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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 2022**

**FINANCIAL HIGHLIGHTS**

Revenue of the Group for the six months ended 30 June 2022 amounted to approximately RMB923.2 million, representing an increase of approximately RMB169.8 million or 22.5% comparing with that in the same period of 2021.

Gross profit of the Group for the six months ended 30 June 2022 amounted to approximately RMB262.3 million, representing an increase of approximately RMB47.9 million or 22.3% comparing with that in the same period of 2021.

Net profit of the Group for the six months ended 30 June 2022 amounted to approximately RMB84.3 million, representing an increase of approximately RMB1.2 million or 1.4% comparing with that in the same period of 2021.

Basic and diluted earnings per share attributable to ordinary equity holders of the parent for the six months ended 30 June 2022 amounted to approximately RMB0.08, which is the same as that in the same period of 2021.

The Board resolved to declare and pay an interim dividend of RMB0.036 per ordinary share for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB0.039 per ordinary share).

**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 2022 (the “**Review Period**”), together with the comparative figures for the same period in 2021. 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 2022*

|                                                                                                                       | <i>Notes</i> | <b>2022</b><br><b>RMB'000</b><br><b>(Unaudited)</b> | <b>2021</b><br><b>RMB'000</b><br><b>(Unaudited)</b> |
|-----------------------------------------------------------------------------------------------------------------------|--------------|-----------------------------------------------------|-----------------------------------------------------|
| <b>REVENUE</b>                                                                                                        | 3            | <b>923,237</b>                                      | 753,416                                             |
| Cost of sales                                                                                                         |              | <u><b>(660,897)</b></u>                             | <u>(539,025)</u>                                    |
| <b>Gross profit</b>                                                                                                   |              | <b>262,340</b>                                      | 214,391                                             |
| Other income and gains                                                                                                |              | <b>17,627</b>                                       | 14,142                                              |
| Selling and distribution expenses                                                                                     |              | <b>(28,483)</b>                                     | (27,273)                                            |
| Administrative expenses                                                                                               |              | <b>(102,935)</b>                                    | (67,194)                                            |
| Other expenses                                                                                                        |              | <b>(14,522)</b>                                     | (10,838)                                            |
| Impairment losses on intangible assets                                                                                |              | <b>(7,552)</b>                                      | –                                                   |
| Finance costs                                                                                                         | 5            | <b>(6,899)</b>                                      | (13,845)                                            |
| Share of loss of an associate                                                                                         |              | <b>(130)</b>                                        | –                                                   |
| Exchange (losses)/gains, net                                                                                          |              | <u><b>(11,666)</b></u>                              | <u>101</u>                                          |
| <b>PROFIT BEFORE TAX</b>                                                                                              | 6            | <b>107,780</b>                                      | 109,484                                             |
| Income tax expense                                                                                                    | 7            | <u><b>(23,480)</b></u>                              | <u>(26,421)</u>                                     |
| <b>PROFIT FOR THE PERIOD</b>                                                                                          |              | <u><b>84,300</b></u>                                | <u>83,063</u>                                       |
| <b>OTHER COMPREHENSIVE INCOME</b>                                                                                     |              |                                                     |                                                     |
| Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods (net of tax):      |              |                                                     |                                                     |
| Exchange differences on translation of foreign operations                                                             |              | <b>16,497</b>                                       | (3,577)                                             |
| Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods (net of tax): |              |                                                     |                                                     |
| Equity investments designated at fair value through other comprehensive income (“FVOCI”)                              |              | <u><b>(5,828)</b></u>                               | <u>19,675</u>                                       |
| <b>Other comprehensive income, net of tax</b>                                                                         |              | <u><b>10,669</b></u>                                | <u>16,098</u>                                       |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                                                                      |              | <u><b>94,969</b></u>                                | <u>99,161</u>                                       |
| Profit attributable to:                                                                                               |              |                                                     |                                                     |
| Owners of the parent                                                                                                  |              | <b>79,910</b>                                       | 83,063                                              |
| Non-controlling interests                                                                                             |              | <b>4,390</b>                                        | –                                                   |
|                                                                                                                       |              | <u><b>84,300</b></u>                                | <u>83,063</u>                                       |
| Total comprehensive income attributable to:                                                                           |              |                                                     |                                                     |
| Owners of the parent                                                                                                  |              | <b>90,579</b>                                       | 99,161                                              |
| Non-controlling interests                                                                                             |              | <b>4,390</b>                                        | –                                                   |
|                                                                                                                       |              | <u><b>94,969</b></u>                                | <u>99,161</u>                                       |
| <b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>                                       |              |                                                     |                                                     |
| Basic and diluted (expressed in RMB per share)                                                                        | 8            | <u><b>0.08</b></u>                                  | <u>0.08</u>                                         |

# UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

|                                                        | <i>Notes</i> | <b>30 June<br/>2022<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2021<br>RMB'000<br>(Audited) |
|--------------------------------------------------------|--------------|-----------------------------------------------------|---------------------------------------------|
| <b>NON-CURRENT ASSETS</b>                              |              |                                                     |                                             |
| Property, plant and equipment                          | 9            | 1,574,530                                           | 1,454,285                                   |
| Right-of-use assets                                    |              | 92,234                                              | 87,447                                      |
| Investment in an associate                             |              | 857                                                 | 987                                         |
| Financial assets at fair value through profit or loss  | 14           | 47,000                                              | –                                           |
| Intangible assets                                      | 10           | 9,340                                               | 17,319                                      |
| Equity investments designated at FVOCI                 | 11           | 24,762                                              | 50,135                                      |
| Deferred tax assets                                    |              | 33,597                                              | 33,692                                      |
| Other non-current assets                               |              | 53,221                                              | 12,122                                      |
|                                                        |              | <hr/>                                               | <hr/>                                       |
| Total non-current assets                               |              | 1,835,541                                           | 1,655,987                                   |
| <b>CURRENT ASSETS</b>                                  |              |                                                     |                                             |
| Inventories                                            | 12           | 237,746                                             | 260,863                                     |
| Trade receivables                                      | 13           | 206,544                                             | 216,086                                     |
| Notes receivable                                       |              | 72,987                                              | 85,802                                      |
| Prepayments and other receivables                      |              | 52,678                                              | 139,069                                     |
| Financial assets at fair value through profit or loss  | 14           | 64,853                                              | 28,613                                      |
| Restricted cash                                        |              | 186                                                 | 1,986                                       |
| Cash and cash equivalents                              |              | 73,980                                              | 180,075                                     |
|                                                        |              | <hr/>                                               | <hr/>                                       |
| Total current assets                                   |              | 708,974                                             | 912,494                                     |
| <b>CURRENT LIABILITIES</b>                             |              |                                                     |                                             |
| Trade payables                                         | 15           | 224,433                                             | 195,713                                     |
| Other payables and accruals                            |              | 61,633                                              | 84,586                                      |
| Contract liabilities                                   |              | 9,154                                               | 6,485                                       |
| Interest-bearing bank and other borrowings             | 16           | 255,888                                             | 278,000                                     |
| Income tax payable                                     |              | 20,311                                              | 48,180                                      |
| Current portion of long-term bank and other borrowings | 16           | 23,274                                              | 24,109                                      |
|                                                        |              | <hr/>                                               | <hr/>                                       |
| Total current liabilities                              |              | 594,693                                             | 637,073                                     |
| <b>NET CURRENT ASSETS</b>                              |              |                                                     |                                             |
|                                                        |              | <hr/>                                               | <hr/>                                       |
|                                                        |              | 114,281                                             | 275,421                                     |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>           |              |                                                     |                                             |
|                                                        |              | <hr/>                                               | <hr/>                                       |
|                                                        |              | 1,949,822                                           | 1,931,408                                   |

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

*As at 30 June 2022*

|                                             | <i>Notes</i> | <b>30 June<br/>2022<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2021<br>RMB'000<br>(Audited) |
|---------------------------------------------|--------------|-----------------------------------------------------|---------------------------------------------|
| <b>NON-CURRENT LIABILITIES</b>              |              |                                                     |                                             |
| Deferred income                             |              | 19,122                                              | 20,473                                      |
| Deferred tax liabilities                    |              | 5,699                                               | 5,699                                       |
| Interest-bearing bank and other borrowings  | 16           | 10,398                                              | 13,622                                      |
| Lease liabilities                           |              | –                                                   | 188                                         |
|                                             |              | <hr/>                                               | <hr/>                                       |
| Total non-current liabilities               |              | <b>35,219</b>                                       | 39,982                                      |
|                                             |              | <hr/>                                               | <hr/>                                       |
| Net assets                                  |              | <b>1,914,603</b>                                    | 1,891,426                                   |
|                                             |              | <hr/> <hr/>                                         | <hr/> <hr/>                                 |
| <b>EQUITY</b>                               |              |                                                     |                                             |
| Equity attributable to owners of the parent |              |                                                     |                                             |
| Share capital                               |              | 65,946                                              | 66,269                                      |
| Treasury shares                             |              | (2,404)                                             | (5,893)                                     |
| Reserves                                    |              | 1,830,735                                           | 1,815,114                                   |
|                                             |              | <hr/>                                               | <hr/>                                       |
|                                             |              | <b>1,894,277</b>                                    | 1,875,490                                   |
|                                             |              | <hr/>                                               | <hr/>                                       |
| Non-controlling interests                   |              | <b>20,326</b>                                       | 15,936                                      |
|                                             |              | <hr/>                                               | <hr/>                                       |
| Total equity                                |              | <b>1,914,603</b>                                    | 1,891,426                                   |
|                                             |              | <hr/> <hr/>                                         | <hr/> <hr/>                                 |

# UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

|                                                                                 | Attributable to owners of the parent |                 |                |                 |                        |                   |                                                 |                     |                  |                  |                           |                  |
|---------------------------------------------------------------------------------|--------------------------------------|-----------------|----------------|-----------------|------------------------|-------------------|-------------------------------------------------|---------------------|------------------|------------------|---------------------------|------------------|
|                                                                                 | Share capital                        | Treasury shares | Share premium  | Capital reserve | Safety production fund | Statutory reserve | Fair value reserve of financial assets at FVOCI | Translation reserve | Retained profits | Total            | Non-controlling interests | Total equity     |
|                                                                                 | RMB'000                              | RMB'000         | RMB'000        | RMB'000         | RMB'000                | RMB'000           | RMB'000                                         | RMB'000             | RMB'000          | RMB'000          | RMB'000                   | RMB'000          |
| At 1 January 2022 (audited)                                                     | 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 period                                                           | -                                    | -               | -              | -               | -                      | -                 | -                                               | -                   | 79,910           | 79,910           | 4,390                     | 84,300           |
| Other comprehensive income for the period                                       | -                                    | -               | -              | -               | -                      | -                 | (5,828)                                         | 16,497              | -                | 10,669           | -                         | 10,669           |
| Total comprehensive income for the period                                       | -                                    | -               | -              | -               | -                      | -                 | (5,828)                                         | 16,497              | 79,910           | 90,579           | 4,390                     | 94,969           |
| Repurchase of own shares                                                        | -                                    | (2,404)         | -              | -               | -                      | -                 | -                                               | -                   | -                | (2,404)          | -                         | (2,404)          |
| 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 22)                                  | -                                    | -               | (69,388)       | -               | -                      | -                 | -                                               | -                   | -                | (69,388)         | -                         | (69,388)         |
| Cancellation of own shares                                                      | (323)                                | 5,893           | (5,570)        | -               | -                      | -                 | -                                               | -                   | -                | -                | -                         | -                |
| At 30 June 2022 (unaudited)                                                     | <u>65,946</u>                        | <u>(2,404)</u>  | <u>300,112</u> | <u>(5,030)</u>  | <u>65,940</u>          | <u>130,666</u>    | <u>(12,173)</u>                                 | <u>42,030</u>       | <u>1,309,190</u> | <u>1,894,277</u> | <u>20,326</u>             | <u>1,914,603</u> |

For the six months ended 30 June 2021

|                                           | Attributable to owners of the parent |                 |                |                  |                        |                   |                                                 |                     |                  |                  |              |
|-------------------------------------------|--------------------------------------|-----------------|----------------|------------------|------------------------|-------------------|-------------------------------------------------|---------------------|------------------|------------------|--------------|
|                                           | Share capital                        | Treasury shares | Share premium  | Capital reserve  | Safety production fund | Statutory reserve | Fair value reserve of financial assets at FVOCI | Translation reserve | Retained profits | Total            | Total equity |
|                                           | RMB'000                              | RMB'000         | RMB'000        | RMB'000          | RMB'000                | RMB'000           | RMB'000                                         | RMB'000             | RMB'000          | RMB'000          | RMB'000      |
| At 1 January 2021 (audited)               | 66,713                               | -               | 421,899        | (105,894)        | 63,679                 | 152,189           | (5,004)                                         | 33,244              | 1,052,466        | 1,679,292        |              |
| Profit for the period                     | -                                    | -               | -              | -                | -                      | -                 | -                                               | -                   | 83,063           | 83,063           |              |
| Other comprehensive income for the period | -                                    | -               | -              | -                | -                      | -                 | 19,675                                          | (3,577)             | -                | 16,098           |              |
| Total comprehensive income for the period | -                                    | -               | -              | -                | -                      | -                 | 19,675                                          | (3,577)             | 83,063           | 99,161           |              |
| Repurchase of own shares                  | -                                    | (4,714)         | -              | -                | -                      | -                 | -                                               | -                   | -                | (4,714)          |              |
| Appropriation to safety production fund   | -                                    | -               | -              | -                | 3,203                  | -                 | -                                               | -                   | (3,203)          | -                |              |
| At 30 June 2021 (unaudited)               | <u>66,713</u>                        | <u>(4,714)</u>  | <u>421,899</u> | <u>(105,894)</u> | <u>66,882</u>          | <u>152,189</u>    | <u>14,671</u>                                   | <u>29,667</u>       | <u>1,132,326</u> | <u>1,773,739</u> |              |

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
*For the six months ended 30 June 2022*

|                                                                                                                      | <i>Note</i> | <b>2022</b><br><b>RMB'000</b><br><b>(Unaudited)</b> | 2021<br><b>RMB'000</b><br><b>(Unaudited)</b> |
|----------------------------------------------------------------------------------------------------------------------|-------------|-----------------------------------------------------|----------------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                          |             |                                                     |                                              |
| Cash generated from operations                                                                                       |             | <b>157,893</b>                                      | 94,773                                       |
| Income tax paid                                                                                                      |             | <b>(51,254)</b>                                     | (28,328)                                     |
| Net cash flows from operating activities                                                                             |             | <b>106,639</b>                                      | 66,445                                       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                                          |             |                                                     |                                              |
| Payment for the purchase of property, plant and equipment, right-of-use assets, and intangible assets                |             | <b>(62,438)</b>                                     | (18,347)                                     |
| Purchase of an investment accounted for financial assets at fair value through profit or loss – unlisted investments |             | <b>(47,000)</b>                                     | –                                            |
| Other cash flows used in investing activities                                                                        |             | <b>(4,501)</b>                                      | (7,323)                                      |
| Net cash flows used in investing activities                                                                          |             | <b>(113,939)</b>                                    | (25,670)                                     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                          |             |                                                     |                                              |
| Proceeds from borrowings                                                                                             |             | <b>138,064</b>                                      | 170,000                                      |
| Repayment of borrowings                                                                                              |             | <b>(163,698)</b>                                    | (201,683)                                    |
| Principal portion of lease liabilities                                                                               |             | <b>(259)</b>                                        | (1,138)                                      |
| Dividend paid                                                                                                        |             | <b>(69,388)</b>                                     | –                                            |
| Repurchase of own shares                                                                                             |             | <b>(2,404)</b>                                      | (4,714)                                      |
| Net cash flows used in financing activities                                                                          |             | <b>(97,685)</b>                                     | (37,535)                                     |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>                                                          |             |                                                     |                                              |
|                                                                                                                      |             | <b>(104,985)</b>                                    | 3,240                                        |
| Cash and cash equivalents at beginning of period                                                                     |             | <b>180,075</b>                                      | 101,240                                      |
| Effect of foreign exchange rate changes, net                                                                         |             | <b>(1,110)</b>                                      | 82                                           |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                                                                    |             |                                                     |                                              |
|                                                                                                                      | <i>17</i>   | <b>73,980</b>                                       | 104,562                                      |

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office 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
- others

In the opinion of the Directors, the de facto controller of the Company is Mr. GE Yi, who holds 52.23% voting rights of the Company as at 30 June 2022.

## 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 2022 have 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 2021.

### 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 2021, 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 3                          | <i>Reference to the Conceptual Framework</i>                                             |
| Amendments to HKAS 16                          | <i>Property, Plant and Equipment: Proceeds before Intended Use</i>                       |
| Amendments to HKAS 37                          | <i>Onerous Contracts – Cost of Fulfilling a Contract</i>                                 |
| <i>Annual Improvements to HKFRSs 2018-2020</i> | Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 |

The application of the new and amendments to HKFRSs in the current period has had no material impact on the disclosures or the amounts recognised in the interim condensed consolidated financial statements of the Group.

**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)**

*30 June 2022*

**3. REVENUE FROM CONTRACTS WITH CUSTOMERS**

An analysis of revenue is as follows:

|                                                                     | <b>For the six months ended 30 June</b> |                       |
|---------------------------------------------------------------------|-----------------------------------------|-----------------------|
|                                                                     | <b>2022</b>                             | <b>2021</b>           |
|                                                                     | <b><i>RMB'000</i></b>                   | <b><i>RMB'000</i></b> |
|                                                                     | <b>(Unaudited)</b>                      | <b>(Unaudited)</b>    |
| Revenue from contracts with customers                               |                                         |                       |
| Sale of goods and provision of consultancy and maintenance services | <b><u>923,237</u></b>                   | <b><u>753,416</u></b> |



# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2022

## 3. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Set out below is the disaggregation of the Group's revenue from contracts with customers:

| Segments<br>Types of goods                           | For the six months ended 30 June 2022                 |                                                                                       |                                                           |                                         |                                        |
|------------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------|----------------------------------------|
|                                                      | Battery<br>materials<br><i>RMB'000</i><br>(Unaudited) | Dye and<br>agricultural<br>chemical<br>intermediates<br><i>RMB'000</i><br>(Unaudited) | Pigment<br>intermediates<br><i>RMB'000</i><br>(Unaudited) | Others<br><i>RMB'000</i><br>(Unaudited) | Total<br><i>RMB'000</i><br>(Unaudited) |
| Sale of battery materials and chemical intermediates | 250,864                                               | 474,461                                                                               | 197,912                                                   | –                                       | 923,237                                |
| <b>Total revenue from contracts with customers</b>   | <b>250,864</b>                                        | <b>474,461</b>                                                                        | <b>197,912</b>                                            | <b>–</b>                                | <b>923,237</b>                         |
| <b>Geographical markets</b>                          |                                                       |                                                                                       |                                                           |                                         |                                        |
| Mainland China                                       | 250,864                                               | 387,009                                                                               | 108,308                                                   | –                                       | 746,181                                |
| India                                                | –                                                     | 23,755                                                                                | 56,763                                                    | –                                       | 80,518                                 |
| United States                                        | –                                                     | –                                                                                     | 17,693                                                    | –                                       | 17,693                                 |
| Spain                                                | –                                                     | 17,358                                                                                | –                                                         | –                                       | 17,358                                 |
| Brazil                                               | –                                                     | 14,825                                                                                | –                                                         | –                                       | 14,825                                 |
| Japan                                                | –                                                     | –                                                                                     | 14,673                                                    | –                                       | 14,673                                 |
| Taiwan, China                                        | –                                                     | 12,604                                                                                | –                                                         | –                                       | 12,604                                 |
| Germany                                              | –                                                     | 10,664                                                                                | –                                                         | –                                       | 10,664                                 |
| Other countries/regions                              | –                                                     | 8,246                                                                                 | 475                                                       | –                                       | 8,721                                  |
| <b>Total revenue from contracts with customers</b>   | <b>250,864</b>                                        | <b>474,461</b>                                                                        | <b>197,912</b>                                            | <b>–</b>                                | <b>923,237</b>                         |
| <b>Timing of revenue recognition</b>                 |                                                       |                                                                                       |                                                           |                                         |                                        |
| Goods transferred at a point in time                 | 250,864                                               | 474,461                                                                               | 197,912                                                   | –                                       | 923,237                                |
| <b>Total revenue from contracts with customers</b>   | <b>250,864</b>                                        | <b>474,461</b>                                                                        | <b>197,912</b>                                            | <b>–</b>                                | <b>923,237</b>                         |

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2022

## 3. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

| Segments<br>Types of goods or services               | For the six months ended 30 June 2021       |                                                                       |                                                 |                                  |                                 |
|------------------------------------------------------|---------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------|----------------------------------|---------------------------------|
|                                                      | Battery materials<br>RMB'000<br>(Unaudited) | Dye and agricultural chemical intermediates<br>RMB'000<br>(Unaudited) | Pigment intermediates<br>RMB'000<br>(Unaudited) | Others<br>RMB'000<br>(Unaudited) | Total<br>RMB'000<br>(Unaudited) |
| Sale of battery materials and chemical intermediates | 23,405                                      | 573,930                                                               | 155,637                                         | –                                | 752,972                         |
| Provision of consultancy and maintenance services    | –                                           | –                                                                     | –                                               | 444                              | 444                             |
| <b>Total revenue from contracts with customers</b>   | <b>23,405</b>                               | <b>573,930</b>                                                        | <b>155,637</b>                                  | <b>444</b>                       | <b>753,416</b>                  |
| <b>Geographical markets</b>                          |                                             |                                                                       |                                                 |                                  |                                 |
| Mainland China                                       | 23,405                                      | 419,002                                                               | 92,053                                          | 444                              | 534,904                         |
| India                                                | –                                           | 44,512                                                                | 35,917                                          | –                                | 80,429                          |
| United States                                        | –                                           | 2,496                                                                 | 12,824                                          | –                                | 15,320                          |
| Spain                                                | –                                           | 17,993                                                                | –                                               | –                                | 17,993                          |
| Brazil                                               | –                                           | 23,978                                                                | –                                               | –                                | 23,978                          |
| Taiwan, China                                        | –                                           | 12,324                                                                | –                                               | –                                | 12,324                          |
| Germany                                              | –                                           | 10,870                                                                | –                                               | –                                | 10,870                          |
| Indonesia                                            | –                                           | 36,610                                                                | –                                               | –                                | 36,610                          |
| Other countries/regions                              | –                                           | 6,145                                                                 | 14,843                                          | –                                | 20,988                          |
| <b>Total revenue from contracts with customers</b>   | <b>23,405</b>                               | <b>573,930</b>                                                        | <b>155,637</b>                                  | <b>444</b>                       | <b>753,416</b>                  |
| <b>Timing of revenue recognition</b>                 |                                             |                                                                       |                                                 |                                  |                                 |
| Goods transferred at a point in time                 | 23,405                                      | 573,930                                                               | 155,637                                         | –                                | 752,972                         |
| Services transferred over time                       | –                                           | –                                                                     | –                                               | 444                              | 444                             |
| <b>Total revenue from contracts with customers</b>   | <b>23,405</b>                               | <b>573,930</b>                                                        | <b>155,637</b>                                  | <b>444</b>                       | <b>753,416</b>                  |

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2022

## 4. SEGMENT INFORMATION

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

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

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

The measurement of segment assets and liabilities is the same as that of the interim condensed consolidated statement of financial position as at 30 June 2022, 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 2022 and 2021:

| Six months ended 30 June 2022<br>(unaudited)            | Battery<br>materials<br><i>RMB'000</i> | Dye and<br>agricultural<br>chemical<br>intermediates<br><i>RMB'000</i> | Pigment<br>intermediates<br><i>RMB'000</i> | Others<br><i>RMB'000</i> | Total for<br>segments<br><i>RMB'000</i> | Corporate,<br>other<br>unallocated<br>expenses and<br>eliminations<br><i>RMB'000</i> | Consolidated<br><i>RMB'000</i> |
|---------------------------------------------------------|----------------------------------------|------------------------------------------------------------------------|--------------------------------------------|--------------------------|-----------------------------------------|--------------------------------------------------------------------------------------|--------------------------------|
| <b>Revenue</b>                                          |                                        |                                                                        |                                            |                          |                                         |                                                                                      |                                |
| External customers                                      | 250,864                                | 474,461                                                                | 197,912                                    | -                        | 923,237                                 | -                                                                                    | 923,237                        |
| Inter-segment                                           | -                                      | 6,748                                                                  | -                                          | -                        | 6,748                                   | (6,748)                                                                              | -                              |
| <b>Total revenue</b>                                    | <b>250,864</b>                         | <b>481,209</b>                                                         | <b>197,912</b>                             | <b>-</b>                 | <b>929,985</b>                          | <b>(6,748)</b>                                                                       | <b>923,237</b>                 |
| <b>Results</b>                                          |                                        |                                                                        |                                            |                          |                                         |                                                                                      |                                |
| Segment profit                                          | 54,499                                 | 25,861                                                                 | 44,512                                     | -                        | 124,872                                 | (17,092)                                                                             | 107,780                        |
| Including:<br>Impairment losses on intangible<br>assets | (7,552)                                | -                                                                      | -                                          | -                        | (7,552)                                 | -                                                                                    | (7,552)                        |

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2022

## 4. SEGMENT INFORMATION (CONTINUED)

| Six months ended 30 June 2021<br>(unaudited)         | Battery<br>materials<br><i>RMB'000</i> | Dye and<br>agricultural<br>chemical<br>intermediates<br><i>RMB'000</i> | Pigment<br>intermediates<br><i>RMB'000</i> | Others<br><i>RMB'000</i> | Total for<br>segments<br><i>RMB'000</i> | Corporate,<br>other<br>unallocated<br>expenses and<br>eliminations<br><i>RMB'000</i> | Consolidated<br><i>RMB'000</i> |
|------------------------------------------------------|----------------------------------------|------------------------------------------------------------------------|--------------------------------------------|--------------------------|-----------------------------------------|--------------------------------------------------------------------------------------|--------------------------------|
| <b>Revenue</b>                                       |                                        |                                                                        |                                            |                          |                                         |                                                                                      |                                |
| External customers                                   | 23,405                                 | 573,930                                                                | 155,637                                    | 444                      | 753,416                                 | –                                                                                    | 753,416                        |
| Inter-segment                                        | –                                      | 4,941                                                                  | –                                          | –                        | 4,941                                   | (4,941)                                                                              | –                              |
| <b>Total revenue</b>                                 | <b>23,405</b>                          | <b>578,871</b>                                                         | <b>155,637</b>                             | <b>444</b>               | <b>758,357</b>                          | <b>(4,941)</b>                                                                       | <b>753,416</b>                 |
| <b>Results</b>                                       |                                        |                                                                        |                                            |                          |                                         |                                                                                      |                                |
| Segment profit                                       | (11,926)                               | 100,608                                                                | 28,897                                     | (2,782)                  | 114,797                                 | (5,313)                                                                              | 109,484                        |
| Including:                                           |                                        |                                                                        |                                            |                          |                                         |                                                                                      |                                |
| Write-down of inventories to<br>net realisable value | (3,909)                                | –                                                                      | –                                          | –                        | (3,909)                                 | –                                                                                    | (3,909)                        |

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

The following table presents asset and liability information of the Group's operating segments as at 30 June 2022 and 31 December 2021, respectively:

|                            | Battery<br>materials<br><i>RMB'000</i> | Dye and<br>agricultural<br>chemical<br>intermediates<br><i>RMB'000</i> | Pigment<br>intermediates<br><i>RMB'000</i> | Others<br><i>RMB'000</i> | Total for<br>segments<br><i>RMB'000</i> | Corporate,<br>other<br>unallocated<br>assets and<br>liabilities and<br>eliminations<br><i>RMB'000</i> | Consolidated<br><i>RMB'000</i> |
|----------------------------|----------------------------------------|------------------------------------------------------------------------|--------------------------------------------|--------------------------|-----------------------------------------|-------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Assets</b>              |                                        |                                                                        |                                            |                          |                                         |                                                                                                       |                                |
| 30 June 2022 (unaudited)   | 1,086,997                              | 2,094,360                                                              | 315,847                                    | –                        | 3,497,204                               | (952,689)                                                                                             | 2,544,515                      |
| 31 December 2021 (audited) | 401,082                                | 2,053,536                                                              | 286,790                                    | 93,520                   | 2,834,928                               | (266,447)                                                                                             | 2,568,481                      |
| <b>Liabilities</b>         |                                        |                                                                        |                                            |                          |                                         |                                                                                                       |                                |
| 30 June 2022 (unaudited)   | 1,093,715                              | 534,226                                                                | 115,376                                    | –                        | 1,743,317                               | (1,113,405)                                                                                           | 629,912                        |
| 31 December 2021 (audited) | 482,786                                | 562,084                                                                | 120,919                                    | 4,149                    | 1,169,938                               | (492,883)                                                                                             | 677,055                        |

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2022

## 4. SEGMENT INFORMATION (CONTINUED)

### Corporate and eliminations

|                                          | For the six months ended 30 June |                       |
|------------------------------------------|----------------------------------|-----------------------|
|                                          | 2022                             | 2021                  |
|                                          | <i>RMB'000</i>                   | <i>RMB'000</i>        |
|                                          | (Unaudited)                      | (Unaudited)           |
| Reconciliation of profit                 |                                  |                       |
| Segment profit                           | 124,872                          | 114,797               |
| Realisation of intersegment transactions | 1,762                            | 1,017                 |
| Corporate and other unallocated expenses | <u>(18,854)</u>                  | <u>(6,330)</u>        |
| Profit before tax                        | <u><b>107,780</b></u>            | <u><b>109,484</b></u> |

### Information about major customers

For the first six months of 2022, revenue of RMB125,209,000 was derived from sales by the dye and agricultural chemical intermediates segment to a single customer.

For the first six months of 2021, revenue of RMB114,418,000 was derived from sales by the dye and agricultural chemical intermediates segment to a single customer.

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2022

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

|                                       | For the six months ended 30 June |                |
|---------------------------------------|----------------------------------|----------------|
|                                       | 2022                             | 2021           |
|                                       | <i>RMB'000</i>                   | <i>RMB'000</i> |
|                                       | (Unaudited)                      | (Unaudited)    |
| Interest on bank and other borrowings | 9,114                            | 12,062         |
| Other finance costs                   | 770                              | 1,783          |
| Less: Interest expenses capitalised   | (2,985)                          | –              |
|                                       | <u>6,899</u>                     | <u>13,845</u>  |

The weighted average interest rate of capitalisation for the six months ended 30 June 2022 was 5.14% (six months ended 30 June 2021: N/A).

## 6. PROFIT BEFORE TAX

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

|                                                                                                               | For the six months ended 30 June |                |
|---------------------------------------------------------------------------------------------------------------|----------------------------------|----------------|
|                                                                                                               | 2022                             | 2021           |
|                                                                                                               | <i>RMB'000</i>                   | <i>RMB'000</i> |
|                                                                                                               | (Unaudited)                      | (Unaudited)    |
| Cost of inventories sold                                                                                      | 660,897                          | 538,506        |
| Cost of services provided                                                                                     | –                                | 519            |
| Depreciation of property, plant and equipment                                                                 | 53,329                           | 47,783         |
| Research and development costs                                                                                | 8,823                            | 8,903          |
| Depreciation of right-of-use assets                                                                           | 1,570                            | 2,761          |
| Amortisation of intangible assets                                                                             | 1,184                            | 1,150          |
| Lease payment not in the measurement of lease liabilities                                                     | 428                              | 419            |
| Auditors' remuneration                                                                                        | 1,050                            | 1,328          |
| Wages, salaries and welfare                                                                                   | 70,578                           | 52,672         |
| Pension and other social insurances                                                                           | 17,824                           | 10,350         |
| Exchange losses/(gains), net                                                                                  | 11,666                           | (101)          |
| Dividend income from equity investments at FVOCI<br>and financial assets at fair value through profit or loss | (114)                            | (1,323)        |
| Impairment losses on intangible assets                                                                        | 7,552                            | –              |
| Loss on disposal of items of property, plant and equipment                                                    | 415                              | 8,180          |
| Write-down of inventories to net realisable value                                                             | –                                | 3,909          |
| Fair value loss, net:                                                                                         |                                  |                |
| Financial assets at fair value through profit or loss                                                         | 7,331                            | 479            |
| Share of loss of an associate                                                                                 | 130                              | –              |
| Bank interest income                                                                                          | (159)                            | (253)          |
|                                                                                                               | <u>(159)</u>                     | <u>(253)</u>   |

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2022

### 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:

|                                        | <b>For the six months ended 30 June</b> |                      |
|----------------------------------------|-----------------------------------------|----------------------|
|                                        | <b>2022</b>                             | <b>2021</b>          |
|                                        | <b>RMB'000</b>                          | <b>RMB'000</b>       |
|                                        | <b>(Unaudited)</b>                      | <b>(Unaudited)</b>   |
| Income taxes                           |                                         |                      |
| Current income tax expense             | 23,385                                  | 18,861               |
| Deferred income tax expense            | <u>95</u>                               | <u>7,560</u>         |
| Total income tax charge for the period | <u><u>23,480</u></u>                    | <u><u>26,421</u></u> |

### 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:

|                                                                                                               | <b>For the six months ended 30 June</b> |                         |
|---------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------|
|                                                                                                               | <b>2022</b>                             | <b>2021</b>             |
|                                                                                                               | <b>(Unaudited)</b>                      | <b>(Unaudited)</b>      |
| Earnings:                                                                                                     |                                         |                         |
| Profit for the period attributable to ordinary equity holders of the parent (RMB'000)                         | <u><u>79,910</u></u>                    | <u><u>83,063</u></u>    |
| Number of shares:                                                                                             |                                         |                         |
| Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation ('000) | <u><u>1,020,691</u></u>                 | <u><u>1,031,526</u></u> |
| Earnings per share                                                                                            |                                         |                         |
| Basic and diluted (RMB)                                                                                       | <u><u>0.08</u></u>                      | <u><u>0.08</u></u>      |

The Group did not have any dilutive potential ordinary shares during the six months ended 30 June 2022 or 2021.

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2022

### 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired property, plant and equipment with an aggregate cost of RMB172,030,000 (six months ended 30 June 2021: RMB18,869,000).

The amount of borrowing costs capitalised during the six months ended 30 June 2022 was approximately RMB2,985,000 (six months ended 30 June 2021: N/A).

Assets with a net book value of RMB1,441,000 were disposed of by the Group during the six months ended 30 June 2022 (six months ended 30 June 2021: RMB9,678,000), resulting in a net loss on disposal of RMB415,000 (six months ended 30 June 2021: net loss of RMB8,180,000).

During the six months ended 30 June 2022, no impairment loss was recognised (six months ended 30 June 2021: Nil).

### 10. INTANGIBLE ASSETS

During the six months ended 30 June 2022, attributed to a continuously insufficient capacity utilisation rate in the CNT cash generating unit (“CGU”) (a production line manufacturing CNT), management has performed impairment assessments by comparing the carrying values of the assets of this CGU with its recoverable amount. After the impairment assessments, RMB7,552,000 impairment loss was recognised (six months ended 30 June 2021: Nil).

### 11. EQUITY INVESTMENTS DESIGNATED AT FVOCI

|                                         | <b>30 June<br/>2022<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2021<br>RMB'000<br>(Audited) |
|-----------------------------------------|-----------------------------------------------------|---------------------------------------------|
| Equity investments designated at FVOCI: |                                                     |                                             |
| Quoted equity investments:              |                                                     |                                             |
| Equity investments in a listed company  | –                                                   | 24,352                                      |
| Unquoted equity investments             | <u>24,762</u>                                       | <u>25,783</u>                               |
| Total                                   | <u><u>24,762</u></u>                                | <u><u>50,135</u></u>                        |

The gross loss in respect of the Group’s financial assets at FVOCI recognised in other comprehensive income amounted to RMB5,828,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: a gain of RMB19,675,000).

### 12. INVENTORIES

During the six months ended 30 June 2022, no impairment loss was recognised (six months ended 30 June 2021: RMB3,909,000).



# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2022

## 13. TRADE RECEIVABLES

|                      | <b>30 June<br/>2022</b> | 31 December<br>2021   |
|----------------------|-------------------------|-----------------------|
|                      | <b>RMB'000</b>          | RMB'000               |
|                      | <b>(Unaudited)</b>      | (Audited)             |
| Trade receivables    | 212,838                 | 222,380               |
| Impairment provision | <u>(6,294)</u>          | <u>(6,294)</u>        |
|                      | <b><u>206,544</u></b>   | <b><u>216,086</u></b> |

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 two months for domestic customers, extending up to three months for overseas customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over certain of its outstanding receivables.

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

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

|                      | <b>30 June<br/>2022</b> | 31 December<br>2021   |
|----------------------|-------------------------|-----------------------|
|                      | <b>RMB'000</b>          | RMB'000               |
|                      | <b>(Unaudited)</b>      | (Audited)             |
| Within 1 month       | 155,835                 | 116,842               |
| 1 month to 2 months  | 22,671                  | 63,304                |
| 2 months to 3 months | 10,084                  | 16,858                |
| 3 months to 4 months | 1,649                   | 3,741                 |
| Over 4 months        | <u>16,305</u>           | <u>15,341</u>         |
|                      | <b><u>206,544</u></b>   | <b><u>216,086</u></b> |

**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)**

30 June 2022

**13. TRADE RECEIVABLES (CONTINUED)**

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

|                     | <b>30 June<br/>2022<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2021<br>RMB'000<br>(Audited) |
|---------------------|-----------------------------------------------------|---------------------------------------------|
| At 1 January        | 6,294                                               | 2,065                                       |
| Impairment provided | –                                                   | 4,229                                       |
|                     | <b>6,294</b>                                        | <b>6,294</b>                                |

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.

**14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

|                                                                      | <i>Notes</i> | <b>30 June<br/>2022<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2021<br>RMB'000<br>(Audited) |
|----------------------------------------------------------------------|--------------|-----------------------------------------------------|---------------------------------------------|
| Financial assets at fair value through profit or loss – current:     |              |                                                     |                                             |
| Listed equity investments                                            | <i>(i)</i>   | 1,247                                               | 25,613                                      |
| Wealth management products                                           | <i>(ii)</i>  | 63,606                                              | 3,000                                       |
|                                                                      |              | <b>64,853</b>                                       | 28,613                                      |
| Financial assets at fair value through profit or loss – non-current: |              |                                                     |                                             |
| Unlisted investments                                                 | <i>(iii)</i> | 47,000                                              | –                                           |
|                                                                      |              | <b>47,000</b>                                       | –                                           |
|                                                                      |              | <b>111,853</b>                                      | 28,613                                      |

*Notes:*

- (i) The equity investments were classified as financial assets at fair value through profit or loss as they were quoted equity investments held for trading.
- (ii) The wealth management products were issued by banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.
- (iii) 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 non-current financial asset at fair value through profit or loss.

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2022

### 15. TRADE PAYABLES

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

|                      | <b>30 June<br/>2022<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2021<br>RMB'000<br>(Audited) |
|----------------------|-----------------------------------------------------|---------------------------------------------|
| Within 1 month       | 137,817                                             | 94,495                                      |
| 1 month to 2 months  | 23,864                                              | 18,824                                      |
| 2 months to 3 months | 15,286                                              | 4,659                                       |
| Over 3 months        | 47,466                                              | 77,735                                      |
|                      | <u>224,433</u>                                      | <u>195,713</u>                              |

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

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2022

## 16. INTEREST-BEARING BANK AND OTHER BORROWINGS

|                                                              | 30 June 2022<br>RMB'000<br>(Unaudited) |           |                 | 31 December 2021<br>RMB'000<br>(Audited) |           |                 |
|--------------------------------------------------------------|----------------------------------------|-----------|-----------------|------------------------------------------|-----------|-----------------|
|                                                              | Effective interest rate (%)            | Maturity  | RMB'000         | Effective interest rate (%)              | Maturity  | RMB'000         |
| Short-term                                                   |                                        |           |                 |                                          |           |                 |
| Bank loans – secured                                         | 2.00-6.80                              | 2022-2023 | 254,888         | 4.50-6.80                                | 2022      | 273,000         |
| Bank loans – unsecured                                       | 4.50                                   | 2023      | <u>1,000</u>    | 6.00                                     | 2022      | <u>5,000</u>    |
|                                                              |                                        |           | <u>255,888</u>  |                                          |           | <u>278,000</u>  |
| Long-term                                                    |                                        |           |                 |                                          |           |                 |
| Bank loans – secured                                         | 7.20                                   | 2022      | 17,000          | 7.20                                     | 2022      | 18,000          |
| Other borrowings – secured                                   | 9.22                                   | 2022-2024 | <u>16,672</u>   | 9.22                                     | 2022-2024 | <u>19,731</u>   |
|                                                              |                                        |           | <u>33,672</u>   |                                          |           | <u>37,731</u>   |
| Less: Current portion of long-term bank and other borrowings |                                        |           | <u>(23,274)</u> |                                          |           | <u>(24,109)</u> |
| Interest-bearing bank and other borrowings – non-current     |                                        |           | <u>10,398</u>   |                                          |           | <u>13,622</u>   |
| Total bank and other borrowings                              |                                        |           | <u>289,560</u>  |                                          |           | <u>315,731</u>  |
| Analysed into:                                               |                                        |           |                 |                                          |           |                 |
| Bank loans repayable:                                        |                                        |           |                 |                                          |           |                 |
| Within one year                                              |                                        |           | <u>272,888</u>  |                                          |           | <u>296,000</u>  |
|                                                              |                                        |           | <u>272,888</u>  |                                          |           | <u>296,000</u>  |
| Other borrowings repayable:                                  |                                        |           |                 |                                          |           |                 |
| Within one year                                              |                                        |           | 6,274           |                                          |           | 6,109           |
| In the second year                                           |                                        |           | 6,771           |                                          |           | 6,526           |
| In the third to fifth years, inclusive                       |                                        |           | <u>3,627</u>    |                                          |           | <u>7,096</u>    |
|                                                              |                                        |           | <u>16,672</u>   |                                          |           | <u>19,731</u>   |
| Total bank and other borrowings                              |                                        |           | <u>289,560</u>  |                                          |           | <u>315,731</u>  |

Certain of the Group's property, plant and equipment, right-of-use assets, and trade receivables with aggregate net carrying amounts of approximately RMB101 million (31 December 2021: approximately RMB116 million) were pledged to secure bank and other borrowings as well as banking facilities granted to the Group.

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2022

### 17. 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<br>2022<br><i>RMB'000</i><br>(Unaudited) | 30 June<br>2021<br><i>RMB'000</i><br>(Unaudited) |
|---------------------------------|--------------------------------------------------|--------------------------------------------------|
| Cash and bank balances          | 74,166                                           | 104,749                                          |
| Less: Restricted cash           | <u>(186)</u>                                     | <u>(187)</u>                                     |
| Cash and cash equivalents       | <u><u>73,980</u></u>                             | <u><u>104,562</u></u>                            |
| Denominated in RMB              | 54,750                                           | 93,993                                           |
| Denominated in other currencies | <u>19,230</u>                                    | <u>10,569</u>                                    |
| Cash and cash equivalents       | <u><u>73,980</u></u>                             | <u><u>104,562</u></u>                            |

### 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

#### (a) Financial assets and liabilities 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 2022 and 31 December 2021, the financial instruments of the Group carried at fair value were equity investments designated at FVOCI, financial assets at fair value through profit and loss 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 (CONTINUED)

30 June 2022

## 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial assets and liabilities measured at fair value (continued)

|                                                                    |                                                                     | Fair value measurements as at<br>30 June 2022 categorised into |                  |               |                |
|--------------------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------------|------------------|---------------|----------------|
|                                                                    |                                                                     | Fair value at                                                  | Quoted prices in | Significant   | Significant    |
|                                                                    |                                                                     | 30 June                                                        | active markets   | observable    | unobservable   |
|                                                                    |                                                                     | 2022                                                           | for identical    | inputs        | inputs         |
| Notes                                                              |                                                                     | (RMB'000)                                                      | assets           | (Level 2)     | (Level 3)      |
|                                                                    |                                                                     | (Unaudited)                                                    | (Level 1)        | (Level 2)     | (Level 3)      |
|                                                                    |                                                                     |                                                                | (RMB'000)        | (RMB'000)     | (RMB'000)      |
|                                                                    |                                                                     |                                                                | (Unaudited)      | (Unaudited)   | (Unaudited)    |
| Financial assets:                                                  |                                                                     |                                                                |                  |               |                |
|                                                                    | Notes receivable                                                    | 72,987                                                         | –                | 72,987        | –              |
|                                                                    | Financial assets at fair value through profit or loss – current     | (i) 64,853                                                     | 1,247            | –             | 63,606         |
|                                                                    | Financial assets at fair value through profit or loss – non-current | (ii) 47,000                                                    | –                | –             | 47,000         |
|                                                                    | Equity investments designated at FVOCI:                             |                                                                |                  |               |                |
|                                                                    | Unquoted equity investments                                         | (iii) 24,762                                                   | –                | –             | 24,762         |
|                                                                    |                                                                     | <b>209,602</b>                                                 | <b>1,247</b>     | <b>72,987</b> | <b>135,368</b> |
| Fair value measurements as at<br>31 December 2021 categorised into |                                                                     |                                                                |                  |               |                |
|                                                                    |                                                                     | Fair value at                                                  | Quoted prices in | Significant   | Significant    |
|                                                                    |                                                                     | 31 December                                                    | active markets   | observable    | unobservable   |
|                                                                    |                                                                     | 2021                                                           | for identical    | inputs        | inputs         |
| Notes                                                              |                                                                     | (RMB'000)                                                      | assets           | (Level 2)     | (Level 3)      |
|                                                                    |                                                                     | (Audited)                                                      | (Level 1)        | (Level 2)     | (Level 3)      |
|                                                                    |                                                                     |                                                                | (RMB'000)        | (RMB'000)     | (RMB'000)      |
|                                                                    |                                                                     |                                                                | (Audited)        | (Audited)     | (Audited)      |
| Financial assets:                                                  |                                                                     |                                                                |                  |               |                |
|                                                                    | Notes receivable                                                    | 85,802                                                         | –                | 85,802        | –              |
|                                                                    | Financial assets at fair value through profit or loss – current     | (i) 28,613                                                     | 25,613           | –             | 3,000          |
|                                                                    | Equity investments designated at FVOCI:                             |                                                                |                  |               |                |
|                                                                    | Quoted equity investments                                           | (i) 24,352                                                     | 24,352           | –             | –              |
|                                                                    | Unquoted equity investments                                         | (iii) 25,783                                                   | –                | –             | 25,783         |
|                                                                    |                                                                     | <b>164,550</b>                                                 | <b>49,965</b>    | <b>85,802</b> | <b>28,783</b>  |

## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2022

### 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (a) Financial assets and liabilities measured at fair value (continued)

*Notes:*

- (i) The fair value of listed equity investments at fair value through profit or loss and the fair value of quoted equity investments designated at FVOCI categorised as level 1 in the fair value hierarchy are based on quoted market prices. The fair value of wealth management products categorised as level 3 are determined based on the discounted cash flow model.
- (ii) The Group estimated the fair value of non-current financial assets at fair value through profit or loss with reference to the latest transaction prices, since the investment was made near to the end of the reporting period and the transaction price paid to acquire the investment equals the fair value.
- (iii) The Group estimated the fair value of equity investments designated at FVOCI based on net assets of the underlying projects of the fund, given that the underlying projects were still under early-stage development.

The Directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, are reasonable, and that they were the most appropriate value at the end of the reporting period.

#### (b) 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 2022 and 31 December 2021.

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2022

## 19. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2022 (31 December 2021: Nil).

## 20. COMMITMENTS

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

|                                                      | <b>30 June<br/>2022<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2021<br>RMB'000<br>(Audited) |
|------------------------------------------------------|-----------------------------------------------------|---------------------------------------------|
| Contracted, but not provided for:                    |                                                     |                                             |
| Plant and machinery                                  | 252,662                                             | 152,429                                     |
| Capital contribution payable to an equity investment | <u>2,315</u>                                        | <u>2,200</u>                                |

## 21. 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 2022 and 2021:

### (a) Transactions with related parties:

|                                                  | <b>For the six months ended 30 June</b> |             |
|--------------------------------------------------|-----------------------------------------|-------------|
|                                                  | <b>2022</b>                             | 2021        |
|                                                  | <b>RMB'000</b>                          | RMB'000     |
|                                                  | <b>(Unaudited)</b>                      | (Unaudited) |
| Purchases of products and services:              |                                         |             |
| Cangzhou Aomu Agricultural Development Co., Ltd. | 216                                     | 294         |
| Dezhou Wugu Food Technology Co., Ltd.            | 196                                     | 158         |
| Cangzhou Wugu Food Technology Co., Ltd.          | <u>28</u>                               | <u>67</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 de facto controller of the Group.

### (b) Compensation of key management personnel of the Group:

|                                               | <b>For the six months ended 30 June</b> |              |
|-----------------------------------------------|-----------------------------------------|--------------|
|                                               | <b>2022</b>                             | 2021         |
|                                               | <b>RMB'000</b>                          | RMB'000      |
|                                               | <b>(Unaudited)</b>                      | (Unaudited)  |
| Compensation paid to key management personnel | <u>1,956</u>                            | <u>1,893</u> |



## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2022

### 22. DIVIDENDS

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

|                                                                                                                                | <b>30 June 2022</b><br><b>RMB'000</b><br><b>(Unaudited)</b> | 30 June 2021<br><i>RMB'000</i><br>(Unaudited) |
|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------|
| 2021 Final dividend declared and paid during the period<br>RMB0.068 per ordinary share (six months<br>ended 30 June 2021: Nil) | <b>69,388</b>                                               | –                                             |

- (b) On 19 August 2022, the Board declared an interim dividend of RMB0.036 per ordinary share (six months ended 30 June 2021: RMB0.039 per ordinary share), amounting to a total of approximately RMB36,689,000 (six months ended 30 June 2021: RMB40,024,000).

### 23. EVENTS AFTER THE REPORTING PERIOD

On 18 July 2022, Hebei Tsaker New Materials Technology Company Limited (“**Tsaker Technology**”), a non-wholly owned subsidiary of the Company, obtained the approvals from the National Equities Exchange and Quotations Co., Ltd. for the quotation of the shares of Tsaker Technology on the National Equities Exchange and Quotations and the proposed allotment and issue of new shares of Tsaker Technology to independent investors.

On 19 August 2022, the Board declared an interim dividend for the six months ended 30 June 2022 as set out in note 22.

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

### 24. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2022 was authorised for issue in accordance with a resolution of the Board on 19 August 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PERFORMANCE REVIEW

#### Operating segment results

##### *For the period ended 30 June 2022*

|                                        | Battery materials | Dye and agricultural chemical intermediates | Pigment intermediates | Others | Total   |
|----------------------------------------|-------------------|---------------------------------------------|-----------------------|--------|---------|
| Revenue (RMB' 000)                     | 250,864           | 474,461                                     | 197,912               | –      | 923,237 |
| Cost of sales (RMB' 000)               | 173,497           | 365,765                                     | 121,635               | –      | 660,897 |
| Sales volume (tonnes)                  | 11,905            | 31,093                                      | 5,140                 | –      | 48,138  |
| Gross profit margin                    | 30.8%             | 22.9%                                       | 38.5%                 | –      | 28.4%   |
| Average unit selling price (RMB/tonne) | 21,072            | 15,259                                      | 38,504                | –      | 19,179  |

##### *For the period ended 30 June 2021*

|                                        | Battery materials | Dye and agricultural chemical intermediates | Pigment intermediates | Others  | Total   |
|----------------------------------------|-------------------|---------------------------------------------|-----------------------|---------|---------|
| Revenue (RMB' 000)                     | 23,405            | 573,930                                     | 155,637               | 444     | 753,416 |
| Cost of sales (RMB' 000)               | 31,064            | 412,260                                     | 95,182                | 519     | 539,025 |
| Sales volume (tonnes)                  | 2,160             | 36,909                                      | 5,215                 | N/A     | 44,284  |
| Gross profit margin                    | (32.7%)           | 28.2%                                       | 38.8%                 | (16.9%) | 28.5%   |
| Average unit selling price (RMB/tonne) | 10,836            | 15,550                                      | 29,844                | N/A     | N/A     |

During the Review Period, total revenue of the Group increased by approximately 22.5% to approximately RMB923.2 million (six months ended 30 June 2021: approximately RMB753.4 million) as compared with that in the same period of 2021, and the overall gross profit of the Group increased by approximately 22.3% period-on-period to approximately RMB262.3 million (six months ended 30 June 2021: approximately RMB214.4 million). The increase in gross profit was mainly due to the combined effect of the significant increase in the sales volume and average sales price of iron phosphate, the Group's major battery material product, and the decrease in the sales volume of 4,4'-Diaminostilbene-2,2'-disulfonic acid ("DSD Acid"), the Group's major dye intermediate product, during the Review Period as compared with that in the same period of 2021 as a result of the impact of the market environment. The overall gross profit margin of the Group basically remained stable.

During the Review Period, the profit attributable to equity holders of the Company decreased by approximately 3.9% period-on-period to approximately RMB79.9 million (six months ended 30 June 2021: approximately RMB83.1 million). The profit margin attributable to equity holders of the Company decreased by 2.3 percentage points period-on-period to approximately 8.7% (six months ended 30 June 2021: approximately 11.0%).

**Battery materials – accounting for approximately 27.2% of total revenue (six months ended 30 June 2021: 3.1%)**

During the Review Period, the market demand for lithium battery products and upstream lithium battery materials grew rapidly with the rapid development of new energy vehicle and electrochemical energy storage industries, which provides strong support for the sales price of iron phosphate. During the Review Period, the unit sales price of the iron phosphate products of the Group has maintained at a high level.

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

As for gross profit, the overall gross profit of this segment increased by approximately 11 times to approximately RMB77.4 million (six months ended 30 June 2021: a negative gross profit of approximately RMB7.7 million), and the gross profit margin increased by 63.5 percentage points to approximately 30.8% (six months ended 30 June 2021: a negative gross profit margin of approximately 32.7%), as compared with that in the same period of 2021.

**Dye and agricultural chemical intermediates – accounting for approximately 51.4% of total revenue (six months ended 30 June 2021: 76.2%)**

The Group is the world's largest manufacturer of 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. Meanwhile, ONT and ortho-toluidine (“OT”) are major raw materials in the production of herbicides.

During the Review Period, under the impact of market conditions (including but not limited to the impact of the COVID-19 pandemic), the downstream customers of dye intermediates experienced prolonged production suspension, therefore the sales volume of DSD Acid decreased as compared with that in the same period of 2021, resulting in an overall decrease of approximately 63.8% to approximately RMB133.8 million in revenue of dye intermediate products as compared with that in the same period of 2021 (six months ended 30 June 2021: approximately RMB369.4 million).

During the Review Period, as the Group adopted an active market competition strategy, which further consolidated the Group's dominant market position in the field of agricultural chemical intermediates with a significant increase in the sales of agricultural chemical intermediates, revenue of the Group's agricultural chemical intermediates therefore increased by approximately 66.6% to approximately RMB340.7 million as compared with that in the same period of 2021 (six months ended 30 June 2021: approximately RMB204.5 million).

The total revenue of this segment for the Review Period decreased by approximately 17.3% to approximately RMB474.5 million (six months ended 30 June 2021: approximately RMB573.9 million) as compared with that in the same period of 2021, accounting for approximately 51.4% of the Group's overall revenue.

As for gross profit, the overall gross profit of this segment decreased by approximately 32.8% to approximately RMB108.7 million (six months ended 30 June 2021: approximately RMB161.7 million), and the gross profit margin decreased by 5.3 percentage points to approximately 22.9% (six months ended 30 June 2021: approximately 28.2%), as compared with that in the same period of 2021. Among them, the gross profit of dye intermediates decreased by approximately 68.2% to approximately RMB35.3 million (six months ended 30 June 2021: approximately RMB111.0 million), and the gross profit margin decreased by 3.7 percentage points to approximately 26.4%. The gross profit of agricultural chemical intermediates increased by approximately 44.8% to approximately RMB73.4 million (six months ended 30 June 2021: approximately RMB50.7 million), and the gross profit margin decreased by 3.3 percentage points to approximately 21.5%.

**Pigment intermediates – accounting for approximately 21.4% of total revenue (six months ended 30 June 2021: 20.7%)**

The Group is the world's largest manufacturer and distributor of the high-performance pigment intermediate dimethyl 1,4-Cyclohexanedione-2,5-dicarboxylate (“DMSS”). The Group is also the world's main manufacturer of dimethyl acetylsuccinate (“DMAS”), a food additive intermediate, and diisopropyl succinate (“DIPS”), a high-performance pigment intermediate. The above high-performance intermediates are mainly used in the production of end products such as printing inks, food additives, automobile paints and coatings.

During the Review Period, the increase in the price of bulk raw materials resulted in an increase in unit sales price of the Group's pigment intermediate products as compared with that in the same period of 2021, revenue generated from the sales of pigment intermediates segment increased by approximately 27.2% to approximately RMB197.9 million (six months ended 30 June 2021: approximately RMB155.6 million) as compared with that in the same period of 2021, accounting for approximately 21.4% of the Group's total revenue.

As for gross profit, the overall gross profit of the segment increased by approximately 26.1% to approximately RMB76.3 million (six months ended 30 June 2021: approximately RMB60.5 million) as compared with that in the same period of 2021, and the gross profit margin of the segment decreased by 0.3 percentage points to approximately 38.5% (six months ended 30 June 2021: approximately 38.8%).

**Others**

Since the revenue generated from the environmental technology consultancy services currently accounts for a relatively low proportion of the Group's overall revenue, and taking into account the overall economic environment, the Group no longer focuses on environmental technology consultancy services at this stage. The revenue generated from the segment is included in “Others”.

## EXPORT

During the Review Period, the export revenue of the Group amounted to approximately RMB177.1 million, representing a decrease of approximately RMB41.4 million or 18.9% as compared with the export revenue of approximately RMB218.5 million in the same period in 2021. The decrease in export revenue of the Group was mainly due to the decrease in the sales volume of dye intermediates DSD Acid.

During the Review Period, the export revenue accounted for approximately 19.2% of the total revenue, while the export revenue accounted for approximately 29.0% in the same period in 2021. The decrease in the proportion of export revenue was mainly due to different progress of pandemic control in countries around the world, which led to various pace of economy recovery across countries. The recovery of domestic market was faster than that of overseas markets, resulting in a faster recovery of domestic sales volume than export volume. At the same time, the current global lithium iron phosphate industry chain is still dominated by the domestic market, and the demand for iron phosphate products in overseas markets is relatively low. The combination of these two factors led to the decrease in the Group's export proportion.

## BUSINESS OUTLOOK

During the Review Period, market opportunities and challenges co-existed. With the continuous introduction of national policies to encourage the development of new energy, the domestic market demand for battery materials grew significantly, and the battery materials industry continued to develop rapidly. With the volatile COVID-19 pandemic, regional tensions, skyrocketing world energy prices and the resulting surge in inflation, the world economy was in severe turmoil, and some industries had been greatly affected by the prolonged suspension of production. The Group continued to maintain a positive and stable development strategy, actively seizing opportunities to develop while making timely adjustment in the face of challenges, so as to maintain a sustainable, stable, healthy and innovative development of the Group.

During the Review Period, we witnessed the rapid development of the battery materials segment. We completed the expansion project of iron phosphate products to increase the production capacity of the production line to 30,000 tonnes per year from original 20,000 tonnes per year, and the expanded production line continuously operated in full capacity. Given the release of production capacity and the continuously rapid development of the industry, the battery materials segment became the fastest-growing business segment of the Group. At the same time, we were also going all out in implementing the new iron phosphate project in the site at Dongying with production capacity of 50,000 tonnes per year (the “**Project**”). As of the date of this announcement, the Project is progressing smoothly. It is expected that by the end of this year, the Group will have production lines of iron phosphate with total production capacity of 80,000 tonnes per year.

During the Review Period, we made every effort to promote the quotation of the shares of Hebei Tsaker New Materials Technology Company Limited\* (“**Tsaker Technology**”), a non-wholly owned subsidiary of the Company on the National Equities Exchange and Quotations. On 18 July 2022, Tsaker Technology obtained approval from the National Equities Exchange and Quotations Co., Ltd. for the quotation of its shares thereon with the stock code of 873772. The separate quotation of Tsaker Technology will broaden the financing channels of the Group in Mainland China's capital market, further enhance the popularity and influence of the Tsaker brand, and lay a solid foundation for the comprehensive development of pigment intermediate products and the polyimide monomer 3,3',4,4'-biphenyltetracarboxylic dianhydride (“**BPDA**”) products. The construction of the polyimide monomer BPDA production line has returned to normal and is expected to be completed by the end of this year.



During the Review Period, we also noticed that the dye intermediate product market experienced great fluctuations. As downstream customers around the world suspended production for a prolonged period due to the economic situation, the revenue from DSD Acid dropped significantly as compared with that in the same period of 2021. As of the date of this announcement, the downstream market has not yet returned to normal production, and we expect that the dye intermediates market will continue to be greatly affected in the short term. Considering that the market demand for end applications of dye intermediate products is still stable, we are of the view that such fluctuation is mainly caused by the global economic situation and geopolitical reasons. We remain optimistic about the long-term market in the future, and believe that dye intermediate products can return to normal levels along with the economic recovery and geopolitical stability.

Looking ahead, we will continue to maintain a positive and stable development strategy. We will actively respond to market changes, overcome short-term difficulties in some traditional business segments and maintain our advantages in industry-leading technology, cost and market competitiveness. We will also invest more resources in the field of new energy battery materials, complete the construction of the Project in Dongying and make subsequent plans to meet the needs of the rapidly developing industry, and utilise our technology research and development capabilities to strengthen our competitive advantage in the industry in order to lay a solid foundation for the long-term development of the Group.

## **FINANCIAL REVIEW**

### **Revenue and gross profit**

During the Review Period, the revenue and gross profit of the Group amounted to approximately RMB923.2 million and approximately RMB262.3 million respectively, representing an increase of approximately RMB169.8 million or 22.5% and an increase of approximately RMB47.9 million or 22.3% from approximately RMB753.4 million and approximately RMB214.4 million respectively in the same period in 2021. During the Review Period, the gross profit margin of the Group was approximately 28.4%, as compared with approximately 28.5% in the same period in 2021.

### **Net Profit and Net Profit Margin**

During the Review Period, the net profit of the Group was approximately RMB84.3 million, representing an increase of approximately RMB1.2 million or 1.4% as compared with approximately RMB83.1 million in the same period in 2021. During the Review Period, the net profit margin of the Group was approximately 9.1%, as compared with approximately 11.0% in the same period in 2021.

### **Selling and distribution expenses**

During the Review Period, selling and distribution expenses amounted to approximately RMB28.5 million, representing an increase of approximately RMB1.2 million as compared with that in the same period of 2021. During the Review Period, selling and distribution expenses represented approximately 3.1% of the Group's revenue (six months ended 30 June 2021: approximately 3.6%). The increase in selling and distribution expenses was mainly attributable to the offsetting effect of higher sales volume of battery materials and lower sales volume of dye intermediates, which resulted in the increase in shipping and packaging costs.

## **Administrative expenses**

During the Review Period, administrative expenses amounted to approximately RMB102.9 million, representing an increase of approximately RMB35.7 million as compared with approximately RMB67.2 million in the same period in 2021. The increase in administrative expenses was mainly attributable to a substantial extension of the suspension period caused by the COVID-19 pandemic during the Review Period as compared with that in the same period in 2021. The depreciation of production line and labor costs were reflected as administrative expenses during the production suspension period. The aforementioned expenses should have been recorded in cost instead of administrative expenses outside the production suspension period.

During the Review Period, administrative expenses represented approximately 11.1% of the Group's revenue (six months ended 30 June 2021: approximately 8.9%).

## **Impairment losses on intangible assets**

During the Review Period, the impairment losses on intangible assets amounted to approximately RMB7.6 million (six months ended 30 June 2021: Nil), which was mainly due to impairment of the technological know-how of the CNT paste production line.

## **Finance costs**

During the Review Period, finance costs amounted to approximately RMB6.9 million, representing a decrease of approximately RMB6.9 million as compared with approximately RMB13.8 million in the same period in 2021. The decrease in finance costs was mainly attributable to the decrease in interest expenses of interest-bearing borrowings during the Review Period.

## **Exchange (losses)/gains**

During the Review Period, the net exchange losses amounted to approximately RMB11.7 million as compared with the exchange gains of approximately RMB0.1 million in the same period in 2021, 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. One of the subsidiaries of the Company in Hong Kong 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%. Other Hong Kong subsidiaries of the Company are generally subject to the Hong Kong profits tax at a rate of 16.5%. The Singapore subsidiary of the Company is generally subject to the Singapore enterprise income tax at a rate of 17%.

During the Review Period, income tax expenses amounted to approximately RMB23.5 million, representing a decrease of approximately RMB2.9 million as compared with approximately RMB26.4 million in the same period in 2021. The decrease in income tax expense was mainly attributable to the preferential enterprise income tax rate for high-tech enterprises enjoyed by Tsaker Technology during the Review Period.

## **Cash flows**

During the Review Period, the Group's net cash inflows from operating activities were approximately RMB106.6 million, representing an increase of approximately RMB40.2 million as compared with approximately RMB66.4 million in the same period in 2021, which was mainly due to the decrease in purchased raw materials and the collection of previous tax refund during the Review Period.

During the Review Period, the Group's net cash outflows from investing activities were approximately RMB113.9 million, representing an increase of approximately RMB88.2 million as compared with approximately RMB25.7 million in the same period in 2021. The increase was mainly due to the increase in payment for the construction of the iron phosphate production line of Shandong Tsaker New Materials Co., Ltd., a wholly-owned subsidiary of the Company, and the acquisition of a financial asset at fair value through profit and loss.

During the Review Period, the Group's net cash outflows from financing activities were approximately RMB97.7 million, representing an increase of approximately RMB60.2 million as compared with approximately RMB37.5 million of the net cash outflows from financing activities in the same period in 2021, which was mainly due to the payment of dividends by the Company during the Review Period while there was no payment of dividends during the the same period in 2021.

## **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 2022. 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 2022, the Group had cash and cash equivalents of approximately RMB74.0 million, which include approximately RMB54.8 million denominated in RMB and approximately RMB19.2 million in other currencies (USD, HKD and SGD) (31 December 2021: approximately RMB180.1 million, in which approximately RMB147.7 million denominated in RMB and approximately RMB32.4 million in other currencies (USD, HKD and SGD)). As at 30 June 2022, the Group had restricted cash of approximately RMB0.2 million denominated in RMB (31 December 2021: approximately RMB2.0 million denominated in RMB).

As at 30 June 2022, the Group had interest-bearing bank and other borrowings of approximately RMB289.6 million, all denominated in RMB with interest rate of 2.0% to 9.22% per annum (31 December 2021: approximately RMB315.7 million, all denominated in RMB with interest rate of 4.5% to 9.22% per annum), of which (i) approximately RMB279.2 million shall be repayable within one year (31 December 2021: approximately RMB302.1 million shall be repayable within one year), approximately RMB6.8 million shall be repayable in the second year (31 December 2021: approximately RMB6.5 million shall be repayable in the second year), and approximately RMB3.6 million shall be repayable in the third to the fifth year, inclusive (31 December 2021: approximately RMB7.1 million shall be repayable in the third to the fifth year, inclusive); and (ii) all bore fixed interest rates (31 December 2021: all bore fixed interest rates).



As at 30 June 2022, the Group had unutilised banking facilities of RMB58.0 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 2022, the Group's gearing ratio was approximately 15.1% as compared with approximately 16.7% as at 31 December 2021, which is calculated at interest-bearing bank and other borrowings at the end of the period divided by total equity.

## **CURRENT ASSETS**

As at 30 June 2022, total current assets of the Group amounted to approximately RMB709.0 million (31 December 2021: approximately RMB912.5 million), primarily consisting of inventories of approximately RMB237.7 million (31 December 2021: approximately RMB260.9 million), trade and notes receivable of approximately RMB279.5 million (31 December 2021: approximately RMB301.9 million), prepayments and other receivables of approximately RMB52.7 million (31 December 2021: approximately RMB139.1 million), cash and cash equivalents of approximately RMB74.0 million (31 December 2021: approximately RMB180.1 million), restricted cash of approximately RMB0.2 million (31 December 2021: approximately RMB2.0 million), and financial assets at fair value through profit and loss of approximately RMB64.9 million (31 December 2021: approximately RMB28.6 million).

## **INVENTORIES**

Inventories of the Group mainly include raw materials, work-in-progress and finished products. The turnover days for inventories were 68 days during the Review Period, while those for the year ended 31 December 2021 were 64 days. The turnover days were stable, which was mainly because the Group focused on daily inventory management, and made reasonable arrangements for business processes such as procurement, production and sales.

## **TRADE AND NOTES RECEIVABLE**

As at 30 June 2022, trade and notes receivable of the Group were approximately RMB279.5 million in aggregate, representing a decrease of approximately RMB22.4 million as compared with that as at 31 December 2021, which was mainly due to the increase in cash sales income during the Review Period.

The turnover days for trade and notes receivable were 57 days during the Review Period while those for the year ended 31 December 2021 were 52 days. The turnover of the Company's trade and notes receivable is of high efficiency.

## **PREPAYMENTS AND OTHER RECEIVABLES**

As at 30 June 2022, prepayments and other receivables of the Group were approximately RMB52.7 million in aggregate, representing a decrease of approximately RMB86.4 million as compared with those of approximately RMB139.1 million in aggregate as at 31 December 2021, mainly due to the decrease in the balance of prepayments caused by the timing difference in arrival of those materials purchased with advanced payment terms.

## **CURRENT LIABILITIES**

As at 30 June 2022, total current liabilities of the Group amounted to approximately RMB594.7 million (31 December 2021: approximately RMB637.1 million), primarily consisting of trade payables of approximately RMB224.4 million (31 December 2021: approximately RMB195.7 million), other payables and accruals and contract liabilities of approximately RMB70.8 million (31 December 2021: approximately RMB91.1 million), interest-bearing bank and other borrowings of approximately RMB279.2 million (31 December 2021: approximately RMB302.1 million), and income tax payables of approximately RMB20.3 million (31 December 2021: approximately RMB48.2 million).

## **TRADE PAYABLES**

The turnover days for trade payables were 57 days during the Review Period while those for the year ended 31 December 2021 were 54 days. The increase in the turnover days was mainly due to the decrease in the purchase of some raw materials with shorter credit periods by the Group during the Review Period.

## **OTHER PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES**

As at 30 June 2022, other payables and accruals and contract liabilities of the Group were approximately RMB70.8 million in aggregate, representing a decrease of approximately RMB20.3 million as compared with those of approximately RMB91.1 million in aggregate as at 31 December 2021, mainly due to the timely payment of other payables and the decrease in payables under the endorsement.

## **PLEDGE OF ASSETS**

As at 30 June 2022, certain Group's property, plant and equipment, right-of-use assets, and trade receivables with net carrying amounts of approximately RMB101.0 million (31 December 2021: approximately RMB116.0 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 2022.

## **CAPITAL COMMITMENTS**

For details of the Group's capital commitments, please refer to note 20 to the financial statements in this announcement.

## **FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS**

As at 30 June 2022 and the date of this announcement, the Group had no other plans for other material investment or acquisition of capital assets.

## **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at 30 June 2022 (31 December 2021: 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 add 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 was in line with their duties and the prevailing market terms. Employee benefits, including bonus, pension, medical coverage and provident funds, etc., are also provided to employees of the Group.

As at 30 June 2022, the Group had 1,924 employees (as at 30 June 2021: 1,458) in aggregate.

For the six months ended 30 June 2022, the total staff costs of the Group (including wages, bonuses, social insurances and provident funds) amounted to approximately RMB88.4 million (six months ended 30 June 2021: approximately RMB63.0 million). The increase in staff costs was mainly attributable to the impacts of the Group's overall increase in staff remuneration level and the addition of a large number of employees to the iron phosphate production line for the production of battery materials during the Review Period.

## **EVENTS SUBSEQUENT TO THE REVIEW PERIOD**

Save as disclosed in note 23 to the financial statements in this announcement, the Group did not have any other significant subsequent events from 30 June 2022 and up to the date of this announcement.

## **INTERIM DIVIDENDS**

The Board resolved to declare and pay an interim dividend of RMB0.036 per ordinary share for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB0.039 per ordinary share).

The interim dividend shall be paid on 31 October 2022 (Monday) to the shareholders of the Company whose names appear on the register of members of the Company on 9 September 2022 (Friday). The interim dividend shall be declared in RMB and paid in Hong Kong dollars. The relevant exchange rate is HK\$1: RMB0.863, being the average middle exchange 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 19 August 2022. The interim dividend payable in Hong Kong dollars shall be HK\$0.042 per share, and the calculation method is as follows:

$$\frac{\text{RMB0.036 per share}}{\text{Exchange rate 0.863}} = \text{HK\$0.042 per share}$$

Based on the total number of shares of the Company of 1,019,132,500 as of the date of this announcement, the total amount of interim dividend amounted to approximately RMB36,689,000.

## CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 7 September 2022 (Wednesday) to 9 September 2022 (Friday), both days inclusive, in order to determine the identity of the shareholders of the Company who are entitled to receive the interim dividends, during which period no share transfers will be registered. To qualify for the interim 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 6 September 2022 (Tuesday).

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Purchase, Sale or Redemption of Listed Securities of the Company

For the six months ended 30 June 2022, as the Board believed that the value of the shares of the Company could not reflect their intrinsic value and the repurchase of shares would reflect the Board's confidence in the Company's development prospects, therefore the Company repurchased a total of 2,095,000 shares on the Stock Exchange at the total consideration (before expenses) of HK\$2,849,835. These 2,095,000 shares have been cancelled as at the date of this announcement.

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

| Month      | Total number of shares repurchased | Highest purchase price per share<br>HK\$ | Lowest purchase price per share<br>HK\$ | Total consideration (before expenses)<br>HK\$ |
|------------|------------------------------------|------------------------------------------|-----------------------------------------|-----------------------------------------------|
| April 2022 | 600,000                            | 1.37                                     | 1.33                                    | 811,800                                       |
| May 2022   | 850,000                            | 1.40                                     | 1.29                                    | 1,135,290                                     |
| June 2022  | 645,000                            | 1.45                                     | 1.34                                    | 902,745                                       |
|            | <u>2,095,000</u>                   |                                          |                                         | <u>2,849,835</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 2022.

## **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 14 to the Listing Rules as its own code of corporate governance.

For the six months ended 30 June 2022, 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 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 for the six months ended 30 June 2022.

## **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 Mr. HO Kenneth Kai Chung.

The unaudited interim financial statements of the Group for the six months ended 30 June 2022 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 2022 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 dispatched to the shareholders of the Company.

## **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](http://www.hkexnews.hk)) and the Company ([www.tsaker.com](http://www.tsaker.com)), and the interim report for the six months ended 30 June 2022 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above websites in due course.

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

Beijing, the PRC, 19 August 2022

*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 as a non-executive Director; and Mr. HO Kenneth Kai Chung, Mr. ZHU Lin and Mr. YU Miao as independent non-executive Directors.*

\* *For identification purpose only*