

Zhuhai ACCESS Semiconductor Co., Ltd

Auditor's Report

Baker Tilly China [2023] No.11667

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AUDITOR'S REPORT

Baker Tilly China [2023] No.11667

To the shareholders of Zhuhai ACCESS Semiconductor Co., Ltd:

I. Opinion

We have audited the accompanying financial statements of Zhuhai ACCESS Semiconductor Co., Ltd (the "Company"), which comprise the consolidated and company balance sheets as at 31 December 2022, the consolidated and company income statements for the year then ended, the consolidated and company cash flow statements for the year then ended, the consolidated and company statements of changes in owner's equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of the Company as at 31 December 2022, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

II. Basis for opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Management and governor's responsibility for the financial statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with the CSAs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

IV. Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(4)Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5)Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6)Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chinese Certified Public
Accountant:



Chinese Certified Public
Accountant:



This auditor's report and the accompanying notes to the financial statements are English translation of the Chinese auditor's report. In case of doubt as to the presentation of these documents, the Chinese version shall prevail.

Consolidated Balance Sheet

Company: Zhuhai ACCESS Semiconductor Co., Ltd

31 December 2022

Unit: RMB

ITEM		2022-12-31	2021-12-31	Notes
Current Assets:				
Cash and cash equivalents	1			
△ Settlement reserve	2	584,297,006.41	649,411,019.23	VII.1
△ Due from banks and other financial institutions	3			
Financial assets measured by fair value through profit or loss	4			
Financial assets held for trading	5			
Derivative Financial assets	6			
Notes Receivable	7			
Accounts Receivable	8	4,424,888.48		VII.2
Prepayments	9	259,116,791.69	324,538,916.95	VII.3
△ Premium receivable	10	8,036,109.87	14,615,917.37	VII.4
△ Reinsurance premium receivable	11			
△ Reserve receivable for reinsurance	12			
Other receivables	13			
Including: Interest receivable	14	9,611,206.98	9,650,405.09	VII.5
Dividend receivable	15			
△ Financial assets purchased under resale agreements	16			
Inventories	17			
Available for sale assets	18	189,949,213.92	181,250,623.29	VII.6
Non-current assets due within one year	19			
Other current assets	20			
Total current assets	21	38,505,205.37	7,838,934.20	VII.7
Non-current assets:	22	1,093,940,422.72	1,187,305,816.13	
△ Loans and advances	23			
Available-for-sale financial assets	24			
Held-to-maturity investments	25			
Long-term receivables	26			
Long-term equity investments	27	1,108,736.56	9,164,114.05	VII.8
Other equity instrument investment	28			
Investment properties	29	146,859.29	400,000.00	VII.9
Fixed assets	30	2,042,524.61		VII.10
Construction in progress	31	1,937,504,328.94	1,092,589,716.54	VII.11
Bearer biological assets	32	714,310,138.69	333,923,530.18	VII.12
Oil and gas assets	33			
Right-of-use asset	34			
Intangible assets	35	47,457,151.10	108,646,831.99	VII.13
Development expenditure	36	96,791,919.59	77,717,944.29	VII.14
Goodwill	37			
Long-term prepaid expenses	38			
Deferred tax assets	39	24,137,997.04		VII.15
Other non-current assets	40	95,573,294.60	81,711,380.84	VII.16
Total Non-current Assets	41	52,980,038.01	182,585,213.77	VII.17
	42	2,972,052,988.43	1,886,738,731.66	
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Total Assets	79	4,065,993,411.15	3,074,044,547.79	

Legal representative:

Principal in charge of accounting:

Person in charge of the accounting body:

Consolidated Balance Sheet (Continued)

Company: Zhuhai ACCESS Semiconductor Co., Ltd

31 December 2022

Unit: RMB

ITEM		2022-12-31	2021-12-31	Notes
Current liabilities:				
Short-term borrowings	80			
△ Borrowings from central bank	81	114,789,546.01	93,037,737.40	VII.18
△ Placement from banks and other financial institutions	82			
Financial liabilities measured by fair value through profit or loss	83			
Derivative Financial liabilities	84			
Notes payable	85			
Accounts payable	86	12,140,175.47	30,748,257.03	VII.19
Receipts in advance	87	145,326,637.49	188,811,680.80	VII.20
Contract liability	88			
△ Financial assets sold under repurchase agreements	89	66,727,296.35	163,327,544.60	VII.21
△ Deposit from customers and interbank	90			
△ Securities brokering	91			
△ Securities underwriting	92			
Employee benefits payable	93			
Inc: Wages payable	94	33,518,752.20	52,776,624.01	VII.22
Benefits payable	95	33,518,752.20	52,776,624.01	VII.22
#Inc: Bonus and Welfare Funds	96			
Taxes payable	97			
Inc: Taxes payable	98	22,779,998.96	14,037,894.34	VII.23
Other payable	99	21,647,232.23	13,407,955.60	VII.23
Including: Interest payable	100	483,449,186.71	105,054,360.06	VII.24
Dividend payable	101			
△ Reinsurance amounts payable	102			
△ Reserve of insurance contract	103			
Held-for-sale liabilities	104			
Non-current Liabilities due within One Year	105			
106		158,536,883.43	74,220,674.09	VII.25
Other current liabilities	107	8,285,577.80	20,937,269.34	VII.26
Total Current Liabilities	108	1,045,554,054.42	742,952,041.67	
Non-current Liabilities:	109			
△ Provision for insurance contracts	110			
Long-term borrowings	111	275,515,452.72	450,498,047.87	VII.27
Bonds payable	112			
Inc: preference share	113			
Perpetual bond	114			
Lease liabilities	115	34,059,419.15	41,896,314.19	VII.28
Long-term payables	116		-	
Long-term employee benefits payable	117			
Provisions	118			
Estimated liabilities	119	11,570,037.43		VII.29
Deferred Income	120	78,839,370.21	82,441,366.52	VII.30
Deferred tax liabilities	121	109,128,166.88	68,059,911.40	VII.31
Other non-current liabilities	122			
	123			
Total Non-current Liabilities	124	509,112,446.39	642,895,639.98	
Total Liabilities	125	1,554,666,500.81	1,385,847,681.65	
Owners' equity:	126			
Paid-in capital (share capital)	127	891,673,045.00	799,031,689.00	VII.32
State owned capital	128	299,789,585.00	288,416,502.00	VII.32
Inc: State-owned legal person's capital	129	299,789,585.00	288,416,502.00	VII.32
Collective Capital	130			
Private capital	131	235,702,340.00	192,344,343.00	VII.32
Inc: Individual capital	132			
Foreign capital	133	356,181,120.00	318,270,844.00	VII.32
Deduct: capital redemption	134			
Net paid-in capital	135	891,673,045.00	799,031,689.00	VII.32
Other equity instrument	136			
Inc: preference share	137			
Perpetual bond	138			
Capital reserve	139	939,303,852.36	635,542,753.77	VII.33
Deduct: Treasury shares	140			
Other comprehensive income	141	628,276.06	58,831.22	VII.34
Translation difference arising on translation of financial statements denominated in foreign	142	881,416.77	58,831.22	VII.34
Special reserve	143			
Surplus reserve	144	73,055,993.04	9,653,847.48	VII.35
Inc: Statutory surplus reserve	145	73,055,993.04	9,653,847.48	VII.35
Discretionary surplus reserve	146			
#Reserve fund	147			
#Corporate development fund	148			
#Return of investment	149			
△ General risk reserve	150			
Retained earnings	151	606,665,743.88	243,909,744.67	VII.36
	152			
	153			
	154			
Total Owners' Equity Attributable To the Company	155	2,511,326,910.34	1,688,196,866.14	
	156			
Total Owners' Equity	157	2,511,326,910.34	1,688,196,866.14	
Total Liabilities and Owners' Equity	158	4,065,993,411.15	3,074,044,547.79	

Legal representative:

Principal in charge of accounting:

Person in charge of the accounting body:

Consolidated Income Statement

Company: Zhuhai ACCESS Semiconductor Co., Ltd

2022.1-12

Unit: RMB

ITEM		2022.1-12	2021.1-12	Notes
I. Total operating income	1	1,675,006,561.13	1,445,615,441.17	
Including: Operating income	2	1,675,006,561.13	1,445,615,441.17	VII.37
Interest income	3			
Premiums earned	4			
Fee and commission income	5			
II. Total operating costs	6	1,189,306,832.82	1,151,190,536.78	
Including: Operating costs	7	1,020,214,374.13	948,750,632.30	VII.37
△ Interest expenses	8			
△ Fee and commission expenses	9			
△ Surrenders	10			
△ Claims and policyholder benefits (net of amounts recoverable from reinsurers' share)	11			
△ Changes in insurance contract reserves (net of reinsurers' share)	12			
△ Insurance policyholder dividends	13			
△ Reinsurance expenses	14			
Business taxes and levies	15	18,695,948.55	15,205,591.28	VII.38
Selling expenses	16	17,934,042.62	6,686,356.10	VII.39
Administrative expenses	17	40,984,684.16	83,125,128.70	VII.40
Inc: Expenses for Party Construction	18			
Research and development expenses	19	66,590,232.15	61,097,030.10	VII.41
Financial expenses	20	24,887,551.21	36,325,798.30	VII.42
Inc: Interest expenses	21	33,428,229.25	38,054,865.71	VII.42
Interest incomes	22	16,207,421.15	2,869,973.38	VII.42
Add: Other income	23	21,820,817.38	8,921,622.10	VII.43
Investment income (Losses are indicated by "-")	24		54,089.56	VII.44
Including: Income from investments in associates and joint ventures	25			
△ Foreign exchange gains (Losses are indicated by "-")	26			
Gains from changes in fair values (Losses are indicated by "-")	27			
Loss on impairment of assets(Losses are indicated by "-")	28	-6,819,380.16	-25,763,905.80	VII.45
Profit on disposal of assets(Losses are indicated by "-")	29	74,710.65	-208,767.13	VII.46
III. Operating profit (Loss is indicated by "-")	30	500,775,876.18	277,427,943.12	
Add: Non-operating income	31	1,697,017.68	1,086,780.09	VII.47
Less: Non-operating expenses	32	1,615,916.36	6,292,097.59	VII.48
IV. Total profit (Total Loss is indicated by "-")	33	500,856,977.50	272,222,625.62	
Less: Income tax expenses	34	74,698,832.73	24,255,991.55	VII.49
V. Net profit (Net loss is indicated by "-")	35	426,158,144.77	247,966,634.07	
1) Net profit from continuing operations (Loss is indicated by "-")	36	426,158,144.77	247,966,634.07	
2) Net profit from discontinued operations (Loss is indicated by "-")	37			
VI. Other comprehensive income after tax	38	569,444.84	-326,204.33	
1. Other comprehensive income not reclassified into gains or losses	39	-253,140.71		
Inc: Remeasured defined benefit plan net liabilities or net assets changes	40			
Under the equity method, the share of other comprehensive income not reclassified into gains or losses	41	-253,140.71		
2. Other comprehensive income classified into gains or losses	42	822,585.55	-326,204.33	
Under the equity method, the share of other comprehensive income reclassified into gains or losses	43			
Gains or losses of fair value of Available for sale financial asset	44			
Gains or losses of held to maturity investment reclassified into available for sale asset	45			
Effective portion of profit or loss on cash flow hedging	46			
Foreign currency financial statement translation difference	47	822,585.55	-326,204.33	
Others	48			
VIII. Total comprehensive income	49	426,727,589.61	247,640,429.74	
Total comprehensive income attributable to owners of the Company	50	426,727,589.61	247,640,429.74	
Total comprehensive income attributable to minority interests	51			
IX. Earnings per share	52			
Basic earnings per share	53	0.48	0.34	
Diluted earnings per share	54	0.48	0.34	

Legal representative:

Principal in charge of accounting:

Person in charge of the accounting body:

Consolidated Cash Flow Statement

Company:Zhuhai ACCESS Semiconductor Co., Ltd

Unit: RMB

ITEM	2022.1-12	2022.1-12	2021.1-12	Notes
I. Cash Flows from Operating Activities:	1			
Cash receipts from the sale of goods and the rendering of services	2	1,932,628,554.86	1,775,852,838.92	
△Net increase in deposits and placements from financial institutions	3			
△Net increase in due to central banks	4			
△Net increase in placement from financial institutions	5			
△Cash received from premiums of original insurance contracts	6			
△Net amount of reinsurance business	7			
△Net increase in insured's deposits and investments	8			
△Net increase in disposal of financial assets at fair value through profit and loss	9			
△Cash received from interests, fees and commissions	10			
△Net increase of placement from banks and other financial institutions	11			
△Net increase in repurchasing	12			
Taxes and surcharges refunds	13	18,163,957.92	27,198,582.69	
Other cash receipts related to operating activities	14	37,289,586.57	38,480,550.21	
Sub-total of cash inflows from operating activities	15	1,988,082,099.35	1,841,531,971.82	
Cash payments for goods purchased and services received	16	917,668,016.54	833,298,995.15	
△Net increase in loans and advances	17			
△Net increase in deposits with central banks and other financial institutions	18			
△Cash paid for claim settlements on original insurance contracts	19			
△Cash paid for interests, fees and commissions	20			
△Cash paid for policy dividends	21			
Cash paid to and for employees	22	275,401,236.74	213,522,342.34	
Cash paid for all types of taxes	23	137,284,403.57	77,113,914.64	
Other cash payments related to operating activities	24	46,613,919.88	21,589,675.15	
Sub-total of cash outflows from operating activities	25	1,376,967,576.73	1,145,524,927.29	
Net Cash Flow from Operating Activities	26	611,114,522.62	696,007,044.53	VII.50
II. Cash Flows from Investing Activities:	27			
Cash receipts from disposals and recovery of investments	28			
Cash receipts from investment income	29		54,089.56	
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	30	270,500.00		
Net cash receipts from disposals of subsidiaries and other business units	31			
Other cash receipts relating to investing activities	32		162,000,000.00	
Sub-total of cash inflows from investing activities	33	270,500.00	162,054,089.56	
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	34	975,736,795.98	579,458,928.24	
Cash payments to acquire investments	35		400,000.00	
△Net increase in pledged loans receivables	36			
Net cash payments for acquisitions of subsidiaries and other business units	37			
Other cash payments relating to investing activities	38		94,000,000.00	
Sub-total of cash outflows from investing activities	39	975,736,795.98	673,858,928.24	
Net Cash Flow from Investing Activities	40	-975,466,295.98	-511,804,838.68	
III. Cash Flows from Financing Activities:	41			
Cash receipts from capital contributions	42	400,018,535.98	450,100,779.44	
Including: cash receipts from capital contributions from minority owners of subsidiaries	43			
Cash receipts from borrowings	44	103,100,000.00	213,822,737.40	
△Cash receipts from issue of bonds	45			
Other cash receipts relating to financing activities	46	60,180,879.33	39,966,801.71	
Sub-total of cash inflows from financing activities	47	563,299,415.31	703,890,318.55	
Cash repayments of borrowings	48	183,000,000.00	202,910,000.00	
Cash payments for distribution of dividends or profits or settlement of interest expenses	49	27,283,677.55	32,232,114.90	
Including: payments for distribution of dividends or profits to minority owners of subsidiaries	50			
Other cash payments relating to financing activities	51	48,301,858.28	78,845,770.78	
Sub-total of cash outflows from financing activities	52	258,585,535.83	313,987,885.68	
Net Cash Flow from Financing Activities	53	304,713,879.48	389,902,432.87	
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	54	98,211.12	1,096,489.51	
V. Net Increase in Cash and Cash Equivalents	55	-59,539,682.76	575,201,128.23	VII.50
Add: Opening balance of cash and cash equivalents	56	639,332,151.18	64,131,022.95	VII.50
VI. Closing Balance of Cash and Cash Equivalents	57	579,792,468.42	639,332,151.18	VII.50

Legal representative:

Principal in charge of accounting:

Person in charge of the accounting body:

Consolidated Statement of Changes in Owner's Equity

Company: Zhuhai ACCESS Semiconductor Co., Ltd

Unit: RMB

ITEM	Line No.	2022.1-12											2021.1-12											
		Paid-in capital/ Share capital	Other equity instrument	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others	Total owners' equity	Paid-in capital/ Share capital	Other equity instrument	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others	Total owners' equity	
		—	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
I. Closing balance of the preceding year	1	799,031,689.00		635,542,753.77		58,831.22		9,653,847.48		243,909,744.67		1,688,196,866.14	694,810,165.00		289,663,498.33		385,035.55		9,653,847.48		-4,056,889.40		990,455,656.96	
Add: Changes in accounting policies	2																							
Corrections of prior period errors	3																							
Others	4																							
II. Opening balance of the current year	5	799,031,689.00		635,542,753.77		58,831.22		9,653,847.48		243,909,744.67		1,688,196,866.14	694,810,165.00		289,663,498.33		385,035.55		9,653,847.48		-4,056,889.40		990,455,656.96	
III. Changes for the year (Decrease is indicated by "-")	6	92,641,356.00		303,761,098.59		569,444.84				362,755,999.21		759,727,898.64	104,221,524.00		345,879,255.44		-326,204.33				247,966,634.07		697,741,209.18	
(I) Total comprehensive income	7					569,444.84				426,158,144.77		426,727,589.61						-326,204.33				247,966,634.07		247,640,429.74
(II) Owner's contributions and reduction of capital	8	92,641,356.00		303,761,098.59								396,402,454.59	104,221,524.00		345,879,255.44									450,100,779.44
1. Capital contribution from owners	9	92,641,356.00		301,036,332.21								393,677,688.21	104,221,524.00		345,879,255.44									450,100,779.44
2. Other equity instrument owner's invested capital	10																							
3. Share-based payment recognised in owners' equity	11			2,724,766.38																				
4.Others	12																							
III. Extraction and use of special reserve	13																							
1. Recognised special reserve	14																							
2. Use of special reserve	15																							
(IV) Profit distribution	16							63,402,145.56		-63,402,145.56														
1. Transfer of surplus reserves	17							63,402,145.56		-63,402,145.56		-												
Inc: Statutory surplus reserve	18							63,402,145.56		-63,402,145.56		-												
Optional surplus reserve	19																							
Reserve fund	20																							
Enterprise development fund	21																							
Return investment by profit	22																							
2. Transfer of general risk reserve	23																							
3. Distribution to owners	24																							
4.Others	25																							
(V) Transfers within owners' equity	26																							
1. Capitalisation of capital reserves	27																							
2. Capitalisation of surplus reserves	28																							
3. Loss offset by surplus reserves	29																							
4. Transfer of recalculated defined benefit plan net liabilities or net asset changes	30																							
5、 Others	31																							
IV. Closing balance of the current year	32	891,673,045.00		939,303,852.36		628,276.06		73,055,993.04		606,665,743.88		2,511,326,910.34	799,031,689.00		635,542,753.77		58,831.22		9,653,847.48		243,909,744.67		1,688,196,866.14	

Legal representative:

Principal in charge of accounting:

Person in charge of the accounting body:

Balance Sheet

Company:Zhuhai ACCESS Semiconductor Co., Ltd

31 December 2022

Unit: RMB

ITEM		2022-12-31	2021-12-31	Notes
Current Assets:				
Cash and cash equivalents	1			
△ Settlement reserve	2	440,327,278.30	305,388,427.74	
△ Due from banks and other financial institutions	3			
Financial assets measured by fair value through profit or loss	4			
Financial assets held for trading	5			
Derivative Financial assets	6			
Notes Receivable	7			
Accounts Receivable	8	4,424,888.48		
Prepayments	9	193,228,547.99	345,249,450.70	XII.1
△ Premium receivable	10	2,088,648.49	9,544,759.71	
△ Reinsurance premium receivable	11			
△ Reserve receivable for reinsurance	12			
Other receivables	13			
Including: Interest receivable	14	10,811,024.83	617,253.57	XII.2
Dividend receivable	15			
△ Financial assets purchased under resale agreements	16			
Inventories	17			
Available for sale assets	18	104,678,331.43	140,422,992.96	
Non-current assets due within one year	19			
Other current assets	20			
Total current assets	21	757,642.27	705,216.33	
	22	756,316,361.79	801,928,101.01	
Non-current assets:	23			
△ Loans and advances	24			
Available-for-sale financial assets	25			
Held-to-maturity investments	26			
Long-term receivables	27	1,108,736.56	9,164,114.05	
Long-term equity investments	28	1,596,146,155.35	1,018,158,738.35	XII.3
Other equity instrument Investment	29			
Investment properties	30	2,042,524.61		
Fixed assets	31	562,035,429.33	453,645,071.48	
Construction in progress	32	15,732,136.65	98,487,204.02	
Bearer biological assets	33			
Oil and gas assets	34			
Right-of-use Asset	35	24,651,616.51	83,555,935.29	
Intangible assets	36	25,698,625.71	32,275,554.60	
Development expenditure	37			
Goodwill	38			
Long-term prepaid expenses	39	24,137,997.04		
Deferred tax assets	40	8,564,995.68	7,660,544.19	
Other non-current assets	41	161,743.38	22,968,522.66	
Total Non-current Assets	42	2,260,279,960.82	1,725,915,684.64	
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	78			
Total Assets	79	3,016,596,322.61	2,527,843,785.65	

Legal representative:

Principal in charge of accounting:

Person in charge of the accounting body:

Balance Sheet (Continued)

Company: Zhuhai ACCESS Semiconductor Co., Ltd

31 December 2022

Unit: RMB

ITEM		2022-12-31	2021-12-31	Notes
Current liabilities:	80			
Short-term borrowings	81	30,025,666.68	33,044,407.91	
△ Borrowings from central bank	82			
△ Placement from banks and other financial institutions	83			
Financial liabilities measured by fair value through profit or loss	84			
Derivative Financial liabilities	85			
Notes payable	86	63,871,054.80	70,715,058.74	
Accounts payable	87	124,675,261.70	233,920,639.22	
Receipts in advance	88			
Contract liability	89	63,985,759.24	157,568,099.57	
△ Financial assets sold under repurchase agreements	90			
△ Deposit from customers and interbank	91			
△ Securities brokering	92			
△ Securities underwriting	93			
Employee benefits payable	94	24,179,336.18	47,428,518.61	
Inc: Wages payable	95	24,179,336.18	47,428,518.61	
Benefits payable	96			
#Inc: Bonus and Welfare Funds	97			
Taxes payable	98	16,960,314.71	12,673,146.75	
Inc: Taxes payable	99	11,980,007.26	11,694,722.43	
Other payable	100	89,058,966.91	60,086,490.66	
Including: Interest payable	101			
Dividend payable	102			
△ Reinsurance amounts payable	103			
△ Reserve of insurance contract	104			
Held-for-sale liabilities	105			
Non-current Liabilities due within One Year	106	27,679,907.27	41,533,312.98	
Other current liabilities	107	7,976,332.94	20,483,852.94	
Total Current Liabilities	108	448,412,600.43	677,453,527.38	
Non-current Liabilities:	109			
△ Provision for insurance contracts	110			
Long-term borrowings	111	2,000,000.00	6,000,000.00	
Bonds payable	112			
Inc: preference share	113			
Perpetual bond	114			
Lease liabilities	115	14,757,296.52	15,749,525.20	
Long-term payables	116			
Long-term employee benefits payable	117			
Provisions	118			
Estimated liabilities	119	11,570,037.43		
Deferred Income	120	32,497,245.24	37,435,101.56	
Deferred tax liabilities	121	26,366,094.76	26,353,497.14	
Other non-current liabilities	122			
	123			
Total Non-current Liabilities	124	87,190,673.95	85,538,123.90	
Total Liabilities	125	535,603,274.38	762,991,651.28	
Owners' equity:	126			
Paid-in capital (share capital)	127	891,673,045.00	799,031,689.00	
State owned capital	128	299,789,585.00	288,416,502.00	
Inc: State-owned legal person's capital	129	299,789,585.00	288,416,502.00	
Collective Capital	130			
Private capital	131	235,702,340.00	192,344,343.00	
Inc: Individual capital	132			
Foreign capital	133	356,181,120.00	318,270,844.00	
Deduct: capital redemption	134			
Net paid-in capital	135	891,673,045.00	799,031,689.00	
Other equity instrument	136			
Inc: preference share	137			
Perpetual bond	138			
Capital reserve	139	938,574,637.19	635,542,753.77	
Deduct: Treasury shares	140			
Other comprehensive income	141			
Translation difference arising on translation of financial statements denominated in foreign currencies	142			
Special reserve	143			
Surplus reserve	144	73,055,993.04	9,653,847.48	
Inc: Statutory surplus reserve	145	73,055,993.04	9,653,847.48	
Discretionary surplus reserve	146			
#Reserve fund	147			
#Corporate development fund	148			
#Return of investment	149			
△ General risk reserve	150			
Retained earnings	151	577,689,373.00	320,623,844.12	
	152			
	153			
	154			
Total Owners' Equity Attributable To the Company	155	2,480,993,048.23	1,764,852,134.37	
	156			
Total Owners' Equity	157	2,480,993,048.23	1,764,852,134.37	
Total Liabilities and Owners' Equity	158	3,016,596,322.61	2,527,843,785.65	

Legal representative:

Principal in charge of accounting:

Person in charge of the accounting body:

Income Statement

Company: Zhuhai ACCESS Semiconductor Co., Ltd

2022.1-12

Unit: RMB

ITEM		2022.1-12	2021.1-12	Notes
I. Total operating income	1	1,457,939,250.96	1,592,719,250.69	
Including: Operating income	2	1,457,939,250.96	1,592,719,250.69	XII.4
Interest income	3			
Premiums earned	4			
Fee and commission income	5			
II. Total operating costs	6	1,105,871,033.12	1,239,225,488.02	
Including: Operating costs	7	1,012,982,785.26	1,091,403,127.03	XII.4
△Interest expenses	8			
△Fee and commission expenses	9			
△Surrenders	10			
△Claims and policyholder benefits (net of amounts recoverable from reinsurers' share)	11			
△Changes in insurance contract reserves (net of reinsurers' share)	12			
△Insurance policyholder dividends	13			
△Reinsurance expenses	14			
Business taxes and levies	15	12,925,490.15	11,085,545.82	
Selling expenses	16	17,637,173.18	6,788,992.25	
Administrative expenses	17	22,567,557.90	68,823,774.61	
Inc: Expenses for Party Construction	18			
Research and development expenses	19	44,610,199.59	49,476,612.52	
Financial expenses	20	-4,852,172.96	11,647,435.79	
Inc: Interest expenses	21	3,641,956.96	10,167,224.36	
Interest incomes	22	6,769,250.66	1,752,172.70	
Add: Other income	23	18,938,561.19	7,578,811.34	
Investment income (Losses are indicated by "-")	24		14,525.72	
Including: Income from investments in associates and joint ventures	25			
△Foreign exchange gains (Losses are indicated by "-")	26			
Gains from changes in fair values (Losses are indicated by "-")	27			
Loss on impairment of assets(Losses are indicated by "-")	28	-3,900,551.45	-25,805,723.49	
Profit on disposal of assets(Losses are indicated by "-")	29	246,736.22	40,096.32	
III. Operating profit (Loss is indicated by "-")	30	367,352,963.80	335,321,472.56	
Add: Non-operating income	31	1,213,922.16	1,069,280.09	
Less: Non-operating expenses	32	1,564,803.57	5,953,906.97	
IV. Total profit (Total Loss is indicated by "-")	33	367,002,082.39	330,436,845.68	
Less: Income tax expenses	34	46,534,407.95	42,246,202.10	
V. Net profit (Net loss is indicated by "-")	35	320,467,674.44	288,190,643.58	
1) Net profit from continuing operations (Loss is indicated by "-")	36	320,467,674.44	288,190,643.58	
2) Net profit from discontinued operations (Loss is indicated by "-")	37			
VI. Other comprehensive income after tax	38		-	
1. Other comprehensive income not reclassified into gains or losses	39		-	
Inc: Remeasured defined benefit plan net liabilities or net assets changes	40			
Under the equity method, the share of other comprehensive income not reclassified into gains or losses	41			
2. Other comprehensive income classified into gains or losses	42		-	
Under the equity method, the share of other comprehensive income reclassified into gains or losses	43			
Gains or losses of fair value of Available for sale financial asset	44			
Gains or losses of held to maturity investment reclassified into available for sale asset	45			
Effective portion of profit or loss on cash flow hedging	46			
Foreign currency financial statement translation difference	47			
Others	48			
VIII. Total comprehensive income	49	320,467,674.44	288,190,643.58	
Total comprehensive income attributable to owners of the Company	50	320,467,674.44	288,190,643.58	
Total comprehensive income attributable to minority interests	51			
IX. Earnings per share	52			
Basic earnings per share	53			
Diluted earnings per share	54			

Legal representative:

Principal in charge of accounting:

Person in charge of the accounting body:

Cash Flow Statement

Company:Zhuhai ACCESS Semiconductor Co., Ltd

2022.1-12

Unit: RMB

ITEM		2022.1-12	2021.1-12	Notes
I. Cash Flows from Operating Activities:	1			
Cash receipts from the sale of goods and the rendering of services	2	1,774,791,306.98	1,903,334,171.51	
△Net increase in deposits and placements from financial institutions	3			
△Net increase in due to central banks	4			
△Net increase in placement from financial institutions	5			
△Cash received from premiums of original insurance contracts	6			
△Net amount of reinsurance business	7			
△Net increase in insured's deposits and investments	8			
△Net increase in disposal of financial assets at fair value through profit and loss	9			
△Cash received from interests, fees and commissions	10			
△Net increase of placement from banks and other financial institutions	11			
△Net increase in repurchasing	12			
Taxes and surcharges refunds	13			
Other cash receipts related to operating activities	14	21,542,034.81	61,935,894.29	
Sub-total of cash inflows from operating activities	15	1,796,333,341.79	1,965,270,065.80	
Cash payments for goods purchased and services received	16	985,206,752.14	922,186,393.36	
△Net increase in loans and advances	17			
△Net increase in deposits with central banks and other financial institutions	18			
△Cash paid for claim settlements on original insurance contracts	19			
△Cash paid for interests, fees and commissions	20			
△Cash paid for policy dividends	21			
Cash paid to and for employees	22	191,815,964.04	177,367,428.07	
Cash paid for all types of taxes	23	127,120,794.86	73,345,370.35	
Other cash payments related to operating activities	24	91,223,163.13	19,530,433.67	
Sub-total of cash outflows from operating activities	25	1,395,366,674.17	1,192,429,625.45	
Net Cash Flow from Operating Activities	26	400,966,667.62	772,840,440.35	
II. Cash Flows from Investing Activities:	27			
Cash receipts from disposals and recovery of investments	28			
Cash receipts from investment income	29		14,525.72	
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	30	270,500.00		
Net cash receipts from disposals of subsidiaries and other business units	31			
Other cash receipts relating to investing activities	32		50,000,000.00	
Sub-total of cash inflows from investing activities	33	270,500.00	50,014,525.72	
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	34	31,352,859.22	152,758,961.62	
Cash payments to acquire investments	35	578,110,094.16	695,197,428.00	
△Net increase in pledged loans receivables	36			
Net cash payments for acquisitions of subsidiaries and other business units	37			
Other cash payments relating to investing activities	38		30,000,000.00	
Sub-total of cash outflows from investing activities	39	609,462,953.38	877,956,389.62	
Net Cash Flow from Investing Activities	40	-609,192,453.38	-827,941,863.90	
III. Cash Flows from Financing Activities:	41			
Cash receipts from capital contributions	42	400,018,535.98	450,100,779.44	
Including: cash receipts from capital contributions from minority owners of subsidiaries	43			
Cash receipts from borrowings	44	40,000,000.00	106,500,000.00	
△Cash receipts from issue of bonds	45			
Other cash receipts relating to financing activities	46	8,450,000.00		
Sub-total of cash inflows from financing activities	47	448,468,535.98	556,600,779.44	
Cash repayments of borrowings	48	47,000,000.00	186,910,000.00	
Cash payments for distribution of dividends or profits or settlement of interest expenses	49	1,252,782.95	4,394,501.20	
Including: payments for distribution of dividends or profits to minority owners of subsidiaries	50			
Other cash payments relating to financing activities	51	50,795,306.35	74,804,103.48	
Sub-total of cash outflows from financing activities	52	99,048,089.30	266,108,604.68	
Net Cash Flow from Financing Activities	53	349,420,446.68	290,492,174.76	
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	54	-681,480.30	-264,693.10	
V. Net Increase in Cash and Cash Equivalents	55	140,513,180.62	235,126,058.12	
Add: Opening balance of cash and cash equivalents	56	295,309,559.69	60,183,501.58	
VI. Closing Balance of Cash and Cash Equivalents	57	435,822,740.31	295,309,559.69	

Legal representative:

Principal in charge of accounting:

Person in charge of the accounting body:

Statement of Changes in Owners' Equity

Company: Zhuhai ACCESS Semiconductor Co., Ltd

Unit: RMB

ITEM	Line No.	2022.1-12											2021.1-12											
		Paid-in capital/ Share capital	Other equity instrument	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others	Total owners' equity	Paid-in capital/ Share capital	Other equity instrument	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others	Total owners' equity	
		—	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
I. Closing balance of the preceding year	1	799,031,689.00		635,542,753.77				9,653,847.48		320,623,844.12		1,764,852,134.37	694,810,165.00		289,663,498.33				9,653,847.48		32,433,200.54		1,026,560,711.35	
Add: Changes in accounting policies	2																							
Corrections of prior period errors	3																							
Others	4																							
II. Opening balance of the current year	5	799,031,689.00		635,542,753.77				9,653,847.48		320,623,844.12		1,764,852,134.37	694,810,165.00		289,663,498.33				9,653,847.48		32,433,200.54		1,026,560,711.35	
III. Changes for the year (Decrease is indicated by "-")	6	92,641,356.00		303,031,883.42						257,065,528.88		652,738,768.30	104,221,524.00		345,879,255.44						288,190,643.58		738,291,423.02	
(I) Total comprehensive income	7									320,467,674.44		320,467,674.44									288,190,643.58		288,190,643.58	
(II) Owner's contributions and reduction of capital	8	92,641,356.00		303,031,883.42								395,673,239.42	104,221,524.00		345,879,255.44							450,100,779.44		
1. Capital contribution from owners	9	92,641,356.00		300,307,117.04								392,948,473.04	104,221,524.00		345,879,255.44							450,100,779.44		
2. Other equity instrument owner's invested capital	10																							
3. Share-based payment recognised in owners' equity	11			2,724,766.38																				
4.Others	12																							
III. Extraction and use of special reserve	13																							
1. Recognised special reserve	14																							
2. Use of special reserve	15																							
(IV) Profit distribution	16							63,402,145.56		-63,402,145.56														
1. Transfer of surplus reserves	17									63,402,145.56		-63,402,145.56												
Inc: Statutory surplus reserve	18									63,402,145.56		-63,402,145.56												
Optional surplus reserve	19																							
Reserve fund	20																							
Enterprise development fund	21																							
Return investment by profit	22																							
2. Transfer of general risk reserve	23																							
3. Distribution to owners	24																							
4.Others	25																							
(V) Transfers within owners' equity	26																							
1. Capitalisation of capital reserves	27																							
2. Capitalisation of surplus reserves	28																							
3. Loss offset by surplus reserves	29																							
4. Transfer of recalculated defined benefit plan net liabilities or net asset changes	30																							
5、 Others	31																							
IV. Closing balance of the current year	32	891,673,045.00		938,574,637.19				73,055,993.04		577,689,373.00		2,480,993,048.23	799,031,689.00		635,542,753.77				9,653,847.48		32,433,200.54		1,764,852,134.37	

Legal representative:

Principal in charge of accounting:

Person in charge of the accounting body:

Zhuhai ACCESS Semiconductor Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD END 31 DECEMBER 2022

(Amounts are denominated in RMB unless otherwise stated)

I. GENERAL INFORMATION

1. Domicile, business organization and address

Zhuhai ACCESS Semiconductor Co., Ltd (the "Company" or "ACCESS") is a limited company incorporated in Zhuhai city of the People's Republic of China on 26 April 2006 by Zhuhai Founder Technology Multilayer Circuit Board Co., Ltd. and AMITEC Advanced Multilayer Interconnect Technologies Ltd. The Group received "Business License for Legal Person of the PRC" (Registration No.: 91440400787921507Y) issued by Zhuhai Market Supervision and Administration Bureau. The legal representative of the Group is Zuo Jin and the registered capital is RMB 694,810,165.00. The registered address is FPC building, 3209 North Zhufeng Road, Doumen District, Zhuhai, China.

The Company's approved operating period is from 17 July 2014 to long term.

2. The nature of business operations and principal activities

The principal activities of the Company mainly include production and sale of Package Substrate, sale of raw materials used for production of Package Substrate and research and development of the products of the Group.

3. The name of the parent company

The Company's parent company has no actual control of the Company. Peking University Founder Information Industry Group ("Zhuhai Founder") and Amitec Advanced Multilayer Interconnect Technologies Ltd ("AMITEC"). are the first largest shareholders respectively.

Zhuhai Founder is a wholly owned subsidiary of Founder Group, and Peking University is the actual controller of Founder. The nature of shares held by Founder is the state-owned shares.

AMITEC is a subsidiary of PRIORTECH. Mr. Yotam Stern and Mr. Rafi Amit is the actual controller of AMITEC. The nature of shares held by AMITEC is the foreign shares.

4. Approval of the financial report

The financial report was approved by the board of directors on 22 March 2023

II. BASIS OF PREPARATION

1. BASIS PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements are prepared on a going concern basis, and prepared according to the transactions actually occurred, and the Company has adopted the Accounting Standards for Business Enterprises (ASBE) issued by the Ministry of Finance of PRC and supplementary regulations, and financial statements are prepared on the basis of the significant accounting policies and accounting estimates stated below.

2. GOING CONCERN

The management of the company has evaluated the ability to continue as a going concern for 12 months from the end of the reporting period. The company does not exist in any of the matters or circumstances that could cast serious doubts on the going concern assumptions.

III. STATEMENT OF COMPLIANCE WITH ASBE

The financial statements of the Company have been prepared according to *Accounting Standard for Business Enterprises* (ASBE), and present truly and completely, the Company's financial position, the Company's results of operations and cash flows for the year then ended.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY

1. Accounting period

The Company adopts its accounting year from 1 January to 31 December.

2. Functional currency

The functional currency of the Company is Renminbi ("RMB"), unless otherwise indicated.

3. Principle of measurement

The Company adopts the historical cost, replacement cost, net realizable value, net value and fair value method as the principle of measurement in the financial statement.

4. Recognition criteria of cash and cash equivalents

Cash comprises cash on hand and bank deposits that can be readily withdrawn on demand. Cash equivalents are the company's short-term (usually due within 3 months from the acquisition date), highly liquid investments that are readily convertible to certain amounts of cash and which are subject to insignificant risk of changes in value.

5. Foreign currency and foreign currency exchange

The amounts of transactions in foreign currencies occurred in the reporting year are initially converted into RMB. At the balance sheet date, monetary items in foreign currency are converted into RMB using the spot exchange rates at the balance sheet date. Exchange differences, except for those capitalized into cost of assets from special borrowing in foreign currency for constructing a qualifying asset, are recognized as gain or loss in financial costs of the income statement in current year. Non-monetary items of foreign currency measured at historical cost still adopt the spot exchange rates of the date of the transactions which does not change the amount of RMB. Non-monetary items of foreign currency measured at fair value adopt the spot exchange rates of the determination dates of fair value, exchange differences are recognized as gain or loss in current year or other comprehensive income.

6. Classification of financial instruments

① Classification of financial assets and financial liabilities

At initial recognition, financial assets are classified as four financial assets at Fair Value through Profit or Loss ("FVTPL") including trading financial assets and financial assets designated as at FVTPL, held-to-maturity investments, loans, receivables and available-for-sale financial assets.

At initial recognition, financial liabilities are classified as financial liabilities at FVTPL including trading financial liabilities and financial liabilities designated as at FVTPL and other financial liabilities.

② Recognition, measurement and de-recognition of financial instruments

Financial assets and financial liabilities are recognized when company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value; for the financial assets and financial liabilities at FVTPL, related transaction cost is recognized in profit and loss; for the other financial assets and financial liabilities, related transaction cost is recognized in initially measured amount.

Financial assets are subsequently measured at fair value, and transaction cost in future disposal will not be deducted, except following conditions: 1)held-to-maturity investments, loans and receivables adopt the contractual calculation and measured at amortized cost; or2) equity instrument investment without price and of which fair value can't be measured reliably in active market, and the derivative financial assets which are linked to the above equity instrument investment and settled by delivering the equity instrument investment, are measured at cost.

Financial liabilities adopt contractual calculation that are subsequently measured at amortized cost, except following conditions: 1) Financial liabilities at FVTPL are measured at fair value, and transaction cost in future settlement of financial liabilities will not be deducted; or 2) Equity instrument investment without price and of which fair value can't be measured reliably in active market, and the derivative financial liabilities which are linked to the above equity instrument investment and settled by delivering the equity instrument investment, are

measured at cost; or 3) Financial guarantee contract not belong to financial liabilities designated as at FVTPL, or loan commitment of the loan not designated as at FVTPL of which the interest below market rates, are subsequently measured at the higher amount: ① the amount recognized in accordance with "Enterprise Accounting Standards No. 13 – Contingency" ; or ②The amount that initially recognized amount deducting the accumulative amortization amount recognized in accordance with "Enterprise Accounting Standards No. 14 – Revenue".

As for the financial assets and financial liabilities, the profit and loss due to changes in fair value except for the hedging related financial assets and liabilities are dealt by the methods below: 1)The profit and loss of financial assets and financial liabilities at FVTPL due to changes in fair value is recognized in fair value; the interest and cash dividends acquired during the assets holding period are recognized as investment income; the difference between the fair value on disposal and initial recognition amount shall be recognized to investment income, then adjust the profit and loss arising from fair value changes at the same time.2)The changes in fair value of available-for-sale financial assets are recognized in capital reserve; the interest under the contractual calculation within the asset holding period is recognized in income from investment; the cash dividends of available-for-sale equity instruments are recognized in income from investment when investee declare to pay dividends; the balance of the actual received amount and book value deducting accumulated changes in fair value is recognized in investment income.

The Company derecognizes a financial asset when the contractual right of obtaining the cash flow of a financial asset is derecognized or substantially all the risk and reward of a financial asset's ownership is transferred; The Company derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged.

③ The basis of recognizing and measuring the transfer of a financial asset

Company derecognizes a financial asset when substantially all the risk and reward of a financial asset's ownership is transferred; company continues confirming transferred financial asset and confirms the consideration received as a financial liability, when substantially all the risk and reward of a financial asset's ownership is retained. When company neither transfers nor retains substantially all the risk and reward of a financial asset's ownership, the financial asset transfer is dealt by the methods below: 1) When company gives up control of a financial asset, it derecognizes the financial asset; or 2) When company doesn't give up control of a financial asset, it continues to confirm related financial asset according to the degree of involvement in the transferred financial asset and confirms related liabilities.

For the financial assets which meet holistic transfer conditions, the difference between following two amounts shall be recognized in the profit and loss: 1) The carrying amount of financial assets transferred; and 2) The sum of consideration received from transfer and the amount originally directly recognized in accumulated variation due to fair value change of owner's equity. When financial asset satisfies the condition of

de-recognition, we should share the holistic carrying amount of the financial assets transferred according to the respective fair value of the derecognized part and the non- derecognized part, and the difference between following two amounts shall be recognized in the profit and loss: 1) The carrying amount of the derecognized part; and 2) The sum of the consideration received of the derecognized part and the related derecognized amount originally directly recognized in accumulated variation due to fair value change of owner's equity.

④ Recognition of the fair value of the financial assets and financial liabilities

For financial assets and financial liabilities in an active market, the fair value is the price in an active market; for financial assets and financial liabilities not in an active market, we should determine their fair value by valuation technique (including referring to the price in recent market transaction among parties who are familiar with market situation and willing to transaction, referring to recent fair value of other essentially similar financial instruments, discounted cash flow, option price models and others); for financial assets initially obtained and financial liabilities initially born, we should determine their fair value on the basis of market transaction price.

⑤ Impairment of financial assets

On the balance sheet day, the Company should carry out the impairment review for the financial assets other than those measuring through FVTPL If there is an indicator that a financial asset is impaired; the Company determines the amount of any impairment loss.

For a financial asset that is individually significant, the Company should carry out the impairment test for those assets individually. For those not individually significant, the Company should carry out the impairment test for them, which has been combined as a group of financial assets with the similar credit risk. A separate impairment test should be carried out for those without being impaired, this should include an impairment test for those in the portfolio with the similar credit risk.

If financial assets carried at amortized cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If there is no quota for the financial assets in the active market and the fair value of the asset cannot be reliably measured, or the equity instrument investments, or linked to the equity instrument and must be settled by delivery of the equity instruments of the derivative financial assets, the impairment when occurs shall be recognized based on the difference between the book value of the equity instrument investments or the derivative financial assets and the present value of future cash flow of identical financial asset under current market interest rate.

The fair value of available-for-sale financial assets sharply drop, or after considering various factors, which expected this decline not belongs to a temporary, confirm the impairment loss, and the fair value originally

recorded in the capital reserved should be transferred out.

7. Accounts receivable

- 1) Receivable individually significant and provided for bad debt separately

Criteria or standard for amounts individually significant	5% or above of accounts receivable as amounts individually significant.
Method for making provision for amounts individually significant	The impairment is made as the difference between present value of future cash flow and net book value and accounts receivables if there is objective evidence exists after assessment individually. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, the financial asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment.

- 2) Combination provision of receivables in need of bad debt provision

- a) Determine the impairment method of combination of basis and provision for bad debts

To determine the basis of a combination:

Aging group	Similar credit risk characteristic with the same aging
Consolidation scope group	Related parties within consolidation scope group
Export tax refund group	Export tax within export tax refund group

Determine the impairment method of combination of basis and provision for bad debts:

Aging group	Aging analysis
Consolidation scope group	No provision
Export refund group	No provision

- b) The analysis of the account aging

- i. Accounts Receivable

The group adopts the simplified model of expected credit loss for the accounts receivable specified in accounting standards for Business Enterprises No. 14 - income, which does not contain significant financing components (including the situation that the financing components in the contract are not considered in accordance with the standard for no more than one year), that is, the loss reserves are always measured according to the amount of expected credit loss in the whole duration, resulting in the increase or reversal amount of loss reserves shall be included in the current profit and loss as impairment loss or gain.

For receivables with significant financing components, the group chooses to adopt a simplified model of

expected credit loss, that is, to always measure its loss reserves according to the amount of expected credit loss in the whole duration.

The group estimates the expected credit loss of accounts receivable in a single or combined way considering all reasonable and based information, including forward-looking information.

Based to the historical credit loss experience, combined with the current situation and the forecast of the future economic situation, we calculate the expected credit loss through the default risk exposure and the expected credit loss rate of the whole duration. The Company considers that the bank acceptance bill held does not have significant credit risks and will not cause significant losses due to the default of the bank or other drawer.

The group prepares the comparison table of overdue days and default loss rate of accounts receivable (as shown in the table below), on which the expected credit loss is calculated.

	Not overdue	Overdue	Overdue	Overdue	Overdue	Overdue more
		1-30 days	31-90 days	90-365 days	1-2 years	than 2 years
Default loss rate		1%	5%	10%	20%	50%

The group's comparison table is based on the historical default loss rate of the expected duration of such receivables and adjusted according to the forward-looking estimates. At each balance sheet date, the group will analyze the changes in forward-looking estimates and adjust the historical default loss rate accordingly.

ii. Other Receivables

The group adopts the general model of expected credit loss for other receivables.

The group divides the process of credit impairment of other receivables without credit impairment at the time of purchase or source generation into three stages. There are different accounting treatment methods for the impairment of other receivables in different stages:

Stage I: credit risk has not increased significantly since initial recognition

For financial instruments in this stage, the enterprise shall measure the loss reserves according to the expected credit losses in the next 12 months, and calculate the interest income according to its book balance (i.e. without deducting the impairment reserves) and the actual interest rate (if the instrument is a financial asset, the same below).

Stage 2: credit risk has increased significantly since initial recognition, but no credit impairment has occurred

For a financial instrument at this stage, the enterprise shall measure the loss reserve according to the expected credit loss of the whole duration of the instrument, and calculate the interest income according to its book balance and actual interest rate.

Stage 3: credit impairment after initial recognition

For a financial instrument in this stage, the enterprise shall measure the loss reserves according to the expected credit loss of the whole duration of the instrument, but the calculation of interest income is different from that of the financial assets in the first two stages. For the financial assets with credit impairment, the enterprise shall calculate the interest income according to the amortized cost (book balance minus the provision for impairment, i.e. book value) and the actual interest rate.

3) Receivable individually insignificant but provided for bad debt separately

Reason for impairment test separately	There is obvious difference of accounts receivable between the present value of future cash flow and similar credit risk characteristic with the same aging.
Method for making provisions	The impairment is made as the difference between present value and net book value and accounts receivables if there is objective evidence exists after assessment individually.

Provision for doubtful accounts on notes receivables, prepayments, interest receivables and long-term receivables are calculated at the amount at which the present value of future cash flows on those accounts are lower than their carrying amounts.

8. Inventories

Inventories include raw materials, work in progress, finished goods and turnover materials, and are stated at the lower of cost and net realizable value.

The cost of raw materials and low value consumables upon delivery is calculated using the first-in-first-out method. The actual cost of finished goods upon delivery is calculated using the weighted average method.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. For the inventories sales directly, net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale and relevant taxes. For the inventories which are should be processed, net realizable value is the estimated selling price of finished goods in the ordinary production less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. At the balance sheet date, the same inventories which there are contracts price in one of part but none in another part, the net realizable value should be measured separately, a provision amount made and written off should be measured separately.

The Group adopts the perpetual inventory system.

Amortization methods of low-value consumables and packaging materials:

(1) Low-value consumables

Equipment spare parts of low-value consumables are amortized over one or two years from material requisition. Other low-value consumables use the one-off amortization.

(2) Packaging materials

The packaging materials are treated as expenses when issued.

9. Long-term equity investment

(1) Determination of investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owner's equity under the consolidated financial statements of the ultimate controlling party on the date of combination. The difference between the initial cost of the long-term equity investment and the cash paid, non-cash assets transferred as well as the book value of the debts borne by the absorbing party shall offset against the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

For a long-term equity investment acquired through a business combination involving enterprises not under common control, the initial investment cost of the long-term equity investment shall be the cost of combination on the date of acquisition. Cost of combination includes the aggregate fair value of assets paid by the acquirer, liabilities incurred or borne and equity securities issued.

The long-term equity investment acquired through means other than a business combination shall be initially measured at its cost. Such cost is depended upon the acquired means of long-term equity investments, which is recognized based on the purchase cost actually paid by the Group in cash, the fair value of equity securities issued by the Group, the agreed value of investment contract or agreement, the fair value or original carrying amounts of the non-monetary asset exchange transaction which the asset will be transferred out of the Group, and the fair value of long-term equity investment itself. The costs, taxes and other necessary expenses that are directly attributable to the acquisition of the long-term equity investments are also included in the investment cost.

(2) Subsequent measurement and method for profit or loss recognition

Long-term equity investments with joint control (excluding those constitute joint ventures) or significant influence on the investee are accounted for using equity method. In addition, long-term equity investments with control on the investee are accounted for using cost method and record in the Group's financial statements.

Under the cost method, a long-term equity investment is measured at its initial investment cost. The cost for long-term equity investment is adjusted in the event of additional investment or investment recovery. Except receiving the actual consideration paid for the investment or the declared but not yet distributed cash dividends

or profits which is included in the consideration, investment gains for the period is recognized as the cash dividends or profits declared by the investee.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost. Where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to profit or loss for the current period, and the cost of the long term equity investment shall be adjusted accordingly.

Under the equity method, investment gain and other comprehensive income shall be recognized based on the Group's share of the net profits or losses and other comprehensive income made by the investee, respectively. Meanwhile, the carrying amount of long-term equity investment shall be adjusted. The carrying amount of long-term equity investment shall be reduced based on the Group's share of profit or cash dividend distributed by the investee. In respect of the other movement of net profit or loss, other comprehensive income and profit distribution of investee, the carrying value of long-term equity investment shall be adjusted and included in the capital reserves. The Group shall recognize its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto. The Group's share of net losses of the investee shall be recognized to the extent that the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of the investor's net investment in the investee are reduced to zero. If the Group has to assume additional obligations, the estimated obligation assumed shall be provided for and charged to the profit or loss as investment loss for the period. Where the investee is making profits in subsequent periods, the Group shall resume recognizing its share of profits after setting off against the share of unrecognized losses.

Criteria of the judgement of control and significant influence over investees

Control is the power of the Group upon an investee, with which it can take part in relevant activities of the investee to obtain variable returns and is able to influence the amount of returns. Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies.

(3) Disposal of long-term equity investment

- ① For the control on the original subsidiary not lost due to disposal of part of the equity investment

The difference between the book value and the price acquired actually in disposal of the equity shall be recorded into the current profits and losses.

- ② For the control on the original subsidiary lost due to disposal of part of the equity investment or other reasons

The difference between the book value and the price acquired actually in disposal of the equity shall be recorded into the current profits and losses. The remaining equity should be accounted for as long-term equity investment or other relevant financial assets. If the remaining equity after disposed can have joint control or major impact on the invested party, the equity method shall be adopted cos method transfer equity method for accounting treatment.

(4) Impairment of long-term equity investment

If there is any object evidence of any indication as at the balance sheet date for the subsidiary, joint ventures and jointly-control entities, impairment is made based on the difference between recoverable amount and net book value.

10. Investment properties

1. Investment real estate includes leased buildings.

2. The investment real estate is initially measured according to the cost, using the cost mode for subsequent measurement, and using the depreciation or amortization in the same method as the fixed assets and intangible assets. On the balance sheet date, if there is indication that the investment real estate is impaired, the corresponding impairment provision shall be made according to the difference between the book value and the recoverable amount.

11. Fixed assets

(1) Recognition criteria and measurement of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably.

Fixed assets are initially measured at cost. Subsequent expenditures incurred for the fixed asset are included in the carrying amount of the fixed asset, when the economic benefits associated with the assets will flow to the Group, and they are greater than the original estimates, while the total amount after being adjusted is not over the recoverable amount of the fixed assets.

(2) Method for depreciation of each category of fixed assets

Depreciation of each category of fixed assets: a fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Categories	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
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Categories	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	5-35	10	2.57-18
Machinery and equipment	10	10	9
Motor vehicles	5	10	18
Computers and electronic equipment	5	10	18
Other equipment	5	10	18

(3) Impairment of fixed assets

For the impaired fixed assets, the depreciation rates and amounts should be recalculated using the carrying amount and remaining useful life of the fixed assets.

(4) Recognition and accounting method of fixed assets acquired under finance leases

The fixed assets acquired by the Group in line with the following one or several criteria shall be recognized as the fixed assets acquired under finance leases: 1) at the expiration of the lease, the ownership of the leased assets shall be transferred to the Group. 2) The Group has the option to purchase the leased assets, the purchase price is expected to be far lower than the fair value of the leased assets under the implementation of option right, so that it can be reasonably determined that the Group shall exercise the option on the acquisition date. 3) The lease term is the majority for the leased assets even if the ownership is not transferred. 4) The present value of the minimum lease payments of the company almost is equal to the fair value of the leased assets on the acquisition date. 5) For the special nature of the leased assets, only the company can use if no major modification made.

For the fixed assets acquired under finance leases, the Group takes less of the fair value of the leased asset on the acquisition date and the present value of the minimum lease payments as recorded value and adopts the depreciation policy in line with its own fixed assets to count and draw the depreciation of fixed assets acquired under finance leases.

(5) Disposal of fixed assets

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognized in profit or loss on the date of retirement or disposal.

12. Construction in progress

Construction in progress is transferred to fixed asset when it is ready for intended use. If a construction in progress has reached the working condition for its intended use but the final project accounts have not been completed and approved, the asset should be transferred to fixed assets at an estimated value based on project budget, contracted construction price or actual project costs. Depreciation should also be accrued in

accordance with relevant requirements of the Company. After the project accounts have been approved, the estimated values should be adjusted according to actual costs without adjusting depreciation recognized.

The Company assesses at each balance sheet date whether there is any indication that construction in progress may be impaired. If the recoverable amount of an asset is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognized in profit or loss for the period.

13. Borrowing costs

(1)Capitalization of borrowing costs

Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or for sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

(2)Capitalization period of borrowing costs

① When the borrowing cost satisfies the following criteria, it should be capitalized: 1)The qualifying asset expenditure happens, 2)The borrowing funds happens, 3)The necessary constructing and production activities for the asset intended use and sale have incurred.

② Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Capitalization is suspended until the acquisition, construction or production of the asset is resumed. During the suspending period, the borrowing cost should be as an expense.

③When the qualifying asset reached its intended use or sale, the capitalization halt.

(3)Capitalization amount of borrowing costs

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Company determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings. Capitalization rate is calculated and determined by the weighted average interest rates of the general borrowing.

14. Intangible assets

(1) Intangible assets include patents and software, and are measured at cost.

(2) An intangible asset with a finite useful life shall be stated at cost less estimated net residual value and any accumulated impairment loss provision and amortized using the straight-line method over its useful life when the asset is available for use. The respective amortization periods for such intangible assets are as follows:

Items	Amortization period (years)
Patents	14
Software	5
Land-use Right	50
Royalty Right	10

(3) For the intangible asset with definite useful life, the difference between recoverable amounts and net book value shall be recognized as impairment loss if there is any indication of impairment at balance sheet date. For the intangible asset with indefinite useful life and which has not reached the working condition for its intended use, impairment assessment shall be made every year no matter there is any indication of impairment.

(4) Research and development expenditure

Research and development expenditure of the Group was divided into expenses incurred during the research phase and expenses incurred during the development phase.

Expenses incurred during the research phase are recognized as profit or loss in the current period.

Expenses incurred during the development phase that satisfy the following conditions are recognized as intangible assets, while those that do not satisfy the following conditions are accounted for in the profit or loss for the current period:

- ① it is technically feasible that the intangible asset can be used or sold upon completion;
- ② there is intention to complete the intangible asset for use or sale;
- ③ the intangible asset can produce economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; and if the intangible asset is for internal use, there is evidence that there exists usage for the intangible asset;
- ④ there is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;
- ⑤ the expenses attributable to the development phase of the intangible asset can be measured reliably. If the expenses incurred during the research phase and the development phase cannot be distinguished separately, all development expenses incurred are accounted for in the profit or loss for the current period.

15. Long-term prepaid expenses

Long-term prepaid expense is accounted for actual cost and amortized during the benefit period. If the

long-term prepaid expense item cannot benefit later accounting period, the remaining amortized value is transferred into the profit or loss for the current period.

16. Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits are classified into short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

(1)Short-term employee benefits

The Group shall, based on the actually incurred amount, charge the incurred employee benefits to the profit or loss for the current period or include the benefits in the cost of relevant asset. Employee benefits which are non-monetary benefits shall be measurement at fair value.

(2)Termination benefits

The Group which provides termination benefits to employees shall recognize an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period, at the earlier of the following dates:

- ①When the enterprise cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal;
- ②When the enterprise recognizes costs or expenses related to a restructuring that involves the payment of termination benefits.

(3)Defined contribution plans

The Company pays basic pensions to local social security funds monthly in accordance with local relevant requirements. The Company will have no obligation to pay further contributions when post-employment. The above basic pensions should be calculated according to prescribed bases and percentage of provision in determining the amount of employee benefits and recognized relevant liabilities, with corresponding charge to the profit or loss for the current period or the cost of a relevant asset.

17. Provisions

Obligations pertinent to the contingencies which satisfy the following conditions are recognized as accrued liabilities: (1) The obligation is a current obligation borne by the Group; (2) it is likely that an outflow of economic benefits will be resulted from the performance of the obligation; and (3) the amount of the obligation can be reliably measured.

At the balance sheet date, accrued liabilities shall be measured at the best estimate of the necessary expenses

required for the performance of existing obligations, after taking into account relevant risks, uncertainties, time value of money and other factors pertinent to the contingencies.

18. Share payment

(1) Type of share payment

This includes share payment settled in equity and share payment settled in cash.

(2) Method of determining the fair value of equity instruments

- 1) If there is an active market, it shall be determined according to the quotation in the active market.
- 2) If there is no active market, the valuation technology shall be determined by reference, including the price used in the recent market transaction of the parties familiar with the situation, the current fair value of other financial instruments substantially the same, the cash flow discount method and the option pricing model, etc.

(3) Confirm the basis for the best estimate of the viable equity instrument

According to the latest subsequent information such as the change of the number of feasible workers.

(4) Accounting treatment related to the implementation, modification and termination of the share share payment plan

1) Share payment settled by equity

For the share payment immediately after the grant, the equity settlement shall be included in the relevant costs or expenses according to the fair value of the equity instrument on the grant date, and the capital reserves shall be adjusted accordingly. Complete the waiting period of the service or meet the prescribed performance conditions for the worker service to equity settlement shares, the balance sheet date during the waiting period, on the basis of the best estimate of the number of equity instruments, according to the fair value of the equity date, the current service included in the relevant costs or expenses, adjust the capital reserves accordingly.

Share payment for equity settlement of the services follows the fair value of the fair value of the services of the other party; if the fair value of the services of the other party cannot be measured reliably, but the fair value of the equity instrument shall be measured according to the fair value on the date of the services and included in the relevant costs or expenses, and the owner's equity shall be increased accordingly.

2) Payment of shares settled in cash

The share payment for employee services, immediately after the grant, shall be included in the relevant costs or expenses according to the fair value of the liabilities borne by the Company on the grant date, and the liabilities shall be increased accordingly. Complete the waiting period of the service or meet the prescribed performance conditions for worker services in cash settlement share payment, each balance sheet date during the waiting period, on the basis of the best estimate of the rights, according to the fair value of the liabilities, the current services included in the relevant costs or expenses and the corresponding liabilities.

3) To modify and terminate the share share payment plan

If the modification increases the fair value of the granted equity instrument, the Company accordingly recognizes the increase in the fair value of the equity instrument; if the modification increases the number of the granted equity instrument, the fair value of the added equity instrument is accordingly recognized as the increase in the acquired services; if the Company is modified in consideration of the modified viable conditions.

If the modification reduces the fair value of the granted equity instrument, the Company continues to confirm the amount of services obtained based on the fair value of the equity instrument at the grant date, regardless of the reduction in the fair value of the equity instruments; if the modification reduces the amount of the value of the granted, in the case of a reduction in the case.

If the Company cancels the granted equity instrument or settles the granted interest instrument during the waiting period (except for the failure), the cancellation or settlement is immediately confirmed as the amount originally recognized in the remaining waiting period.

19. Revenue

(1) The Company recognizes revenue when the Company has fulfilled its performance obligations under the contract, i.e., when the customer obtains control of the relevant goods, which means that it is able to dominate the use of the goods and obtain substantially all the economic benefits from them.

(2) The Company determines that the performance obligations are "performance obligations to be performed within a certain period of time" or "performance obligations to be performed at a certain point in time" in accordance with the relevant provisions of the revenue standards, and recognizes revenue based on the following principles, respectively.

1) The performance obligation is recognized if the Company meets one of the following conditions.

① The customer obtains and consumes the economic benefits arising from the Group's performance at the same time as the Company's performance.

② The customer is able to control the assets under construction in the course of the Company's performance.

③ The assets produced in the course of the Company's performance have irreplaceable use and the Company is entitled to receive payment for the cumulative portion of performance completed to date throughout the contract period.

For performance obligations performed within a certain period of time, the Company recognizes revenue in accordance with the progress of performance within that period, except when the progress of performance cannot be reasonably determined. The Group uses the output method or input method to determine the appropriate performance schedule, taking into account the nature of the commodity.

2) For performance obligations that are not performed within a certain period of time but are performed at a certain point in time, the Company recognizes revenue at the point in time when the customer obtains control of

the relevant commodity.

In determining whether the customer has acquired control of the commodity, the Company considers the following indications.

- ① The Company has a present right to receive payment for the commodity, i.e., the customer has a present obligation to pay for the commodity.
- ② The Company has transferred legal ownership of the commodity to the customer, i.e., the customer has legal ownership of the commodity.
- ③ The Company has transferred physical possession of the merchandise to the customer, i.e., the customer has taken physical possession of the merchandise.
- ④ The Company has transferred to the customer the principal risks and rewards of ownership of the merchandise, i.e., the customer has acquired the principal risks and rewards of ownership of the merchandise.
- ⑤ The customer has accepted the merchandise.
- ⑥ Other indications that the customer has acquired control of the merchandise.

(3) Specific methods of revenue recognition

The company's product sales are mainly divided into domestic sales and export sales.

Domestic sales means that the company sends the goods according to the production of the customer, and recognizes the revenue when the customer obtains the control of the relevant goods. Including: for domestic customers using the supplier platform system, the company shall confirm the revenue according to the system; for domestic customers not using the supplier platform system, the company shall confirm the revenue after the delivered products are received and confirmed by the customer.

Export sales refers to the transfer of relevant risks and remuneration according to the order and the confirmation of income after the goods are shipped and the export declaration formalities.

20. Government grants

Government grants refer to the company's free acquisition of monetary assets or non-monetary assets from the government. The government grants can be confirmed only if it satisfies the following conditions at the same time:

- (1)The company can meet the conditions attached to government grants;
- (2)The company can receive government grants.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair

value cannot be reliably determined, it is measured at a nominal amount.

Government grants include government grant related to an asset and government grant related to income.

The government grants obtained by the company to purchase or construct or otherwise form a long-term asset is classified as a government grant related to the asset. Government grants related to assets are written off against the carrying amount of the related assets or recognized as deferred income, and are charged to profit or loss on a reasonable and systematic basis over the useful life of the relevant assets. Government grants measured at nominal amounts are directly charged to profit or loss for the current period. If the relevant assets are sold, transferred, scrapped or damaged before the end of their useful lives, the undistributed balance of related deferred income will be transferred to the profit or loss of the asset disposal in the current period.

Government grants other than government grants related to assets are classified as government grant related to income. For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized. If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the period.

Accounting treatment will be conducted for government subsidies that at the same time include those associated with assets and income by different parts: if it is difficult to distinguish, they will be deemed as government subsidies associated with income.

If the government grant is related to the daily business, it is recognized as other income or offset related cost expenses; otherwise, it is recognized as no business income.

The company relocated due to public interests such as the overall planning of the town, the construction of the reservoir area, the renovation of the shanty town, and the treatment of the subsidence area. The company received the relocation compensation paid directly by the government from the financial budget and treated it as a special payable. Among them, belonging to the loss of fixed assets and intangible assets incurred during the relocation and reconstruction of the enterprise, related cost expenses, losses due to work stoppages, and the proposed new assets after relocation, shall be transferred from deferred payables to deferred income, and The nature is calculated based on the government grants related to the assets and the government grants related to the income. If there is any balance after the relocation compensation obtained after deducting the deferred income, the capital reserve shall be recognized.

Where the company obtains interest discounts on preferential policy loans, it shall distinguish between two situations in which the government allocates the interest-bearing funds to the lending bank and the finance directly allocates the interest-subsidy funds to the enterprise:

(1) When the finance allocates the interest-subsidy funds to the lending bank and the lending bank provides loans to the enterprise at the policy preferential interest rate, the enterprise may choose one of the following

methods for accounting treatment: 1) The borrowing amount actually received is used as the entry value of the loan. According to the loan principal and the policy preferential interest rate, the relevant borrowing costs are calculated. 2) The fair value of the borrowing is taken as the recorded value of the borrowing and the borrowing cost is calculated according to the actual interest rate method. The difference between the actual amount received and the fair value of the borrowing is recognized as deferred income. Deferred income is amortized over the life of the borrowing using the effective interest method to offset the related borrowing costs. After an enterprise has selected one of the above two methods, it shall apply it consistently and shall not arbitrarily change it.

(2) If the government directly distributes the interest-subsidy funds to the company, the corresponding discount will offset the relevant borrowing costs.

If a government subsidy that has been confirmed by the company needs to be returned, it shall be accounted for according to the following provisions in the case of sub-conditions that need to be returned.:

(1) When the initial recognition is used to offset the book value of the relevant assets, the book value of assets shall be adjusted.;

(2) If there is related deferred income, the book balance of related deferred income is written off, and the excess part is included in the current profit or loss.;

(3) In other cases, directly included in the current profit and loss.

21. Deferred tax asset and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognized for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognized for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognized for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

Deferred tax assets are only recognized for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognized for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is

probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilized, the corresponding deferred tax assets are recognized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

22. Leases

(1) Lessees

When the Company is a lessee, right-of-use assets and lease liabilities are recognized for leases at the commencement date of the lease term, except for short-term leases and leases of low-value assets for which simplified treatment is elected.

After the commencement date of the lease term, the Company adopts the cost model for the subsequent measurement of the right-of-use asset. Right-of-use assets are depreciated with reference to the depreciation provisions of "ASBE No. 4 - Fixed Assets". If the lessee can be reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, depreciation should be provided over the remaining useful life of the leased asset. If it is not reasonably certain that ownership of the leased asset can be obtained at the end of the lease term, depreciation should be provided over the shorter of the lease term and the remaining useful life of the leased asset. The Company determines whether a right-of-use asset is impaired and accounts for the identified impairment loss in accordance with the provisions of "ASBE No. 8 - Impairment of Assets".

The Company calculates interest expense on lease liabilities at a fixed periodic rate for each period of the lease term and recognizes it in profit or loss for the current period. If it should be charged to the cost of the relevant assets in accordance with other standards such as "ASBE No. 17 - Borrowing Costs", the provisions shall apply.

For short-term leases and leases of low-value assets, the Company has chosen not to recognize right-of-use assets and lease liabilities, and the lease payments for short-term leases and leases of low-value assets are charged to the cost of the related assets or to current profit or loss on a straight-line basis over each period of the lease term.

(2) Lessors

1) Finance leases

The Company, as the lessor, recognizes finance lease receivables for finance leases at the commencement date of the lease term and derecognizes the finance lease assets, and calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate.

2) Operating leases

The Company, as the lessor, recognizes lease receipts from operating leases as rental income using the straight-line method over each period of the lease term. Initial direct costs incurred in connection with operating leases are capitalized, apportioned over the lease term on the same basis as rental income is recognized, and recognized in profit or loss in the current period in installments.

For fixed assets under operating leases, the Company should depreciate them using the depreciation policy for similar assets; for other operating lease assets, they should be amortized using a systematic and reasonable method in accordance with the enterprise accounting standards applicable to such assets. The Company determines whether an operating lease asset is impaired in accordance with the provisions of "ASBE No. 8 - Impairment of Assets" and accounts for it accordingly.

V. MAJOR CATEGORIES OF TAXES AND TAX RATES

Category of tax	Base of tax computation	Tax rate
Value-added Tax	Value-added tax is computed on the difference after deduction of input value-added tax	13%;16%
Real estate tax	30% off from the original value based on price model	1.2%
Urban maintenance and construction tax	Turnover tax payable	7%
Educational surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Enterprise income tax	Taxable income amount	8.84%;15%;16.5%;21%;25%

1. For enterprise income tax, subsidiary in Hong Kong is subject to the rate of 16.5% and those in USA is applied to federal rate of 21% and California state rate of 8.84% (the minimum tax amount is \$800.00).

2. Tax incentives

(1) Income tax

The Group is qualified as high and new technology enterprise and the applicable tax rate would be 15% from 2020 to 2022 in which relevant assets are recovered or relevant liabilities are settled according to taxation law of People's Republic of China.

(2) Value added tax

During the reporting period, the export products enjoy value added tax refund preference policy. The export product value added tax refund rate is 13%.

(3) Pre tax deduction of R & D expenses

During the reporting period, the company enjoys 100% plus deduction for R & D expenses in 2022.

VI. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

1. Changes of accounting policies

There is no change to the accounting policies for the ended 31 December 2022.

2. Changes in accounting estimates

There is no change to the accounting estimate for the ended 31 December 2022.

3. Corrections of prior period errors

There is no prior period error found for the ended 31 December 2022.

VII. NOTES TO IMPORTANT ITEMS IN FINANCIAL STATEMENTS

Note: Opening balance refers to 1 January 2022; Closing balance refers to 31 December 2022; Prior period refers to 1 January to 31 December 2021; Current period refers to 1 January to 31 December 2022.

1. Cash and cash equivalents

Item	Closing balance	Opening balance
Cash on hand	249,073.12	207,642.42
Cash at bank	579,543,395.30	639,124,508.76
Other cash balances	4,504,537.99	10,078,868.05
<u>Total</u>	<u>584,297,006.41</u>	<u>649,411,019.23</u>

1) As at 31 December 2022, the restricted other cash and cash equivalent is as follow:

Item	Closing balance	Opening balance
Bill deposit	4,504,537.99	10,078,868.05
Fixed time deposit		
<u>Total</u>	<u>4,504,537.99</u>	<u>10,078,868.05</u>

2) As at 31 December 2022, the amounts in overseas accounts are RMB 13,403,828.56.

2. Notes receivable

Category	Closing balance	Opening balance

	Carrying amount	Bad debt provision	Book value	Carrying amount	Bad debt provision	Book value
Bank acceptance bills	4,424,888.48		4,424,888.48			
<u>Total</u>	<u>4,424,888.48</u>		<u>4,424,888.48</u>			

3. Accounts receivable

Categories	Closing balance					Book value	
	Carrying amount		Bad debt provision		Amount		
	Amount	Proportion (%)	Amount	Proportion (%)			
Receivables with provision for bad debts by portfolio	<u>263,423,467.74</u>	<u>100.00</u>	<u>4,306,676.05</u>	<u>1.63</u>	<u>259,116,791.69</u>		
Including: expected credit loss portfolio	263,423,467.74	100.00	4,306,676.05	1.63	259,116,791.69		
<u>Total</u>	<u>263,423,467.74</u>	<u>100.00</u>	<u>4,306,676.05</u>			<u>259,116,791.69</u>	

Continued:

Categories	Opening balance					Book value	
	Carrying amount		Bad debt provision		Amount		
	Amount	Proportion (%)	Amount	Proportion (%)			
Receivables with provision for bad debts by portfolio	<u>326,046,539.02</u>	<u>100</u>	<u>1,507,622.07</u>	<u>0.46</u>	<u>324,538,916.95</u>		
Including: expected credit loss portfolio	326,046,539.02	100	1,507,622.07	0.46	324,538,916.95		
<u>Total</u>	<u>326,046,539.02</u>	<u>100</u>	<u>1,507,622.07</u>			<u>324,538,916.95</u>	

1) Disclosures based on aging:

Aging	Closing balance		Opening balance
	Amount	Amount	
Within 75 days (inclusive)		247,321,874.51	316,234,702.51
Over 75 days but within 1 year (inclusive)		15,330,100.02	9,022,492.98
Over 1 year but within 2 years (inclusive)			
Over 2 years but within 3 years (inclusive)			59,634.56
Over 3 years but within 4 years (inclusive)		771,493.21	729,708.97
<u>Total</u>		<u>263,423,467.74</u>	<u>326,046,539.02</u>

2) In portfolio, allowance for doubtful accounts based on portfolio of credit risk is as follows:

Categories	Closing Balance		
	Accounts Receivables	Allowance for doubtful accounts	Expected credit loss rate for the whole duration (%)
Not Overdue	246,387,769.26	2,463,877.74	1.00
Overdue within 30 days(inclusive)	11,245,769.01	562,288.45	5.00
Overdue within 31 to 90 days(inclusive)	4,946,706.03	494,670.60	10.00
Overdue within 91 to 365 days(inclusive)	71,730.23	14,346.05	20.00
Overdue within 1 to 2 years(including 2)			50.00
Overdue more than 2 years	771,493.21	771,493.21	100.00
<u>Total</u>	<u>263,423,467.74</u>	<u>4,306,676.05</u>	

Continued:

Categories	Opening Balance		
	Accounts Receivables	Allowance for doubtful accounts	Expected credit loss rate for the whole duration (%)
Not Overdue	314,234,761.71		
Overdue within 30 days(inclusive)	7,799,183.48	389,959.18	5.00
Overdue within 31 to 90 days(inclusive)	3,216,589.93	321,658.99	10.00
Overdue within 91 to 365 days(inclusive)			20.00
Overdue within 1 to 2 years(including 2)			50.00
Overdue more than 2 years	796,003.90	796,003.90	100.00
<u>Total</u>	<u>326,046,539.02</u>	<u>1,507,622.07</u>	

3) Top five accounts receivable at the end of the year

Companies names	Relationship		Amount	Bad debt provision	Aging
	p with the Group	Nature			
A client	Third party	Sales of goods	106,086,099.12	1,060,860.99	Within 75 days (inclusive)

Companies names	Relationship with the Group		Nature	Amount	Bad debt provision	Aging
Nantong Tongfu Microelectronicsn Co.,Ltd	Third party	Sales of goods	21,324,054.34	213,240.54	Within 75 days (inclusive)	
JCET Group Co., Ltd.	Third party	Sales of goods	20,452,394.50	204,523.95	Within 75 days (inclusive)	
Forehope Electronic (Ningbo) Co.,Ltd.	Third party	Sales of goods	18,311,993.61	404,823.93	Within 75 days (inclusive)\ Over 75 days but within 1 year (inclusive)	
Siliconware Technology(Suzhou) Limited	Third party	Sales of goods	16,578,777.06	176,896.87	Within 75 days (inclusive)\ Over 75 days but within 1 year (inclusive)	
Total			<u>182,753,318.63</u>	<u>2,060,346.28</u>		

4. Prepayments

1) Presented by aging

Aging	Closing balance	Proportion (%)	Bad debt provision	Opening balance	Proportion (%)	Bad debt provision
Within 1 year (inclusive)	7,719,944.77	96.07		14,563,830.82	98.50	169,000.00
Over 1 year but within 2 years (inclusive)	273,245.10	3.40		212,480.55	1.44	
Over 2 years but within 3 years (inclusive)	42,920.00	0.53				
Over 3 years				8,606.00	0.06	
Total	<u>8,036,109.87</u>	<u>100.00</u>		<u>14,784,917.37</u>	<u>100.00</u>	<u>169,000.00</u>

2) Top five prepayments at the end of the period

Companies names	Relationship with the Group	Amount	Proportion (%)	Nature of money
Ajinomoto Fine-Techno Co.,Inc.	Third party	2,201,206.46	27.39	Prepayments for Material
Nantong Shibei Integrated Circuit Co., Ltd	Third party	1,266,356.35	15.76	Prepayments for other
KOREA VAC—TEC CO., LTD.	Third party	901,839.12	11.22	Prepayments for Material
ASM Assembly System Co.,Ltd.	Third party	674,894.30	8.40	Prepayments for other
SENJU METAL (SHANGHAI)CO.,LTD.	Third party	589,754.60	7.34	Prepayments for Material
Total		<u>5,634,050.83</u>	<u>70.11</u>	

5. Other receivables

Item	Closing balance	Opening balance
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Item	Closing balance	Opening balance
Other receivables	9,611,206.98	9,650,405.09
<u>Total</u>	<u>9,611,206.98</u>	<u>9,650,405.09</u>

(1) Other receivables

1) Disclosure of other receivables by categories

Categories	Closing balance			
	Carrying amount	Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and assessed				
individually for impairment				
Combination provision of accounts				
receivables in need of bad debt provision				
Including: expected credit loss portfolio	10,203,068.97	100.00	591,861.99	5.80
Total combination	<u>10,203,068.97</u>	<u>100.00</u>	<u>591,861.99</u>	5.80
Individually insignificant but assessed				
individually for impairment				
<u>Total</u>	<u>10,203,068.97</u>	<u>100.00</u>	<u>591,861.99</u>	5.80

Continued:

Categories	Opening balance			
	Carrying amount	Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and assessed				
individually for impairment				
Combination provision of accounts				
receivables in need of bad debt provision				
Including: expected credit loss portfolio	9,929,221.51	100.00	278,816.42	2.81
Total combination	<u>9,929,221.51</u>	<u>100.00</u>	<u>278,816.42</u>	<u>2.81</u>
Individually insignificant but assessed				
individually for impairment				
<u>Total</u>	<u>9,929,221.51</u>	<u>100.00</u>	<u>278,816.42</u>	<u>2.81</u>

2) The aging analysis of other receivables is as follows

Item	Closing balance		
	Amount	Bad debt provision	Proportion (%)
Security Deposit	8,179,115.52		
Others	2,023,953.45	591,861.99	6.90
<u>Total</u>	<u>10,203,068.97</u>	<u>591,861.99</u>	<u>6.90</u>

3) Five largest balances of other receivables at the end of the year

Companies name	Nature of money	Amount	Aging	Proportion (%)	Bad debt provision
Nantong Gangzha District Finance Bureau	Deposit	3,640,000.00	Within 1 year (inclusive)	35.68	182,000.00
Nantong Construction Engineering Management Office	Deposit	2,915,934.00	Within 1 year (inclusive)	28.58	145,796.70
Customs deposit	Deposit	764,942.44	Within 1 year (inclusive)	7.50	
ShenZhen headwater Environmental Protection Technology Co., Ltd.	Others	788,193.40	Within 1 year (inclusive), Over 1 year but within 2 years (inclusive)	7.73	111,506.53
Nantong Dazhong Gas Co.,Ltd.	Deposit	500,000.00	Within 1 year (inclusive)	4.90	
<u>Total</u>		<u>8,609,069.84</u>		<u>84.39</u>	<u>439,303.23</u>

6. Inventories

1) Categories of inventories

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount
Raw materials	50,297,503.04	1,965,751.28	48,331,751.76	32,957,278.33	1,938,643.47	31,018,634.86
Work-in-progress	94,328,790.84	4,132,322.94	90,196,467.90	105,787,746.23	1,524,463.00	104,263,283.23
Finished goods	39,048,896.07	1,526,449.68	37,522,446.39	14,207,852.62	414,516.76	13,793,335.86
Low value consumables	3,379,813.68		3,379,813.68	4,170,353.29		4,170,353.29
Merchandise shipped	10,518,734.19		10,518,734.19	28,005,016.05		28,005,016.05
<u>Total</u>	<u>197,573,737.82</u>	<u>7,624,523.90</u>	<u>189,949,213.92</u>	<u>185,128,246.52</u>	<u>3,877,623.23</u>	<u>181,250,623.29</u>

2) Provision for decline in value of inventories

Item	Opening balance	Increase in the current period	Decrease in the current period			Closing carrying amount
			Reversals	Written-off	Total	
Raw materials	1,938,643.47	79,764.72	52,656.91			1,965,751.28
Work-in-progress	1,524,463.00	2,964,421.09	356,561.15			4,132,322.94
Finished goods	414,516.76	1,526,449.68	414,516.76			1,526,449.68
<u>Total</u>	<u>3,877,623.23</u>	<u>4,570,635.49</u>	<u>823,734.82</u>			<u>7,624,523.90</u>

7. Other current assets

Item	Closing balance	Opening balance
Prepaid VAT	38,505,205.37	7,838,934.20
<u>Total</u>	<u>38,505,205.37</u>	<u>7,838,934.20</u>

8. Long-term receivables

Item	Closing balance	Opening balance
Financial Leasing deposits	1,108,736.56	9,164,114.05
<u>Total</u>	<u>1,108,736.56</u>	<u>9,164,114.05</u>

9. Other equity instrument Investment

Item	Closing balance	Opening balance
semiconductor consortium with innovation and synergy in Nantong	146,859.29	400,000.00
<u>Total</u>	<u>146,859.29</u>	<u>400,000.00</u>

10. Investment properties

Item	Plant and buildings	Total
I. Original book value		
1. Opening balance		
2. Additions		
(1) Purchase		
(2) fixed assets transferred by construction in progress	3,306,589.91	<u>3,306,589.91</u>
(3) Other addition		
3. Reductions		

Item	Plant and buildings	Total
(1) Disposals		
(2) Other reduction		
4.Closing balance	3,306,589.91	<u>3,306,589.91</u>
II. Accumulated depreciation		
1.Opening balance		
2.Additions	1,264,065.30	<u>1,264,065.30</u>
(1) Provisions	1,264,065.30	<u>1,264,065.30</u>
3.Reductions		
(1) Disposals		
(2) Other reduction		
4.Closing balance	1,264,065.30	<u>1,264,065.30</u>
III. Allowance for impairment loss		
1.Opening balance		
2.Additions		
(1) Provisions		
3.Reductions		
(1) Disposals		
(2) Other reduction		
4.Closing balance		
IV. Net book value		
1.Closing net book value	<u>2,042,524.61</u>	<u>2,042,524.61</u>
2.Opening net book value		

11. Fixed assets

Item	Closing balance	Opening balance			
Fixed assets	1,937,504,328.94	1,092,589,716.54			
<u>Total</u>	<u>1,937,504,328.94</u>	<u>1,092,589,716.54</u>			
1) Presented by category					
Item	Plant and buildings	Machines	Motor vehicles	Delivery equipment and Other equipment	Total
I. Original book value					

Item	Plant and buildings	Machines	Motor vehicles	Delivery equipment and Other equipment	Total
1.Opening balance	694,673,250.23	936,921,073.91	1,957,676.70	25,297,678.37	<u>1,658,849,679.21</u>
2.Additions	<u>471,541,944.46</u>	<u>669,697,996.79</u>	<u>660,179.50</u>	<u>57,018,807.50</u>	<u>1,198,918,928.25</u>
(1) Purchase	13,424,535.30	306,470,782.51	352,902.66	7,032,431.99	<u>327,280,652.46</u>
(2) fixed assets transferred by construction in progress	458,117,409.16	363,227,214.28	307,276.84	49,983,894.72	<u>871,635,795.00</u>
(3) Exchange rate impact				2,480.79	<u>2,480.79</u>
3.Reductions	<u>3,306,589.91</u>	<u>27,979,340.80</u>		<u>871,415.21</u>	<u>32,157,345.92</u>
(1) Disposals		27,979,340.80		871,415.21	<u>28,850,756.01</u>
(2) Other reduction	3,306,589.91				<u>3,306,589.91</u>
4.Closing balance	1,162,908,604.78	1,578,639,729.90	2,617,856.20	81,445,070.66	<u>2,825,611,261.54</u>
II. Accumulated depreciation					
1.Opening balance	143,133,162.91	395,494,944.13	1,141,978.36	17,666,935.67	<u>557,437,021.07</u>
2.Additions	<u>28,527,010.45</u>	<u>311,469,364.88</u>	<u>334,270.89</u>	<u>2,099,615.37</u>	<u>342,430,261.59</u>
(1) Provisions	28,527,010.45	311,469,364.88	334,270.89	2,098,132.27	<u>342,428,778.49</u>
(2) Exchange rate impact				1,483.10	<u>1,483.10</u>
3.Reductions	<u>1,019,407.50</u>	<u>20,321,759.98</u>		<u>707,683.82</u>	<u>22,048,851.30</u>
(1) Disposals		20,321,759.98		707,683.82	<u>21,029,443.80</u>
(2) Other reduction	1,019,407.50				<u>1,019,407.50</u>
4.Closing balance	170,640,765.86	686,642,549.03	1,476,249.25	19,058,867.22	<u>877,818,431.36</u>
III. Allowance for impairment loss					
1.Opening balance		4,360,582.21		4,462,359.39	<u>8,822,941.60</u>
2.Additions		<u>6,114,622.93</u>			<u>6,114,622.93</u>
(1) Provisions		6,114,622.93			<u>6,114,622.93</u>
3.Reductions		<u>191,088.76</u>		<u>4,457,974.53</u>	<u>4,649,063.29</u>
(1) Disposals		191,088.76		4,457,974.53	<u>4,649,063.29</u>
4.Closing balance		10,284,116.38		4,384.86	<u>10,288,501.24</u>
IV. Net book value					
1.Closing net book value	<u>992,267,838.92</u>	<u>881,713,064.49</u>	<u>1,141,606.95</u>	<u>62,381,818.58</u>	<u>1,937,504,328.94</u>

Item	Plant and buildings	Machines	Motor vehicles	Delivery equipment and Other equipment	Total
2.Opening net book value	<u>551,540,087.32</u>	<u>537,065,547.57</u>	<u>815,698.34</u>	<u>3,168,383.31</u>	<u>1,092,589,716.54</u>

2) Temporary idle fixed assets

Type	Original book value	Accumulated depreciation	Allowance for impairment loss	Net book value	remarks
Machines	26,299,362.99	14,381,747.60	10,284,116.38	1,633,499.01	
delivery equipment and other equipment	10,256.42	5,871.56	4,384.86		
<u>Total</u>	<u>26,309,619.41</u>	<u>14,387,619.16</u>	<u>10,288,501.24</u>	<u>1,633,499.01</u>	

12. Construction in progress

Item	Closing balance			Opening balance		
	Book value	Impairment provision	Carrying Amount	Book value	Impairment provision	Carrying amount
Nantong workshop	49,313,343.15		49,313,343.15	25,007,927.35		25,007,927.35
Nantong equipment	188,066,530.12		188,066,530.12	203,810,988.50		203,810,988.50
Zhuhai project				703,127.61		703,127.61
Zhuhai equipment	15,343,012.82		15,343,012.82	93,375,145.50		93,375,145.50
Yuexin workshop	3,051,062.33		3,051,062.33	8,540,341.22		8,540,341.22
Yuexin equipment	446,385,182.22		446,385,182.22	2,486,000.00		2,486,000.00
Yuexin software	12,151,008.05		12,151,008.05			
<u>Total</u>	<u>714,310,138.69</u>		<u>714,310,138.69</u>	<u>333,923,530.18</u>		<u>333,923,530.18</u>

13. Right-of-use Asset

Item	Closing balance	Opening balance
Right-of-use Asset	47,457,151.10	108,646,831.99
<u>Total</u>	<u>47,457,151.10</u>	<u>108,646,831.99</u>

1) Presented by category

Item	Plant and buildings	Machines	Motor vehicles	Delivery equipment and Other equipment	Total
<u>I. Original book value</u>					
1.Opening balance		322,742,153.42			<u>322,742,153.42</u>

Item	Plant and buildings	Machines	Motor vehicles	Delivery equipment and Other equipment	Total
2.Additions	<u>9,924,367.73</u>	<u>16,999,399.51</u>			<u>26,923,767.24</u>
(1) Purchase	9,924,367.73	16,999,399.51			<u>26,923,767.24</u>
(2) fixed assets transferred by construction in progress					
(3) Increase in business combinations					
3.Reductions		<u>290,467,855.68</u>			<u>290,467,855.68</u>
(1) Disposals					
(2) Other reduction		290,467,855.68			<u>290,467,855.68</u>
4.Closing balance	9,924,367.73	49,273,697.25			<u>59,198,064.98</u>
II. Accumulated depreciation					
1.Opening balance		211,277,093.16			<u>211,277,093.16</u>
2.Additions	<u>6,679,226.68</u>	<u>2,650,743.32</u>			<u>9,329,970.00</u>
(1) Provisions	6,679,226.68	2,650,743.32			<u>9,329,970.00</u>
3.Reductions		<u>208,866,149.28</u>			<u>208,866,149.28</u>
(1) Disposals					
(2) Other reduction		208,866,149.28			<u>208,866,149.28</u>
4.Closing balance	6,679,226.68	5,061,687.20			<u>11,740,913.88</u>
III. Allowance for impairment loss					
1.Opening balance		2,818,228.27			<u>2,818,228.27</u>
2.Additions					
(1) Provisions					
3.Reductions		<u>2,818,228.27</u>			<u>2,818,228.27</u>
(1) Disposals					
(2) Other reduction		2,818,228.27			<u>2,818,228.27</u>
4.Closing balance					
IV. Net book value					
1.Closing net book value	<u>3,245,141.05</u>	<u>44,212,010.05</u>			<u>47,457,151.10</u>
2.Opening net book value		<u>108,646,831.99</u>			<u>108,646,831.99</u>

14. Intangible assets

Item	Software	Land use rights	Patent	Chartered right	Total
I. Original book value					
1. Opening balance	21,350,560.60	37,418,284.38	95,043,899.36	2,913,962.27	<u>156,726,706.61</u>
2. Additions	3,148,788.76	28,066,424.56			<u>31,215,213.32</u>
(1) Purchase	3,142,452.20	28,066,424.56			<u>31,208,876.76</u>
(2) Intangible assets transferred by construction in progress					
(3) Exchange rate impact	6,336.56				<u>6,336.56</u>
3. Reductions					
(1) Others					
4. Closing balance	24,499,349.36	65,484,708.94	95,043,899.36	2,913,962.27	<u>187,941,919.93</u>
II. Accumulated amortization					
1. Opening balance	7,453,788.54	2,494,552.40	68,453,345.88	607,075.50	<u>79,008,762.32</u>
2. Additions	3,822,982.01	1,310,631.32	6,789,077.55	218,547.14	<u>12,141,238.02</u>
(1) Provisions	3,817,785.25	1,310,631.32	6,789,077.55	218,547.14	<u>12,136,041.26</u>
(2) Exchange rate impact	5,196.76				<u>5,196.76</u>
3. Reductions					
(1) Disposals					
4. Closing balance	11,276,770.55	3,805,183.72	75,242,423.43	825,622.64	<u>91,150,000.34</u>
III. Allowance for impairment loss					
1. Opening balance					
2. Additions					
(1) Provisions					
3. Reductions					
(1) Disposals					
4. Closing balance					
IV. Net book value					
1. Closing net book value	<u>13,222,578.81</u>	<u>61,679,525.22</u>	<u>19,801,475.93</u>	<u>2,088,339.63</u>	<u>96,791,919.59</u>
2. Opening net book value	<u>13,896,772.06</u>	<u>34,923,731.98</u>	<u>26,590,553.48</u>	<u>2,306,886.77</u>	<u>77,717,944.29</u>

15. Long-term prepaid expenses

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Wastewater station works		24,505,535.06	367,538.02	24,137,997.04
<u>Total</u>		<u>24,505,535.06</u>	<u>367,538.02</u>	<u>24,137,997.04</u>

16. Deferred tax assets

Item	Closing balance		Opening balance	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
I. Impairment provision	<u>2,796,812.48</u>	<u>16,606,432.79</u>	<u>2,157,513.83</u>	<u>14,250,488.64</u>
Bad debt	898,275.76	4,898,538.04	313,256.31	1,955,438.50
Inventory impairment	1,286,031.09	7,624,523.90	581,643.48	3,877,623.23
Impairment of fixed assets	612,505.63	4,083,370.85	1,262,614.04	8,417,426.91
II. Deductible losses	71,365,594.19	286,766,508.47	59,213,058.05	239,263,375.59
III. Deferred income	16,460,118.03	78,839,370.21	16,866,831.47	82,441,366.52
IV. estimated liabilities	1,735,505.62	11,570,037.43		
IV. Intragroup transactions	3,215,264.28	21,435,095.20	3,473,977.49	20,032,290.28
<u>Total</u>	<u>95,573,294.60</u>	<u>415,217,444.10</u>	<u>81,711,380.84</u>	<u>355,987,521.03</u>

17. Other non-current assets

Item	Closing balance	Opening balance
Payment for equipment	6,263,878.26	81,255,145.52
Payment for engineering	2,678,495.95	74,235,503.25
Payment for land		27,094,565.00
Input tax to be deducted / certified	44,037,663.80	
<u>Total</u>	<u>52,980,038.01</u>	<u>182,585,213.77</u>

18. Short-term borrowings

Item	Closing balance	Opening balance
Credit loan	81,697,879.34	92,966,801.71
Guaranteed loan	33,033,000.00	
Interests payable	58,666.67	70,935.69

Item	Closing balance	Opening balance
Total	<u>114,789,546.01</u>	<u>93,037,737.40</u>

19. Notes payable

Item	Closing balance	Opening balance
Bank acceptance bills	12,140,175.47	30,748,257.03
<u>Total</u>	<u>12,140,175.47</u>	<u>30,748,257.03</u>

20. Accounts payable

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	141,859,921.75	188,214,844.37
Over 1 year	3,466,715.74	596,836.43
<u>Total</u>	<u>145,326,637.49</u>	<u>188,811,680.80</u>

21. Contract liability

Item	Closing balance	Opening balance
Sales of goods	66,727,296.35	163,327,544.60
<u>Total</u>	<u>66,727,296.35</u>	<u>163,327,544.60</u>

22. Employee benefits payable

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Short-term compensation	52,776,624.01	242,135,060.96	261,392,932.77	33,518,752.20
Post-employment Benefits		14,550,366.17	14,550,366.17	
Termination Benefit		161,944.32	161,944.32	
<u>Total</u>	<u>52,776,624.01</u>	<u>256,847,371.45</u>	<u>276,105,243.26</u>	<u>33,518,752.20</u>

(1)Short-term compensation

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	52,776,624.01	207,969,963.10	227,420,072.13	33,326,514.98

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
II. Employee benefits	24,193,083.56		24,193,083.56	
III. Social security contributions	<u>5,180,305.08</u>		<u>5,180,305.08</u>	
Including: 1. Medical insurance	4,906,235.05		4,906,235.05	
2. Occupational insurance	274,070.03		274,070.03	
IV. Housing funds	4,599,472.00		4,599,472.00	
V. Labor union fee and workers' education funds	192,237.22			192,237.22
<u>Total</u>	<u>52,776,624.01</u>	<u>242,135,060.96</u>	<u>261,392,932.77</u>	<u>33,518,752.20</u>

(2)Post-employment Benefits—defined contribution plan liabilities

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Pension insurance	14,242,366.74		14,242,366.74	
II. Unemployment insurance	307,999.43		307,999.43	
<u>Total</u>	<u>14,550,366.17</u>		<u>14,550,366.17</u>	

(3)Termination Benefit

Item	Current payment amount	Unpaid amount payable at the end of the period
I. Termination Benefit	161,944.32	
<u>Total</u>	<u>161,944.32</u>	

23. Taxes payable

Item	Closing balance	Opening balance
Enterprise income tax	10,281,101.26	500,990.63
Value added tax	117,586.80	6,715,810.54
Property tax	9,086,385.80	780,394.75
Disability insurance fund	834,369.71	600,000.00
City maintenance and construction tax	465,873.39	117,586.59
Individual income tax	332,766.73	357,850.45
Education surcharges	627,218.90	456,521.95

Item	Closing balance	Opening balance
Land use tax	221,260.86	4,224,100.72
Stamp duty	800,000.00	272,088.29
Environmental protection tax	13,435.51	12,550.42
<u>Total</u>	<u>22,779,998.96</u>	<u>14,037,894.34</u>

24. Other payables

Item	Closing balance	Opening balance
Other payables	483,449,186.71	105,054,360.06
<u>Total</u>	<u>483,449,186.71</u>	<u>105,054,360.06</u>

(1) Other payables

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	469,941,865.04	96,398,444.59
Over 1 year	13,507,321.67	8,655,915.47
<u>Total</u>	<u>483,449,186.71</u>	<u>105,054,360.06</u>

25. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term loans due within one year	134,856,833.10	36,000,000.00
Long-term payables due within one year	23,646,130.65	37,441,328.20
Long-term Interests payable due within one year	33,919.68	779,345.89
<u>Total</u>	<u>158,536,883.43</u>	<u>74,220,674.09</u>

26. Other current liabilities

Item	Closing balance	Opening balance
Output tax to be transferred	8,285,577.80	20,937,269.34
<u>Total</u>	<u>8,285,577.80</u>	<u>20,937,269.34</u>

27. Long-term borrowings

Item	Closing balance	Opening balance
Mortgage loan	263,515,452.72	450,498,047.87
Guaranteed loan	12,000,000.00	

Item	Closing balance	Opening balance
<u>Total</u>	<u>275,515,452.72</u>	<u>450,498,047.87</u>

28. Lease liabilities

Item	Closing balance	Opening balance
<u>Total</u>	<u>34,059,419.15</u>	<u>41,896,314.19</u>
Lease liabilities	46,178,411.45	50,377,643.32
Less: Unrecognized financing charges	12,118,992.30	8,481,329.13
<u>Total</u>	<u>34,059,419.15</u>	<u>41,896,314.19</u>

29. Estimated Liabilities

Item	Closing balance	Opening balance
<u>Total</u>	<u>11,570,037.43</u>	
Replenishment costs	11,570,037.43	

30. Deferred income

Items	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount	Formation cause
Deferred income from government grant	82,441,366.52	10,575,201.00	14,177,197.31	78,839,370.21	Government grant
<u>Total</u>	<u>82,441,366.52</u>	<u>10,575,201.00</u>	<u>14,177,197.31</u>	<u>78,839,370.21</u>	

31. Deferred Tax Liability

Item	Closing balance			Opening balance
	Taxable Differences	Temporary tax Liabilities	Deferred income	Taxable Differences
	Differences	tax Liabilities	Deferred income	Differences
Accelerated depreciation	506,822,253.51	109,128,166.88	342,515,637.98	68,059,911.40
<u>Total</u>	<u>506,822,253.51</u>	<u>109,128,166.88</u>	<u>342,515,637.98</u>	<u>68,059,911.40</u>

32. Share capital

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
- Shares held by stated-owned companies	288,416,502.00	286,994,867.00	275,621,784.00	299,789,585.00
- Shares held by domestic shareholders	192,344,343.00	48,100,839.00	4,742,842.00	235,702,340.00
- Shares held by Overseas	318,270,844.00	37,910,276.00		356,181,120.00

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Corporation				
<u>Total</u>	<u>799,031,689.00</u>	<u>373,005,982.00</u>	<u>280,364,626.00</u>	<u>891,673,045.00</u>

33. Capital reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Share premium	635,542,753.77	307,377,179.98		942,919,933.75
Other capital reserves		-3,616,081.39		-3,616,081.39
<u>Total</u>	<u>635,542,753.77</u>	<u>303,761,098.59</u>		<u>939,303,852.36</u>

34. Other comprehensive income

Accrued during the year						
Item	Opening balance	Increase in the current period	Decrease in the current period	Income tax expense	Net-of-tax amount attributable to shareholders of the Company	Closing balance
Under the equity						
method, the share of other comprehensive income not reclassified into gains or losses		-253,140.71			-253,140.71	-253,140.71
Translation differences of foreign currency financial statements	58,831.22	822,585.55			822,585.55	881,416.77
<u>Total</u>	<u>58,831.22</u>	<u>569,444.84</u>			<u>569,444.84</u>	<u>628,276.06</u>

35. Surplus reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Surplus reserve	9,653,847.48	63,402,145.56		73,055,993.04

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
<u>Total</u>	<u>9,653,847.48</u>	<u>63,402,145.56</u>		<u>73,055,993.04</u>

36. Retained earnings

Item	Amount in current period		Amount in prior period
	period	period	period
Retained profits at the end of last term		243,909,744.67	-4,056,889.40
Total adjusted Retained profits at the end of last term			
Opening balance		243,909,744.67	-4,056,889.40
Add: Net profits for the year attributable to shareholders of the Company		426,158,144.77	151,036,370.81
Changes of accounting policy			
Decrease in the current year		<u>63,402,145.56</u>	
Including: Transfer to surplus reserve		63,402,145.56	
Closing balance		606,665,743.88	146,979,481.41

37. Operating income and operating costs

Item	Amount in current period		Amount in prior period	
	Operating income	Operating costs	Operating income	Operating costs
Principal operation	1,631,921,762.89	982,185,088.26	1,404,841,899.36	913,925,881.30
Other business	43,084,798.24	38,029,285.87	40,773,541.81	34,824,751.00
<u>Total</u>	<u>1,675,006,561.13</u>	<u>1,020,214,374.13</u>	<u>1,445,615,441.17</u>	<u>948,750,632.30</u>

38. Business taxes and levies

Item	Amount in current period	Amount in prior period
Property tax	6,278,962.43	5,172,884.73
City maintenance and construction fee	5,779,439.98	4,548,537.84
Educational surcharge	4,128,171.43	3,364,903.95
Stamp duty	1,360,893.60	1,386,415.90
Land use right tax	588,837.43	492,914.12
Disability Allowance	431,363.83	
Others	128,279.85	239,934.74
<u>Total</u>	<u>18,695,948.55</u>	<u>15,205,591.28</u>

39. Selling expenses

Items	Amount in current period	Amount in prior period
Replenishment costs	11,628,537.43	
Labor cost	4,339,378.76	5,380,779.65
Entertainment expenses	1,028,237.23	680,316.37
Travel expenses	355,276.63	141,390.28
Rental expenses	171,689.57	156,695.94
Publicity expenses	171,427.00	
Office expenses	167,603.48	137,889.82
Other expenses	42,897.43	165,832.56
Depreciation	28,995.09	23,451.48
<u>Total</u>	<u>17,934,042.62</u>	<u>6,686,356.10</u>

40. Administrative expenses

Item	Amount in current period	Amount in prior period
Labor costs	23,097,051.40	25,764,577.61
Technology transfer fee and royalty fees	5,201,751.17	3,573,462.14
Depreciation and Amortizations	3,734,251.32	2,507,444.27
Intermediary service fee	3,041,881.56	3,352,385.33
Office expenses	2,003,595.26	1,964,419.18
Business reception fee	1,292,267.22	1,531,164.72
Expenses on board meetings	425,580.53	397,662.02
Maintenance expenses	164,442.75	41,645,039.13
Other expenses	2,023,862.95	2,388,974.30
<u>Total</u>	<u>40,984,684.16</u>	<u>83,125,128.70</u>

41. Research and development expenses

Item	Amount in current period	Amount in prior period
Materials	45,523,221.12	43,313,806.23
Staff wages	14,778,630.01	13,014,639.98
Depreciation and amortization	5,629,107.58	4,289,978.35
Other expenses	659,273.44	478,605.54
<u>Total</u>	<u>66,590,232.15</u>	<u>61,097,030.10</u>

42. Financial expenses

Item	Amount in current period	Amount in prior period
Interest expenses	33,428,229.25	38,054,865.71
Less: interest income	16,207,421.15	2,869,973.38
Net exchange income	6,390,348.15	-1,422,693.84
Other financial expenses	1,276,394.96	2,563,599.81
<u>Total</u>	<u>24,887,551.21</u>	<u>36,325,798.30</u>

43. Other Income

Item	Amount in current period	Amount in prior period
Government subsidies	21,820,817.38	8,921,622.10
<u>Total</u>	<u>21,820,817.38</u>	<u>8,921,622.10</u>

44. Investment income

Item	Amount in current period	Amount in prior period
Interest income of financial products	54,089.56	54,089.56
<u>Total</u>	<u>54,089.56</u>	<u>54,089.56</u>

45. Loss on impairment of assets

Item	Amount in current period	Amount in prior period
Bad debt loss	-3,072,479.49	236,843.35
Inventories impairment	-3,746,900.67	262,440.13
Fixed assets impairment		-26,263,189.28
<u>Total</u>	<u>-6,819,380.16</u>	<u>-25,763,905.80</u>

46. Profit on disposal of assets

Item	Amount in current period	Amount in prior period
Loss on disposal of fixed assets(Losses are indicated by "-")	74,710.65	-208,767.13
<u>Total</u>	<u>74,710.65</u>	<u>-208,767.13</u>

47. Non-operating income

Item	Amount in current period	Amount in prior period	Amount recognized in extraordinary gain and loss in 2022.1-9
Others	1,697,017.68	1,086,780.09	1,697,017.68
Total	<u>1,697,017.68</u>	<u>1,086,780.09</u>	<u>1,536,113.74</u>

48. Non-operating expenses

Item	Amount in current period	Amount in prior period	Amount recognized in extraordinary gain and loss in 2022.1-12
Losses on damage or abandonment of non-current assets	996,809.28	5,471,828.63	996,809.28
Donation	140,073.30	30,235.00	140,073.30
Others	479,033.78	790,033.96	479,033.78
Total	<u>1,615,916.36</u>	<u>6,292,097.59</u>	<u>1,615,916.36</u>

49. Income tax expenses

Item	Amount in current period	Amount in prior period
Current income tax	47,465,489.27	4,224,100.72
Deferred income tax charge	27,233,343.46	20,031,890.83
Total	<u>74,698,832.73</u>	<u>24,255,991.55</u>

Reconciliation of income tax expenses to profit before tax is as follows:

Item	Amount in current period
Profit before tax	500,856,977.50
Tax at the statutory tax rate	75,128,546.63
Effect of different tax rates applicable to certain subsidiaries	11,471,599.53
Adjustments in respect of current tax of previous periods	
Income not subject to tax	
Expenses not deductible for tax	-131,795.68
Tax losses utilized from previous periods	
Effect of unrecognized deductible temporary differences and deductible tax losses	
Additional deduction for research and development expenses	-11,769,517.74
Tax charge at the Group's effective tax rate	<u>74,698,832.73</u>

50. Supplementary information to statement of cash flow

Reconciliation of net profits to cash flows from operating activities

Item	Amount in current period	Amount in prior period
I. Reconciliation of net profits to cash flows from operating activities:		
Net profit for the period	426,158,144.77	247,966,634.07
Add: Provision for impairment losses of assets	6,819,380.16	25,763,905.80
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of bearer biological assets	134,828,177.61	128,061,587.22
Amortization of the use right assets	9,329,970.00	1,479,976.44
Amortization of intangible assets	12,141,238.02	9,609,726.90
Amortization of long-term prepaid expense	367,538.02	
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by "-")	683,249.07	5,680,595.76
Losses on discarding fixed assets (gains are indicated by "-")		
Losses on changes in fair value (gains are indicated by "-")		
Financial expenses (gains are indicated by "-")	43,449,419.19	36,632,171.87
Investment losses (gains are indicated by "-")		-54,089.56
Decrease in deferred tax assets(increase are indicated by "-")	-13,861,913.76	-33,666,197.68
Increase in deferred tax liabilities(decrease are indicated by "-")	41,068,255.48	53,927,502.78
Decrease in inventories(increase are indicated by "-")	-12,445,491.30	-51,951,199.50
Decrease of operating receivables (increase are indicated by "-")	-34,707,959.82	-84,596,046.71
Increase of operating payables (decrease are indicated by "-")	-2,715,484.82	357,152,477.14
Others		
Net amount of cash flow arising from operating activities	<u>611,114,522.62</u>	<u>696,007,044.53</u>
II. Investing and financing activities not involving cash receipts and payments		
Debt for capital		
Convertible bonds due within one year		
Fixed assets rented under finance leases		
III. Net increase of cash and cash equivalents		

Item	Amount in current period	Amount in prior period
Closing balance of cash	579,792,468.42	639,332,151.18
Less: Opening balance of cash	639,332,151.18	64,131,022.95
Add: Closing balance of cash equivalents		
Add: Opening balance of cash equivalents		
Net increase of cash and cash equivalents	<u>-59,539,682.76</u>	<u>575,201,128.23</u>

1) Information of cash and cash equivalents

Item	Amount in current period	Amount in prior period
I.Cash	<u>579,792,468.42</u>	<u>639,332,151.18</u>
Inc: 1.Cash on hand	249,073.12	207,642.42
2.Bank deposits available for payment at any time	579,543,395.30	639,124,508.76

VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Criteria for related party:

A party that controls, jointly controls the other party or exerts a significant influence on the other party, and if two or more parties are controlled, jointly controlled or have a significant influence, constitute a related party.

2. Information on the parent company of the Company

The largest shareholder of the Company is AMITEC Company, which holds 39.9453% of the company as of the audit report date.

AMITEC Corporation is a holding subsidiary of the Israeli-listed company, Priortech Corporation. Israeli Mr.Yotam Stern and Mr.Rafi Amit are the actual controllers of the AMITEC Corporation. The group shares held by AMITEC Company are foreign shares in nature.

3. Details of the Company's subsidiaries

Interests in subsidiaries

Name	Principle place of business	Place of registration	Nature of business	Shareholding ratio (%)		Vote ratio (%)	Acquisition method
				Direct	Indirect		

Name	Principle place of business	Place of registration	Nature of business	Shareholding		Acquisition method
				ratio (%)	Direct	
Hong Kong Advanced Chip Carriers & Electronic Substrate Co., Ltd (Hong Kong Access)	Hong Kong	Hong Kong	Selling of package substrate	100	100	Direct investment
Nantong ACCESS semiconductor Co., Ltd	Nan Tong	Nan Tong	Production	100	100	Direct investment
Zhuhai YUEXIN Semiconductor Co., Ltd.	Zhu Hai	Zhu Hai	Production	100	100	Direct investment

4. Details of the Company's joint ventures or associates: Nil.

5. Information on other related parties

Name of the entities	Relationship with the Group
Zhuhai Founder Technology Multilayer Circuit Board Co., Ltd.	Founder Group's subsidiary
Zhuhai Founder Technology High Density Electronic Co.,Ltd.	Founder Group's subsidiary
Zhuhai Founder Printed Circuit Board Development Limited	Founder Group's subsidiary
Peking University Founder Group Corp.	Founder Group's subsidiary
CIMS Suzhou Co.,Ltd.	Founder Group's subsidiary
HONG KONG SMART INVESTMENT LIMITED	One of the Group's shareholders
Peking University Founder Information Industry Group Co.,Ltd.	Founder Group's subsidiary
Founder International Co.,Ltd.	Founder Group's subsidiary
CHEN CHUNLING	Chief Financial Officer and Secretary of the Board
Beijing EC-Founder Co.,Ltd.	Founder Group's subsidiary
Chongqing Founder Hi-Tech Electronic Inc.	Founder Group's subsidiary

6. Significant related party transactions

1) Selling Goods/Providing Services

Name of related parties	Type of related party transaction	Amount in current	Amount in prior
		period	period
Zhuhai Founder HDI PCB Co., Ltd.	Selling Goods	5,211,241.80	5,885,549.30
Zhuhai Founder HDI PCB Co., Ltd.	Providing Services	1,346,890.73	984,125.46
Zhuhai Founder Technology multilayer PCB Co., Ltd.	Selling Goods	76,495.82	

Name of related parties	Type of related party	Amount in current	Amount in prior
	transaction	period	period
Chongqing Founder Gaomi Electronics Co., Ltd.	Selling Goods	24,542.00	

2) Purchase of goods/ services

Name of related parties	Type of related party	Amount in current	Amount in prior
	transaction	period	period
Zhuhai Founder HDI PCB Co., Ltd.	Purchase of service	4,005,065.83	4,242,418.83
Zhuhai Founder PCB Development Co., Ltd.	Purchase of service	9,427,724.65	8,825,501.44
Kangdai image technology (Suzhou) Co., Ltd	Purchase of goods	35,340.00	475,232.84
Zhuhai Founder HDI PCB Co., Ltd.	Purchase of goods	6,296,508.63	7,513,291.32
Kangdai image technology (Suzhou) Co., Ltd	Purchase of service	206,250.00	
Kangdai image technology (Suzhou) Co., Ltd	Purchase of equipment		1,944,000.00
Beijing Founder Digital Co., Ltd.	Purchase of service	10,054,286.06	
China Ping An Property & Casualty Insurance Company Limited Nantong Center Sub-Branch	Purchase of service	12,281.48	

3) Leases

(a)The Group as a Lessor:

Name of lessors	Name of lessees	Type of leased assets	Starting date	Maturity date	Pricing basis of leasing payment	Leasing payment recognized in current period
ACCESS	Zhuhai Founder HDI PCB Co., Ltd.	High-low distribution equipment & DI water system	1/1/2022	31/12/2022	Agreed price	264,594.72

Total

264,594.72

(b)The Group as a lessee:

Name of lessors	Name of lessees	Type of leased assets	Starting date	Maturity date	Pricing basis of leasing	Leasing payment recognized in current period
Zhuhai Founder Technology multilayer PCB Co., Ltd.		ACCESS	Plant	1/11/2021	31/10/2023	Agreed price
<u>Total</u>						<u>4,028,476.24</u>

7. Significant amounts due from and to related parties

1) Amounts due from related parties

Item	Related parties	Closing balance		Opening balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Other receivables	Zhuhai Founder HDI PCB Co., Ltd.	177,176.32	8,858.82	193,968.90	38,793.78
Accounts receivable	Zhuhai Founder HDI PCB Co., Ltd.	997,868.06	9,978.68	101,420.92	
Prepayments	Zhuhai Founder Technology multilayer PCB Co., Ltd.			253,657.14	
Prepayments	Zhuhai Founder HDI PCB Co., Ltd.			587,915.08	
Prepayments	Zhuhai Founder PCB Development Co., Ltd.			540,477.33	
Monetary Funds	Ping An Bank Co., Ltd.	103,881,828.92			

2) Amounts due to related parties

Item	Related parties	Closing balance	Opening balance
Accounts Payable	Zhuhai Founder HDI PCB Co., Ltd.	279,307.47	882,129.56
Accounts Payable	Suzhou Kangdai Intelligent Technology Co., Ltd	151,275.66	15,187.20
Accounts Payable	Zhuhai Founder Technology Multilayer Circuit Board Co., Ltd.	181,100.00	
Accounts Payable	Zhuhai Founder Technology Multilayer Circuit Board Co., Ltd.	163,617.09	
Accounts Payable	China Ping An Property Insurance Company Limited Nantong Center Sub-Branch	3,949.04	
Other payables	Suzhou Kangdai Intelligent Technology Co., Ltd	52,140.02	1,337,124.02
Other Payables	Beijing Founder Digital Co., Ltd.	4,472,581.05	

Item	Related parties	Closing balance	Opening balance
Non-current Liabilities due within One Year	Zhuhai Founder Technology Multilayer Circuit Board Co., Ltd.	3,245,141.04	

IX. COMMITMENTS AND CONTINGENCIES

1. Major commitments

As at the balance sheet date, the Group has no major commitments that need to be disclosed.

2. Contingencies

As at the balance sheet date, the Group has no major contingencies that need to be disclosed.

X. EVENTS AFTER THE BALANCE SHEET DATE

As at the balance sheet date, the Group has no major commitments that need to be disclosed.

XI. OTHER SIGNIFICANT EVENTS

1. Debt restructuring

As at the balance sheet date, the Group has no debt restructuring that need to be disclosed.

2. Exchange of non-monetary assets

As at the balance sheet date, the Group has no non-monetary assets exchanges that need to be disclosed.

XII. NOTES TO SIGNIFICANT ITEMS IN THE COMPANY'S FINANCIAL STATEMENT

1. Accounts receivable

Categories	Closing balance			
	Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Combination provision of accounts receivables	<u>195,853,184.67</u>	100.00	<u>2,624,636.68</u>	<u>1.34</u>
Combination 1. Expected credit loss	150,543,366.77	76.87	2,624,636.68	1.74
Combination 2 .Related party	45,309,817.90	23.13		
<u>Total combination</u>	<u>195,853,184.67</u>	<u>100.00</u>	<u>2,624,636.68</u>	<u>1.34</u>
<u>Total</u>	<u>195,853,184.67</u>	<u>100.00</u>	<u>2,624,636.68</u>	<u>1.34</u>

Continued:

Categories	Opening balance			
	Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Combination provision of accounts receivables	346,267,790.26	100.00	1,018,339.56	0.29
Combination 1. Expected credit loss	315,093,719.17	91.00	1,018,339.56	0.32
Combination 2 .Related party	31,174,071.09	9.00		
<u>Total combination</u>	<u>346,267,790.26</u>	<u>100.00</u>	<u>1,018,339.56</u>	<u>0.32</u>
<u>Total</u>	<u>346,267,790.26</u>	<u>100.00</u>	<u>1,018,339.56</u>	<u>0.32</u>

1) The aging analysis of accounts receivable is as follows:

Aging	Closing balance		Opening balance
	Amount	Amount	Amount
Within 75 days (inclusive)		181,007,253.12	336,912,695.35
Over 75 days but within 1 year (inclusive)		14,506,054.05	9,022,492.98
Over 1 years but within 2 years (inclusive)			
Over 2 years but within 3 years (inclusive)			
Over 3 years but within 4 years (inclusive)		339,877.50	332,601.93
<u>Total</u>		<u>195,853,184.67</u>	<u>346,267,790.26</u>

2) In portfolio, Receivables with provision for bad debts at expected credit loss rate

Overdue days	Closing balance		
	Amount	Bad debt provision	Proportion (%)
Not overdue	181,798,407.23	1,364,885.89	1
Less than 30 days overdue ((inclusive))	9,032,334.14	451,616.71	5
Less than 31-90 days overdue (inclusive)	4,682,565.80	468,256.58	10
Less than 91-365 days overdue (inclusive)			20
1-2 years overdue (inclusive)			50
More than 2 years overdue	339,877.50	339,877.50	100
<u>Total</u>	<u>195,853,184.67</u>	<u>2,624,636.68</u>	

Continued:

Overdue days	Opening balance

	Amount	Bad debt provision	Proportion (%)
Not overdue	304,389,501.77		
Less than 30 days overdue ((inclusive))	7,148,365.16	357,418.26	5
Less than 31-90 days overdue (inclusive)	3,216,589.93	321,658.99	10
Less than 91-365 days overdue (inclusive)			20
1-2 years overdue (inclusive)			50
More than 2 years overdue	339,262.31	339,262.31	100
Total	<u>315,093,719.17</u>	<u>1,018,339.56</u>	

3) Five largest accounts receivable by debtor at the end of the year

Name of the entities	Relationship with the Company	Nature	Amount	Bad debt provision	Aging
A client	Third party	Sales of goods	39,889,358.33	398,893.58	Within 75 days Within 75 days (inclusive))
JCET Group Co., Ltd.	Third party	Sales of goods	20,452,394.50	204,523.95	Over 75 days but within 1 year (inclusive)
Zhuhai YUEXIN Semiconductor Limited Liability Company	Related party	Sales of goods	19,074,166.81		Within 75 days (inclusive))
Forehope Electronic (Ningbo) Co.,Ltd.	Third party	Sales of goods	18,293,348.61	404,095.08	Within 75 days (inclusive)) Over 75 days but within 1 year (inclusive)
Siliconware Technology(Suzhou) Limited	Third party	Sales of goods	16,578,777.06	176,896.87	Within 75 days (inclusive)) Over 75 days but within 1 year (inclusive)
Total			<u>114,288,045.31</u>	<u>1,184,409.48</u>	

2. Other Receivables

Item	Closing balance	Opening balance
Other receivables	10,811,024.83	617,253.57
Total	<u>10,811,024.83</u>	<u>617,253.57</u>

2.1 Disclosure of other receivables by categories

Categories	Closing balance			
	Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and assessed individually for impairment				

Categories	Closing balance			
	Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Receivables with provision for bad debts at expected credit loss rate	965,369.72	8.83	123,682.10	12.81
Including: expected credit loss portfolio	965,369.72	8.83	123,682.10	12.81
Combination of related parties, deposits, margins and reserves within the scope of consolidation	9,969,337.21	91.17		
Total combination	<u>10,934,706.93</u>	<u>100.00</u>	<u>123,682.10</u>	
Individually insignificant but assessed individually for impairment				
<u>Total</u>	<u>10,934,706.93</u>	<u>100.00</u>	<u>123,682.10</u>	

Continued:

Categories	Opening balance			
	Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and assessed individually for impairment				
Receivables with provision for bad debts at expected credit loss rate	764,016.96	99.22	152,803.39	20.00
Including: expected credit loss portfolio	764,016.96	99.22	152,803.39	20.00
Combination of related parties, deposits, margins and reserves within the scope of consolidation	6,040.00	<u>0.78</u>		
Total combination	<u>770,056.96</u>	<u>100.00</u>	<u>152,803.39</u>	
Individually insignificant but assessed individually for impairment				
<u>Total</u>	<u>770,056.96</u>	<u>100.00</u>	<u>152,803.39</u>	

2.2 The aging analysis of other receivables is as follows

Item	Closing balance		
	Amount	Bad debt provision	Proportion (%)
Security Deposit	9,969,337.21		

Item	Closing balance		
	Amount	Bad debt provision	Proportion (%)
Others	965,369.72	123,682.10	12.81
Total	<u>10,934,706.93</u>	<u>123,682.10</u>	

2.3 Five largest balances of other receivables at the end of the year

Companies name	Nature of money	Amount	Aging	Proportion (%)	Bad debt provision
Nantong ACCESS semiconductor Co., Ltd	Others	9,291,702.93	Within 1 year (inclusive)	84.97	
Shenzhen hengtongyuan Environmental Protection Technology Co., Ltd	Others	788,193.40	Within 1 year (inclusive), Over 1 year but within 2 years (inclusive)	7.21	111,506.53
Zhuhai YUEXIN Semiconductor Co., Ltd.	Others	599,232.09	Within 1 year (inclusive)	5.48	
Zhuhai Founder HDI PCB Co., Ltd.	Others	177,176.32	Within 1 year (inclusive)	1.62	
ACCESS Substrates HK Limited	Others	72,362.19	Within 1 year (inclusive)	0.66	
Total		<u>10,928,666.93</u>		<u>99.94</u>	<u>111,506.53</u>

3. Long-term equity investments

Name of Companies	Opening accounts	Changes in the period	
		Increase	decrease
Hong Kong Access	12,961,310.35		
Nantong ACCESS semiconductor Co., Ltd	525,000,000.00	190,000,000.00	
Zhuhai YUEXIN Semiconductor Co., Ltd.	480,197,428.00	387,987,417.00	
Total	<u>1,018,158,738.35</u>	<u>577,987,417.00</u>	

Continued:

Equity gains and losses recognized under the equity method	Changes in the period		
	Other comprehensive income adjustment	Other changes	Cash bonus

Changes in the period			
Equity gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes	Cash bonus
<u>Total</u>			

Continued:

Changes in the period		Closing balance	Impairment provision
Impairment provision in the period	others		
		12,961,310.35	
		715,000,000.00	
		868,184,845.00	
<u>Total</u>		<u>1,596,146,155.35</u>	

4. Operating income and operating costs

Item	Amount in current period		Amount in current period	
	Operating income	Operating costs	Operating income	Operating costs
Principal operation	1,411,344,880.10	972,244,775.36	1,543,917,240.24	1,049,495,866.86
Other business	46,594,370.86	40,738,009.90	48,802,010.45	41,907,260.17
<u>Total</u>	<u>1,457,939,250.96</u>	<u>1,012,982,785.26</u>	<u>1,592,719,250.69</u>	<u>1,091,403,127.03</u>

Zhuhai ACCESS Semiconductor Co., Ltd

22 March 2023