>97,979</u>	<u>1,925,541</u>	<u>(525,545)</u>	<u>1,399,996</u>
31 December 2023 (audited)	<u>1,235,407</u>	<u>467,583</u>	<u>111,972</u>	<u>1,814,962</u>	<u>(416,097)</u>	<u>1,398,865</u>

Corporate and eliminations

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Reconciliation of profit		
Segment profit	61,037	65,652
(Elimination)/Realisation of intersegment transactions	(16,452)	1,465
Corporate and other unallocated expenses	(14,064)	(12,398)
Profit before tax	<u>30,521</u>	<u>54,719</u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>		
Sale of goods	1,005,013	996,415

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2024

<u>Segments</u>	Battery materials	Dye and agricultural chemical intermediates	Pigment Intermediates and new materials	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Types of goods				
Sale of goods	281,949	502,506	220,558	1,005,013
Total	281,949	502,506	220,558	1,005,013
Geographical markets				
Chinese Mainland	281,834	433,970	117,403	833,207
India	–	18,391	61,748	80,139
Germany	–	14,429	364	14,793
Japan	–	–	13,598	13,598
United States of America	–	–	13,412	13,412
Indonesia	–	12,053	–	12,053
Switzerland	–	–	11,627	11,627
Taiwan, China	115	7,484	–	7,599
Brazil	–	7,507	–	7,507
Spain	–	5,100	–	5,100
Other countries/regions	–	3,572	2,406	5,978
Total	281,949	502,506	220,558	1,005,013
Timing of revenue recognition				
Goods transferred at a point in time	281,949	502,506	220,558	1,005,013
Total	281,949	502,506	220,558	1,005,013

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

4. REVENUE (CONTINUED)

Disaggregated revenue information for revenue from contracts with customers (continued)

For the six months ended 30 June 2023

<u>Segments</u>	Battery materials <i>RMB'000</i> (Unaudited)	Dye and agricultural chemical intermediates <i>RMB'000</i> (Unaudited)	Pigment Intermediates and new materials <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Types of goods				
Sale of goods	217,966	585,414	193,035	996,415
Total	217,966	585,414	193,035	996,415
Geographical markets				
Chinese Mainland	217,966	465,075	105,134	788,175
India	–	5,522	62,178	67,700
Indonesia	–	33,339	–	33,339
Brazil	–	24,398	–	24,398
Germany	–	23,014	–	23,014
Spain	–	14,680	–	14,680
Taiwan, China	–	13,831	6	13,837
Japan	–	–	13,502	13,502
United States of America	–	–	10,950	10,950
Other countries/regions	–	5,555	1,265	6,820
Total	217,966	585,414	193,035	996,415
Timing of revenue recognition				
Goods transferred at a point in time	217,966	585,414	193,035	996,415
Total	217,966	585,414	193,035	996,415

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings and other non-current liabilities	19,651	9,729
Interest on lease liabilities	13	14
Other finance costs	2,483	362
	22,147	10,105

No interest expenses was capitalised for the six months ended 30 June 2024 and 2023.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	859,592	820,177
Depreciation of property, plant and equipment	81,460	74,013
Research and development costs	9,630	23,660
Depreciation of right-of-use assets	2,290	1,895
Amortisation of intangible assets	634	610
Lease payment not in the measurement of lease liabilities	296	309
Wages, salaries and welfare	89,896	77,110
Pension and other social insurances	21,660	21,579
Exchange (gains)/losses, net	(179)	6,771
Loss on disposal of items of property, plant and equipment	1,484	1,241
Impairment of trade receivables and other receivables	434	5,947
Write-down of inventories to net realisable value*	8,596	15,828
Fair value loss, net:		
Financial assets at FVPL	4,159	2,111
	<u>859,592</u>	<u>820,177</u>

* The write-down of inventories is included in cost of inventories sold above.

7. INCOME TAX EXPENSE

The Group calculates income tax expense for the period using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed profit or loss are as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Income taxes		
Current income tax expense	38,823	47,414
Deferred income tax expense	(31,800)	(35,665)
	<u>38,823</u>	<u>47,414</u>
Total income tax charge for the period	<u>7,023</u>	<u>11,749</u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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

The calculation of basic earnings per share attributable to ordinary equity holders of the parent is based on the following data:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to ordinary equity holders of the parent (RMB'000)	<u><u>15,634</u></u>	<u><u>32,853</u></u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation ('000)	<u><u>993,392</u></u>	<u><u>1,015,066</u></u>
Earnings per share		
Basic and diluted (RMB)	<u><u>0.02</u></u>	<u><u>0.03</u></u>

The Group did not have any dilutive potential ordinary shares during the six months ended 30 June 2024 and 2023.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment with an aggregate cost of approximately RMB43,687,000 (six months ended 30 June 2023: approximately RMB58,057,000).

Assets with a net book value of approximately RMB2,178,000 were disposed of by the Group during the six months ended 30 June 2024 (six months ended 30 June 2023: approximately RMB2,312,000), resulting in a net loss on disposal of approximately RMB1,484,000 (six months ended 30 June 2023: net loss of approximately RMB1,241,000).

10. INVENTORIES

During the six months ended 30 June 2024, the Group wrote down approximately RMB8,596,000 (six months ended 30 June 2023: approximately RMB15,828,000) of inventories to their net realisable value.

11. TRADE RECEIVABLES

	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	318,816	350,952
Impairment provision	<u>(8,874)</u>	<u>(8,440)</u>
Total	<u><u>309,942</u></u>	<u><u>342,512</u></u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

11. TRADE RECEIVABLES (CONTINUED)

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.

The Group has no pledges of trade receivables as security for the Group's bank loans (31 December 2023: approximately RMB114,378,000).

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:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 month	243,450	272,758
1 month to 2 months	40,326	41,383
2 months to 3 months	9,201	17,059
3 months to 4 months	3,513	2,077
Over 4 months	13,452	9,235
	<hr/>	<hr/>
Total	309,942	342,512

The movements in the loss allowance for impairment of trade receivables are as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
At 1 January	8,440	7,704
Impairment provided	434	736
	<hr/>	<hr/>
Total	8,874	8,440

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 is satisfied 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.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

12. FINANCIAL ASSETS AT FVPL

	<i>Notes</i>	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Financial assets at FVPL – current:			
Listed equity investments	<i>(i)</i>	17,736	7,879
Wealth management products	<i>(ii)</i>	–	5,000
Subtotal		<u>17,736</u>	<u>12,879</u>
Financial assets at FVPL – non-current:			
Unlisted investments	<i>(iii)</i>	<u>21,282</u>	<u>25,183</u>
Total		<u><u>39,018</u></u>	<u><u>38,062</u></u>

Notes:

- (i) The listed equity investments were classified as FVPL as they were held for trading.
- (ii) 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 its principal and interest and recorded it as financial asset at FVPL.
- (iii) The unlisted investment is an investment in beneficial rights from shares of a private equity fund. The directors of the Company consider that they are investments with cash flows not solely payments of its principal and interest and recorded it as financial asset at FVPL.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2024 <i>RMB'000</i> (Unaudited)			31 December 2023 <i>RMB'000</i> (Audited)		
	Effective interest rate (%)	Maturity	<i>RMB'000</i>	Effective interest rate (%)	Maturity	<i>RMB'000</i>
Short-term						
Bank loans – secured	2.95-4.20	2024-2025	130,020	2.80-4.50	2024	212,193
Bank loans – unsecured	3.60-4.50	2024-2025	75,068	3.70-5.00	2024	65,251
			<u>205,088</u>			<u>277,444</u>
Long-term						
Other borrowings – secured	7.65-9.22	2024-2026	28,871	7.65-9.22	2024-2026	39,708
			<u>28,871</u>			<u>39,708</u>
Less: Current portion of long-term other borrowings			<u>(19,157)</u>			<u>(21,650)</u>
Other borrowings – non-current			<u>9,714</u>			<u>18,058</u>
Total bank and other borrowings			<u>233,959</u>			<u>317,152</u>
Analysed into:						
Bank loans repayable:						
Within one year			<u>205,088</u>			<u>277,444</u>
			<u>205,088</u>			<u>277,444</u>
Other borrowings repayable:						
Within one year			19,157			21,650
In the second year			7,840			12,332
In the third to fifth years, inclusive			<u>1,874</u>			<u>5,726</u>
			<u>28,871</u>			<u>39,708</u>
Total bank and other borrowings			<u>233,959</u>			<u>317,152</u>

(a) Certain of the Group's property, plant and equipment and right-of-use assets with aggregate net carrying amounts of approximately RMB145,350,000 (31 December 2023: property, plant and equipment, right-of-use assets, and trade receivables amounted to approximately RMB284,569,000) were pledged to secure bank and other borrowings as well as banking facilities granted to the Group.

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

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

14. CASH AND CASH EQUIVALENTS

For the purpose of the unaudited interim condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	30 June 2024	30 June 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash and bank balances	210,832	471,953
Less: Restricted cash	<u>(33,393)</u>	<u>(57,110)</u>
Cash and cash equivalents	<u>177,439</u>	<u>414,843</u>
Denominated in RMB	166,854	354,571
Denominated in other currencies	<u>10,585</u>	<u>60,272</u>
Cash and cash equivalents	<u>177,439</u>	<u>414,843</u>

Note:

As at 30 June 2024, restricted cash mainly represented deposits held for issuing bills payable.

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(a) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis and categorised into the three-level fair value hierarchy as defined in HKFRS 13 *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e., unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e., observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

At 30 June 2024 and 31 December 2023, the financial instruments of the Group carried at fair value were equity investments designated at FVOCI, financial assets at FVPL and notes receivable. These instruments fall into Level 1, Level 2 and Level 3 of the fair value hierarchy described above.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets measured at fair value (continued)

		Fair value measurements as at 30 June 2024 categorised into			
		Quoted prices	Significant	Significant	
		in active	observable	unobservable	
		markets for	inputs	inputs	
		identical assets	(Level 2)	(Level 3)	
Notes	Fair value at 30 June 2024	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Financial assets:					
	Notes receivable	(i)	35,440	–	–
	Financial assets at FVPL -current	(ii)	17,736	17,736	–
	Financial assets at FVPL -non-current	(iii)	21,282	–	21,282
	Unquoted equity investments designated at FVOCI	(iv)	32,309	–	32,309
			<u>106,767</u>	<u>17,736</u>	<u>53,591</u>

		Fair value measurements as at 31 December 2023 categorised into			
		Quoted prices	Significant	Significant	
		in active	observable	unobservable	
		markets for	inputs	inputs	
		identical assets	(Level 2)	(Level 3)	
Notes	Fair value at 31 December 2023	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000	
	(Audited)	(Audited)	(Audited)	(Audited)	
Financial assets:					
	Notes receivable	(i)	68,276	–	–
	Financial assets at FVPL -current	(ii)	12,879	7,879	5,000
	Financial assets at FVPL -non-current	(iii)	25,183	–	25,183
	Unquoted equity investments designated at FVOCI	(iv)	32,309	–	32,309
			<u>138,647</u>	<u>7,879</u>	<u>62,492</u>

Notes:

- (i) The Group estimated the fair value of notes receivable with discounted cash flows at a discount rate that reflects the credit risk of the drawee of notes at the end of the reporting period.
- (ii) The fair value of listed equity investments at FVPL categorised as level 1 in the fair value hierarchy are based on quoted market prices.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets measured at fair value (continued)

Notes: (continued)

- (iii) The fair value of financial assets at FVPL-non-current, has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the Directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate price multiple, such as price to sales (“P/S”) multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an sales measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding sales measure of the unlisted equity investments to measure the fair value. The discount for lack of marketability represents the amounts of discounts determined by the Group that market participants would take into account when pricing the investments.

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Financial assets at FVPL-non-current	Valuation multiples	Median P/S	6.0	10% increase/decrease in input would result in increase/decrease in fair value by approximately RMB2,128,000
		Discount for lack of marketability	25%	10% increase/decrease in input would result in decrease/increase in fair value by approximately RMB709,000

- (iv) The fair value of unquoted equity investments in a real estate fund designated at FVOCI was determined using the market approach based on recent transaction price.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liabilities for which fair values are disclosed

	Fair value measurements using			
	Fair value at 30 June 2024 <i>RMB'000</i> (Unaudited)	Quoted prices in active markets for identical assets (Level 1) <i>RMB'000</i> (Unaudited)	Significant observable inputs (Level 2) <i>RMB'000</i> (Unaudited)	Significant unobservable inputs (Level 3) <i>RMB'000</i> (Unaudited)
Financial liabilities:				
Other non-current liabilities	252,795	–	252,795	–
	<u>252,795</u>	<u>–</u>	<u>252,795</u>	<u>–</u>

	Fair value measurements using			
	Fair value at 31 December 2023 <i>RMB'000</i> (Unaudited)	Quoted prices in active markets for identical assets (Level 1) <i>RMB'000</i> (Unaudited)	Significant observable inputs (Level 2) <i>RMB'000</i> (Unaudited)	Significant unobservable inputs (Level 3) <i>RMB'000</i> (Unaudited)
Financial liabilities:				
Other non-current liabilities	246,431	–	246,431	–
	<u>246,431</u>	<u>–</u>	<u>246,431</u>	<u>–</u>

(c) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 30 June 2024 and 31 December 2023.

16. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2024 (31 December 2023: Nil).

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

17. COMMITMENTS

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contracted, but not provided for:		
Plant and machinery	<u>17,579</u>	<u>6,382</u>

18. RELATED PARTY TRANSACTIONS

The following table provides the total amounts of transactions that have been entered into with related parties during the six months ended 30 June 2024 and 2023:

(a) Transactions with related parties:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Purchases of products and services:		
Hua Ge Real Estate Development Co., Ltd.	300	–
Cangzhou Aomu Agricultural Development Co., Ltd.	172	418
Dezhou Wugu Food Technology Co., Ltd.	194	234
Cangzhou Wugu Food Technology Co., Ltd.	<u>27</u>	<u>76</u>

Notes:

- (i) The purchases from the related parties were made according to the published prices and conditions.
- (ii) These related parties are all entities controlled by close family members of the controller of the Group.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

18. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with a related party:

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Trade payables:		
Cangzhou Aomu Agricultural Development Co., Ltd.	<u>87</u>	<u>–</u>

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Compensation paid to key management personnel	<u>3,461</u>	<u>2,393</u>

19. DIVIDENDS

(a) Dividends declared and paid to equity shareholders of the Company during the interim period are as follows:

	30 June 2024 <i>RMB'000</i> (Unaudited)	30 June 2023 <i>RMB'000</i> (Unaudited)
2023 final dividend declare and paid during the period, RMB0.038 per ordinary share (six months ended 30 June 2023: RMB0.059)	<u>37,836</u>	<u>59,900</u>

- (b) On 13 August 2024, the Board declared an interim dividend of RMB0.005 per ordinary share (the “**Interim Dividend**”) (six months ended 30 June 2023: RMB0.029 per ordinary share) and a special dividend of RMB0.025 per share (the “**Special Dividend**”) (six months ended 30 June 2023: Nil), amounting to the total Interim Dividend of approximately RMB4,978,000 (six months ended 30 June 2023: approximately RMB29,443,000) and the total Special Dividend of approximately RMB24,892,000 (six months ended 30 June 2023: Nil).

The total amount of the Interim Dividend and the Special Dividend were calculated based on the issued and fully paid shares of the Company as at 30 June 2024. If taken the subsequent cancellation after 30 June 2024 of 10,275,000 shares, of which 2,124,500 shares were repurchased and cancelled in July 2024, into consideration, the total amount of the Interim Dividend and the Special Dividend amounted to approximately RMB4,927,000 and RMB24,635,000 respectively.

20. EVENT AFTER THE REPORTING PERIOD

On 13 August 2024, the Board declared an interim dividend and a special dividend for the six months ended 30 June 2024 as set out in note 19.

21. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2024 was authorised for issue in accordance with a resolution of the Board on 13 August 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE REVIEW

Operating segment results

For the six months ended 30 June 2024

	Battery materials	Dye and agricultural chemical intermediates	Pigment intermediates and new materials	Total
Revenue (RMB'000)	281,949	502,506	220,558	1,005,013
Cost of sales (RMB'000)	312,522	408,625	138,445	859,592
Sales volume (tonnes)	29,486	37,843	6,705	74,034
Gross profit margin	-10.8%	18.7%	37.2%	14.5%
Average unit selling price (RMB/tonne)	9,562	13,279	32,895	13,575

For the six months ended 30 June 2023

	Battery materials	Dye and agricultural chemical intermediates	Pigment intermediates and new materials	Total
Revenue (RMB'000)	217,966	585,414	193,035	996,415
Cost of sales (RMB'000)	251,218	453,945	115,014	820,177
Sales volume (tonnes)	17,786	36,393	5,738	59,917
Gross profit margin	-15.3%	22.5%	40.4%	17.7%
Average unit selling price (RMB/tonne)	12,255	16,086	33,642	16,630

During the Review Period, the total revenue of the Group increased by approximately 0.9% to approximately RMB1,005.0 million (six months ended 30 June 2023: approximately RMB996.4 million) as compared with that in the same period of 2023, and the overall gross profit of the Group decreased by approximately 17.5% period-on-period to approximately RMB145.4 million (six months ended 30 June 2023: approximately RMB176.2 million). The period-on-period decrease in the overall gross profit was mainly due to a decrease in the average unit selling price of the Group's dye intermediate products as compared with that in the same period of 2023, resulting from the adverse effects of market fluctuations during the six months ended 30 June 2024, which resulted in a decrease in gross profit of the dye and agricultural chemical intermediates segment as compared with that in the same period of 2023. The overall gross profit margin of the Group decreased by approximately 3.2 percentage points period-on-period to approximately 14.5% (six months ended 30 June 2023: approximately 17.7%).

During the Review Period, the profit attributable to equity holders of the parent decreased by approximately 52.6% period-on-period to approximately RMB15.6 million (six months ended 30 June 2023: approximately RMB32.9 million). The profit margin attributable to equity holders of the parent decreased by approximately 1.7 percentage points period-on-period to approximately 1.6% (six months ended 30 June 2023: approximately 3.3%).

Battery materials – accounting for approximately 28.1% of total revenue (six months ended 30 June 2023: approximately 21.9%)

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.

During the Review Period, the Group's sales volume of iron phosphate, a product under the battery materials segment, increased significantly, primarily because the market demand of the new energy vehicle and electrochemical energy storage industries continued to increase steadily, and the quality of the Group's iron phosphate products was widely recognized by the industry. 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), Yibin Tianyuan Lithium Battery New Material Co., Ltd. (宜賓天原鋰電新材有限公司), 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), Fujian Zijin Lithium Material Technology Co., Ltd.* (福建紫金鋰元材料科技有限公司) and Beijing Easpring Material Technology Co., Ltd.* (北京當升材料科技股份有限公司). As a result of an increase in the sales volume of iron phosphate, the revenue from the battery materials segment of the Group increased by approximately 29.3% to approximately RMB281.9 million (six months ended 30 June 2023: approximately RMB218.0 million) as compared with that in the same period of 2023, accounting for approximately 28.1% (six months ended 30 June 2023: approximately 21.9%) of the Group's total revenue.

However, the pressure of a periodic imbalance in supply and demand resulted in a fierce market competition in the battery material industry. During the Review Period, the market price of iron phosphate declined as compared with that in the same period of 2023. Faced with the above market conditions, the Group continued to optimize production processes, and improved procurement and production management, which resulted in a significant reduction in the average unit cost of the iron phosphate products of the Group during the Review Period. Under the combined effect of an increase in sales volume, a decrease in market price and a decrease in average unit cost of iron phosphate products, the overall gross profit of this segment during the Review Period recovered by approximately 8.1% to approximately RMB-30.6 million (six months ended 30 June 2023: approximately RMB-33.3 million) as compared with that in the same period of 2023, while the gross profit margin recovered by approximately 4.5 percentage points to approximately -10.8% (six months ended 30 June 2023: approximately -15.3%).

Dye and agricultural chemical intermediates – accounting for approximately 50.0% of total revenue (six months ended 30 June 2023: approximately 58.8%)

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's key dye intermediate products also include 4-nitrotoluene-2-sulphonic acid, an intermediate product produced during the production of DSD Acid, and iron oxide red products, which are produced during the co-production of iron oxide red with DSD Acid.

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 Period, the sales volume of iron oxide red products, which are produced under the new production process of co-production of iron oxide red with DSD Acid, increased significantly, driving the increase in sales volume of the Group's dye intermediate products as compared with that in the same period of 2023. However, due to changes in structure of selling products and the decline in average unit selling price of DSD Acid, the average unit selling price of the Group's dye intermediate products decreased, which resulted in the decrease in the revenue from dye intermediate products of the Group by approximately 20.7% to approximately RMB228.1 million (six months ended 30 June 2023: approximately RMB287.5 million) as compared with that in the same period of 2023.

During the Review Period, the sales volume of the agricultural chemical intermediate products of the Group decreased slightly, and the revenue of such products decreased by approximately 7.9% to approximately RMB274.4 million (six months ended 30 June 2023: approximately RMB297.9 million) as compared with that in the same period of 2023.

The total revenue of this segment for the Review Period decreased by approximately 14.2% to approximately RMB502.5 million (six months ended 30 June 2023: approximately RMB585.4 million) as compared with that in the same period of 2023, accounting for approximately 50.0% of the Group's overall revenue (six months ended 30 June 2023: approximately 58.8%).

During the Review Period, the overall gross profit of this segment decreased by approximately 28.6% to approximately RMB93.9 million (six months ended 30 June 2023: approximately RMB131.5 million), and the gross profit margin decreased by approximately 3.8 percentage points to approximately 18.7% (six months ended 30 June 2023: approximately 22.5%). In particular, the gross profit of dye intermediates decreased by approximately 58.2% to approximately RMB23.3 million (six months ended 30 June 2023: approximately RMB55.8 million), and the gross profit margin decreased by approximately 9.2 percentage points to approximately 10.2% (six months ended 30 June 2023: approximately 19.4%). The gross profit of agricultural chemical intermediates decreased by approximately 6.7% to approximately RMB70.6 million (six months ended 30 June 2023: approximately RMB75.7 million) as compared with that in the same period of 2023, and the gross profit margin was approximately 25.7% (six months ended 30 June 2023: approximately 25.4%), which remained relatively stable as compared with that in the same period of 2023.

Pigment intermediates and new materials – accounting for approximately 21.9% of total revenue (six months ended 30 June 2023: approximately 19.4%)

The Group is the world's largest manufacturer and distributor of the high-performance pigment intermediate dimethyl succinylsuccinate ("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 pigment 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 Period, the Group's pigment intermediates and new materials segment developed steadily, and the sales volume of such products increased as compared with that in the same period of 2023. Hence, revenue generated from the sales of the pigment intermediates and new materials segment increased by approximately 14.3% to approximately RMB220.6 million (six months ended 30 June 2023: approximately RMB193.0 million) as compared with that in the same period of 2023, accounting for approximately 21.9% of the Group's total revenue (six months ended 30 June 2023: approximately 19.4%).

During the Review Period, the overall gross profit of this segment increased by approximately 5.3% to approximately RMB82.1 million (six months ended 30 June 2023: approximately RMB78.0 million) and the gross profit margin of this segment decreased by approximately 3.2 percentage points to approximately 37.2% (six months ended 30 June 2023: approximately 40.4%).

EXPORT

During the Review Period, the export revenue of the Group amounted to approximately RMB171.8 million, representing a decrease of approximately RMB36.4 million or approximately 17.5% as compared with the export revenue of approximately RMB208.2 million in the same period of 2023. The decrease in export revenue of the Group was mainly due to the decrease in export sales volume and average unit selling price of the Group's dye and agricultural chemical intermediate products during the Review Period as compared with that in the same period of 2023 as affected by the changes in international market conditions.

During the Review Period, the export revenue accounted for approximately 17.1% of the total revenue as compared with approximately 20.9% in the same period of 2023.

BUSINESS OUTLOOK

During the Review Period, China's economy continued to recover favourably with steady overall performance. The global economy continued its mild recovery amid the complex and ever-changing environment. The domestic new energy vehicle industry maintained rapid growth with strong market demand and improving technologies, becoming an important driver for the global development of new energy vehicles. Meanwhile, electrochemical energy storage market was at a critical stage of transition from the early stage of commercialisation to large scale development. However, although China's new energy industry was flourishing, the industry was also facing pressure from different aspects such as periodic imbalance in supply and demand and intensified market competition. The global economy was facing complex and diversified challenges. There were various challenges in the development of export-orientated enterprises, including but not limited to the continuous inflationary pressure in global markets, the tense situation in the Middle East and Red Sea which disrupted the global shipping industry, geopolitical conflicts, heightened trade protectionism and uncertainty in trade policies of major economies.

During the Review Period, the market demand in the battery material industry continued a promising trend, with profitability bottoming out and gradually improving, showing positive signs of recovery. The supply chain in the battery material industry was in a tough time of continuous production capacity optimization and production efficiency improvement, with the competition landscape transiting from disorder to order. As a result of market demand and the competition environment, the sales volume of iron phosphate, a product under the battery materials segment of the Group, increased significantly. As at the end of the Review Period, the Group's iron phosphate production line capacity achieved good utilization rate. In order to achieve stable development, the Group plans to expand the production capacity of its iron phosphate production line in Dongying Factory from currently 50,000 tonnes/year to 70,000 tonnes/year by the end of 2024. Upon completion of production capacity expansion, together with the current iron phosphate production line in Cangzhou Factory with capacity of 30,000 tonnes/year, the total production capacity of the Group's iron phosphate product will reach 100,000 tonnes/year. At the same time, in view of the current market conditions, the Group's original plan to build a new iron phosphate production line in Dongying Factory with production capacity of 80,000 tonnes/year and the expansion plan to expand the existing production line in Cangzhou Factory with production capacity of 30,000 tonnes/year to 60,000 tonnes/year by the end of 2024 will be commenced in due course depending on future market conditions.

Despite the above changes and adjustments, the Group is still full of confidence as usual. China's new energy industry is in the stage of rapid and unstoppable development. Engaging itself into the wave of domestic new energy industry, the Group focuses on the battery material segment as the important strategic direction for long-term development. The Group will work together to boost the healthy development of this segment through technology innovation, thus contributing to the development of China's new energy industry. The Group's plan on the spin-off and separate listing of Shandong Tsaker New Materials Co., Ltd.* (山東彩客新材料有限公司) ("**Shandong TNM**"), an indirect non-wholly-owned subsidiary of the Company, and its subsidiaries ("**Shandong TNM Group**", primarily engaging in the production and sales of battery material products) on a stock exchange recognised by the PRC (the "**Proposed Spin-off**") remains unchanged. The Group 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 Listing Rules.

During the Review Period, the products of the Group's pigment intermediates and new materials segment gained great market influence, with further growth in both sales volume and revenue as compared with that in the same period of 2023. During the Review Period, there were significant changes in the securities market regulatory policy in Chinese Mainland. In face of such changes, the Group's goal of the proposed transfer of listing of Hebei Tsaker New Materials Technology Company Limited* ("**Tsaker Technology**", primarily engaging in the production and sales of pigment intermediate and new material products), an indirect non-wholly-owned subsidiary of the Company, to the Beijing Stock Exchange (the "**BSE**") in China (the "**Proposed BSE Listing**") remains unchanged. The Group are still putting full efforts in facilitating the preparation works on the Proposed BSE Listing. The Group will make further announcement(s) on the progress of the Proposed BSE Listing as and when appropriate in accordance with the relevant requirements under the Listing Rules.

During the Review Period, the average unit selling price of the Group's dye intermediate products decreased, causing great adverse impacts on the overall profitability of the Group. The production, sales and profitability of the agricultural chemical intermediate products of the Group remained relatively steady. In view of the steady recovery of domestic and overseas economies, the Group will focus on adopting appropriate market strategies so as to enhance the profitability of the dye and agricultural chemical intermediates segment.

Looking ahead, the Group will continue to adopt positive and stable development strategies amid the complex and ever-changing market environment. The Group will further invest in research and development, and improve safe production management, in order to maintain the leading position of its products under different segments in terms of technology, quality, cost and other aspects. The Group will fully leverage its advantages in traditional business segments accumulated over the years, actively respond to the short-term challenges in the battery materials segment and seize the development opportunities in the new energy field, aiming to achieve sustainable, steady and healthy development of the Group in the future.

* *English translation name is for identification purpose only*

FINANCIAL REVIEW

Revenue and gross profit

During the Review Period, the revenue of the Group amounted to approximately RMB1,005.0 million, representing an increase of approximately RMB8.6 million or approximately 0.9% as compared with approximately RMB996.4 million in the same period of 2023. The gross profit amounted to approximately RMB145.4 million, representing a decrease of approximately RMB30.8 million or approximately 17.5% as compared with approximately RMB176.2 million in the same period of 2023. During the Review Period, the Group's gross profit margin was approximately 14.5%, as compared with that of approximately 17.7% in the same period of 2023.

Net profit and net profit margin

During the Review Period, the net profit of the Group was approximately RMB23.5 million, representing a decrease of approximately RMB19.5 million or approximately 45.3% as compared with approximately RMB43.0 million in the same period of 2023. During the Review Period, the net profit margin of the Group was approximately 2.3%, as compared with approximately 4.3% in the same period of 2023.

Selling and distribution expenses

During the Review Period, selling and distribution expenses amounted to approximately RMB18.9 million, representing a decrease of approximately RMB5.0 million as compared with approximately RMB23.9 million in the same period of 2023. During the Review Period, selling and distribution expenses represented approximately 1.9% of the Group's revenue (six months ended 30 June 2023: approximately 2.4%). The decrease in selling and distribution expenses was mainly attributable to the strict cost control measures implemented by the Group during the Review Period, resulting in the decrease in certain sales-related expenses as compared with that in the same period of 2023.

Administrative expenses

During the Review Period, administrative expenses amounted to approximately RMB74.7 million, representing a decrease of approximately RMB14.3 million as compared with approximately RMB89.0 million in the same period in 2023. The decrease in administrative expenses was mainly attributable to the combined effects of (i) the decrease in research and development expenses during the Review Period due to the change in the stages of the research and development projects; and (ii) the decrease in expenses on consultation services and other services during the Review Period as the Group put greater efforts on cost control.

During the Review Period, administrative expenses represented approximately 7.4% of the Group's revenue (six months ended 30 June 2023: approximately 8.9%).

Finance costs

During the Review Period, finance costs amounted to approximately RMB22.1 million, representing an increase of approximately RMB12.0 million as compared with approximately RMB10.1 million in the same period in 2023. The increase in finance costs was mainly attributable to the grant of repurchase rights to investors upon the introduction of the first round of independent investors to Shandong TNM Group in March and April 2023 and the transfer of partial interest in Tsaker Technology held by Tsaker Chemical (Hong Kong) Company Limited in June 2023, under which the relevant repurchase obligations were recognized as financial liabilities with interest to be accrued. During the Review Period, the interest recognized on such financial liabilities leads to the increase of finance costs.

Exchange gains/(losses), net

During the Review Period, the net exchange gains amounted to approximately RMB0.2 million as compared with the net exchange losses of approximately RMB6.8 million in the same period in 2023, which was mainly due to the fluctuation of the exchange rate of Renminbi against US dollar during the Review Period.

Income tax expense

The subsidiaries of the Company in the People's Republic of China (the "PRC") are generally subject to the PRC 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 Hong Kong subsidiary of the Company is subject to the two-tier tax regime, i.e., the first HK\$2 million of assessable profits earned will be taxed at half of 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%.

During the Review Period, income tax expenses amounted to approximately RMB7.0 million, representing a decrease of approximately RMB4.7 million as compared with approximately RMB11.7 million in the same period of 2023. The decrease in income tax expense was mainly attributable to the decrease in the profit before tax during the Review Period as compared with the same period in 2023.

Cash flows

During the Review Period, the Group's net cash inflows from operating activities were approximately RMB35.2 million, which remained relatively stable as compared with approximately RMB34.7 million in the same period of 2023.

During the Review Period, the Group's net cash outflows from investing activities were approximately RMB10.8 million, representing a decrease of approximately RMB70.0 million as compared with approximately RMB80.8 million in the same period in 2023, which was mainly attributable to the combined effects of (i) the decrease in the capital expenditure and payment for the construction of the production line of Shandong TNM as compared with that in the same period of 2023 during the Review Period; and (ii) the decrease in the capital expenditure and payment as a result of the decrease in construction projects in progress under the pigment intermediates and new materials segment as compared with that in the same period of 2023 during the Review Period.

During the Review Period, the Group's net cash outflows from financing activities were approximately RMB134.3 million, representing a decrease of approximately RMB405.7 million as compared with net cash inflows of approximately RMB271.4 million from financing activities in the same period of 2023, which was mainly attributable to the combined effects of (i) 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 Chemical (Hong Kong) Company Limited in the same period of 2023, while no similar investment or disposal occurred during the Review Period; and (ii) the increase in net cash outflows from bank loans and other borrowings repaid by the Group during the Review Period as compared with that in the same period of 2023.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position throughout the six months ended 30 June 2024. To manage 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.

LIQUIDITY AND CAPITAL STRUCTURE

During the Review Period, the daily working capital of the Group was primarily derived from internally generated cash flow from operations and bank borrowings. As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB177.4 million, which included approximately RMB166.8 million denominated in RMB and approximately RMB10.6 million in other currencies (USD, HKD and SGD) (31 December 2023: approximately RMB287.4 million, in which approximately RMB258.7 million denominated in RMB and approximately RMB28.7 million in other currencies (USD, HKD and SGD)). As at 30 June 2024, the Group had restricted cash of approximately RMB33.4 million denominated in RMB (31 December 2023: approximately RMB70.6 million denominated in RMB).

As at 30 June 2024, the Group had interest-bearing bank and other borrowings of approximately RMB233.9 million, all denominated in RMB with interest rate of 2.95% to 9.22% per annum (31 December 2023: approximately RMB317.1 million, all denominated in RMB with interest rate of 2.8% to 9.22% per annum), of which (i) approximately RMB224.2 million shall be repayable within one year (31 December 2023: approximately RMB299.1 million shall be repayable within one year), approximately RMB7.8 million shall be repayable in the second year (31 December 2023: approximately RMB12.3 million shall be repayable in the second year), and approximately RMB1.9 million shall be repayable in the third to the fifth year, inclusive (31 December 2023: approximately RMB5.7 million shall be repayable in the third to the fifth year, inclusive); and (ii) all bore fixed interest rates (31 December 2023: all bore fixed interest rates).

As at 30 June 2024, the Group had unutilised banking facilities of RMB167.9 million (31 December 2023: approximately RMB177.5 million).

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

GEARING RATIO

As at 30 June 2024, the Group's gearing ratio was approximately 11.5% as compared with approximately 15.4% as at 31 December 2023, which is calculated at interest-bearing bank and other borrowings at the end of the period divided by total equity.

CURRENT ASSETS

As at 30 June 2024, total current assets of the Group amounted to approximately RMB1,453.5 million (31 December 2023: approximately RMB1,467.5 million), primarily consisting of inventories of approximately RMB349.9 million (31 December 2023: approximately RMB285.3 million), trade and notes receivable of approximately RMB807.3 million (31 December 2023: approximately RMB742.0 million), prepayments and other receivables of approximately RMB67.7 million (31 December 2023: approximately RMB69.3 million), cash and cash equivalents of approximately RMB177.4 million (31 December 2023: approximately RMB287.4 million), restricted cash of approximately RMB33.4 million (31 December 2023: approximately RMB70.6 million), and financial assets at FVPL of approximately RMB17.7 million (31 December 2023: approximately RMB12.9 million).

INVENTORIES

Inventories of the Group mainly include raw materials, work-in-progress and finished products. The turnover days for inventories were 67 days during the Review Period, while those for the year ended 31 December 2023 were 58 days. The increase in such turnover days was mainly attributable to the increase in quantities of inventories of the Group, which would be beneficial to improve the stability of production and supply in response to the uncertain market conditions. The Group has focused on daily inventory management, and made reasonable arrangements for business processes such as procurement, production and sales to ensure that inventories are maintained at a reasonable level.

TRADE AND NOTES RECEIVABLE

As at 30 June 2024, trade and notes receivable of the Group were approximately RMB807.3 million in aggregate, representing an increase of approximately RMB65.3 million as compared with those of approximately RMB742.0 million in aggregate as at 31 December 2023.

The turnover days for trade and notes receivable were 139 days during the Review Period while those for the year ended 31 December 2023 were 122 days. The increase in such turnover days was mainly due to the increase in the Group's sales to customers with longer credit period in the battery materials segment during the Review Period compared to the year of 2023.

PREPAYMENTS AND OTHER RECEIVABLES

As at 30 June 2024, prepayments and other receivables of the Group were approximately RMB67.7 million in aggregate, representing a decrease of approximately RMB1.6 million as compared with those of approximately RMB69.3 million in aggregate as at 31 December 2023.

CURRENT LIABILITIES

As at 30 June 2024, total current liabilities of the Group amounted to approximately RMB1,139.1 million (31 December 2023: approximately RMB1,140.2 million), primarily consisting of trade and bills payables of approximately RMB417.3 million (31 December 2023: approximately RMB472.6 million), other payables and accruals and contract liabilities of approximately RMB414.4 million (31 December 2023: approximately RMB288.9 million), interest-bearing bank and other borrowings of approximately RMB224.2 million (31 December 2023: approximately RMB299.1 million), income tax payables of approximately RMB20.6 million (31 December 2023: approximately RMB19.3 million) and other current liabilities of approximately RMB62.6 million (31 December 2023: approximately RMB60.3 million).

TRADE AND BILLS PAYABLES

The turnover days for trade and bills payables were 93 days during the Review Period while those for the year ended 31 December 2023 were 88 days. The increase in the turnover days was mainly due to the increase in procurement from suppliers with longer credit period.

OTHER PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES

As at 30 June 2024, other payables and accruals and contract liabilities of the Group were approximately RMB414.4 million in aggregate, representing an increase of approximately RMB125.5 million as compared with those of approximately RMB288.9 million in aggregate as at 31 December 2023, mainly due to the increase in the endorsed notes receivable not derecognised as at the end of the Review Period.

PLEDGE OF ASSETS

As at 30 June 2024, certain Group's property, plant and equipment and right-of-use assets with net carrying amounts of approximately RMB145.4 million (31 December 2023: property, plant and equipment, right-of-use assets, and trade receivables amounted to approximately RMB284.6 million) were pledged to secure bank and other borrowings and bank facilities granted to the Group.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

There were no material acquisitions, disposals (including material acquisitions and disposals of subsidiaries, associates and joint ventures) or significant investment of the Group for the six months ended 30 June 2024.

CAPITAL COMMITMENTS

For details of the Group's capital commitments, please refer to note 17 to the financial statements in this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

As at 30 June 2024 and the date of this announcement, save as those disclosed in elsewhere in this announcement, the Group had no other plans for material investment or acquisition of capital assets.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2024 (31 December 2023: nil).

FOREIGN EXCHANGE RISK

Foreign exchange risk refers to the risk of loss caused by fluctuation in exchange rate. The foreign exchange risk of the Group is mainly related to its operating activities. The operation of the Group may be affected by the future fluctuation in exchange rate. The Group is closely monitoring the impact of changes in currency exchange rates on the Group's foreign exchange risk.

The Group currently does not have any hedging policy for foreign currency in place. However, the Board will remain alert to any foreign currency risk and, if necessary, consider hedging any potential material foreign currency risk.

EMPLOYEES AND REMUNERATION POLICIES

The Group has established its human resources policies and system with a view to adding more incentives and rewards to the remuneration system, which include a wide range of training and personal development programs for its employees.

The remuneration package offered to the employees is in line with their duties and the prevailing market terms. Employee benefits, including bonus, pension, medical coverage and housing provident funds, etc., are also provided to employees of the Group.

As at 30 June 2024, the Group had 2,117 employees (as at 30 June 2023: 2,031) in aggregate.

For the six months ended 30 June 2024, the total staff costs of the Group (including wages, bonuses, social insurances and housing provident funds) amounted to approximately RMB111.6 million (six months ended 30 June 2023: approximately RMB98.7 million). The increase in staff costs was mainly attributable to the increase in number of employees as the Group growingly utilized the production capacity of products of different operating segments.

EVENTS SUBSEQUENT TO THE REVIEW PERIOD

Save as disclosed in note 20 to the financial statements in this announcement, the Group did not have any other significant subsequent events from 30 June 2024 and up to the date of this announcement.

INTERIM DIVIDEND AND SPECIAL DIVIDEND

The Board has resolved to declare and pay an interim dividend of RMB0.005 per ordinary share (the “**Interim Dividend**”) (six months ended 30 June 2023: RMB0.029 per ordinary share) and a special dividend of RMB0.025 per ordinary share (the “**Special Dividend**”) (six months ended 30 June 2023: nil) for the six months ended 30 June 2024.

The Interim Dividend and Special Dividend shall be paid on 26 November 2024 (Tuesday) to the shareholders of the Company whose names appear on the register of members of the Company on 6 September 2024 (Friday). The Interim Dividend and Special Dividend shall be declared in RMB and paid in Hong Kong dollars. The relevant exchange rate is HK\$1: RMB0.916, being the average central parity rate for the conversion of RMB against Hong Kong dollars as announced by the People’s Bank of China for the five business days immediately preceding 13 August 2024. The Interim Dividend and Special Dividend payable in Hong Kong dollars shall be HK\$0.006 per share and HK\$0.027 per share respectively, and the calculation methods are as follows:

$$\text{Interim Dividend: } \frac{\text{RMB0.005 per share}}{\text{Exchange rate 0.916}} = \text{HK\$0.006 per share}$$

$$\text{Special Dividend: } \frac{\text{RMB0.025 per share}}{\text{Exchange rate 0.916}} = \text{HK\$0.027 per share}$$

As at the date of this announcement, the Company did not have any treasury shares or repurchased shares subject to cancellation. Based on the total number of issued shares of 985,401,000 shares as of the date of this announcement, the total amount of the Interim Dividend and the Special Dividend amounted to approximately RMB4,927,000 and RMB24,635,000 respectively.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 3 September 2024 (Tuesday) to 6 September 2024 (Friday), both days inclusive, in order to determine the identity of the shareholders of the Company who are entitled to receive the Interim Dividend and the Special Dividend, during which period no share transfers will be registered. To qualify for the Interim Dividend and the Special Dividend, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 2 September 2024 (Monday).

ROUNDING

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Any minor discrepancies between the figures included in this announcement and related calculations or the figures in the financial statements are due to rounding.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Purchase, Sale or Redemption of Listed Securities of the Company

For the six months ended 30 June 2024, as the Board believed that the value of the shares of the Company could not reflect their intrinsic value and repurchase of shares would reflect the Board's confidence in the Company's development prospects, the Company repurchased a total of 9,186,500 shares on the Stock Exchange at a total consideration (before expenses) of HK\$8,354,975. The 1,036,000 shares and 8,150,500 shares repurchased have been subsequently cancelled on 6 February 2024 and 30 July 2024, respectively.

Details of the repurchase made by the Company are as follows:

Month	Number of shares repurchased	Highest purchase price per share <i>HK\$</i>	Lowest purchase price per share <i>HK\$</i>	Total consideration (before expenses) <i>HK\$</i>
January 2024	1,036,000	0.99	0.93	995,105
March 2024	1,997,000	0.80	0.75	1,555,035
April 2024	1,490,500	0.82	0.76	1,168,660
May 2024	1,963,500	1.03	0.81	1,889,130
June 2024	2,699,500	1.07	0.97	2,747,045
	<u>9,186,500</u>			<u>8,354,975</u>

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

Corporate Governance Practices

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code in Appendix C1 to the Listing Rules as its own code of corporate governance.

For the six months ended 30 June 2024, the Company has complied with all the code provisions of the Corporate Governance Code set out therein, except for code provision C.2.1 in Part 2 of the Corporate Governance Code. In accordance with code provision C.2.1 in Part 2 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company deviates from the 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 Group for many years, he has a thorough understanding of the Group's business, management, customers and products. With his extensive experience in the business operation and management, the Board believes that vesting the two roles in the same individual provides the Company with strong and consistent leadership and facilitates effective implementation and execution of the Group's 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 is and has been able to work effectively and performs its responsibilities with key and appropriate issues discussed in a timely manner. In addition, 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 practices of the Company, the Board shall nevertheless review the effectiveness of the structure and composition of the Board from time to time in light of prevailing circumstances.

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

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. 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 for the six months ended 30 June 2024.

Audit Committee and Review of Financial Statements

The Board has established an audit committee of the Board (the “**Audit Committee**”) according to the Listing Rules, which comprises three independent non-executive Directors, namely Mr. ZHU Lin (chairman), Mr. YU Miao and Ms. ZHANG Feiyan.

The unaudited interim financial statements of the Group for the six months ended 30 June 2024 have been reviewed by the Audit Committee. Ernst & Young, the independent auditor of the Company, conducted an independent review on the interim financial information of the Group for the six months ended 30 June 2024 in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. The review report of the interim financial information will be set out in the interim report to be published.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.tsaker.com), and the interim report for the six months ended 30 June 2024 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
Mr. GE Yi
Chairman

Hong Kong, 13 August 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.