

TSANN KUEN (CHINA) ENTERPRISE CO., LTD.

2023 ANNUAL REPORT

March 2024

Section I. Important Statements, Contents & Terms

The Board of Directors, the Supervisory Committee as well as all directors, supervisors and senior management staff of Tsann Kuen (China) Enterprise Co., Ltd. (hereinafter referred to as “the Company”) warrant that this Report is factual, accurate and complete without any false information, misleading statements or material omissions. And they shall be jointly and severally liable for that.

Cai Yuansong, company principal, and Wu Jianhua, head of the accounting work & the accounting division (head of accounting) jointly declare that the financial statements carried in this Report are factual, accurate and complete.

All directors attended the board meeting for reviewing this Report.

Any forward-looking statement such as those involving the future operational plans in this Report shall not be considered as virtual promises of the Company to investors. And investors are kindly reminded to pay attention to possible risks.

The Company’s profit distribution preplan upon review and approval of this board meeting: Based on the total 185,391,680 shares, a cash dividend of RMB2.5 (tax included) will be distributed for every 10 shares held by shareholders. No bonus shares will be granted and no capital reserve will be turned into share capital.

This Report is prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

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Documents Available for Reference

1. The financial statements signed and sealed by the company principal and the head of the accounting work & the accounting division (head of accounting) of the Company;
2. The original Auditor's Report sealed by the CPA firm, as well as signed and sealed by the CPAs; and
3. The originals of all the Company's documents and announcements which were disclosed on the website designated by the CSRC in the reporting period.

Terms

Term	Refers to	Content
Xiamen Tsann Kuen, MCKB, Company, the Company, TKC	Refers to	Tsann Kuen (China) Enterprise Co., Ltd.
Tsann Kuen Zhangzhou, TKL	Refers to	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.
Tsann Kuen Shanghai, TKS	Refers to	Tsann Kuen China (Shanghai) Enterprise Co., Ltd.
East Sino Development	Refers to	East Sino Development Limited
SCI	Refers to	Pt.Star Comgistic Indonesia
Orient Star Investments	Refers to	Orient Star Investments Limited
TKEI	Refers to	Tsannkuen Edge Intelligence Co., Ltd.
SCPDI	Refers to	Pt.Star Comgistic Property Development Indonesia
TKW	Refers to	Xiamen Tsannkuen Property Services Co., Ltd.
Yuan	Refers to	RMB Yuan

Section II. Company Profile & Financial Highlights

I. Basic information of the Company

Stock name	TKC-B	Stock code	200512
Stock exchange	Shenzhen Stock Exchange		
Company name in Chinese	厦门灿坤实业股份有限公司		
Abbr.	闽灿坤		
Company name in English	TSANN KUEN (CHINA) ENTERPRISE CO., LTD.		
Abbr.	TKC		
Legal representative	Cai Yuansong		
Registered address	No.88 Xinglong Road, Huli Industrial Park, Xiamen, Fujian Province, P.R. China		
Zip code	361006		
Office address	TSANN KUEN Industrial Park, Taiwanese Investment Zone, Zhangzhou, Fujian Province		
Zip code	363107		
Internet website	www.eupa.cn		
Email address	mm_sun@tkl.tsannkuen.com		

II. Contact us

	Board Secretary	Securities Representative
Name	Sun Meimei	Dong Yuanyuan
Contact address	TSANN KUEN Industrial Park, Taiwanese Investment Zone, Zhangzhou, Fujian Province	TSANN KUEN Industrial Park, Taiwanese Investment Zone, Zhangzhou, Fujian Province
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E-mail address	mm_sun@tkl.tsannkuen.com	yy_dong@tkl.tsannkuen.com

III. About information disclosure and where this Report is placed

Stock exchange website where this Report is disclosed	Shenzhen Stock Exchange http://www.szse.cn
Media and website where this Report is disclosed	Securities Times (domestic) www.cninfo.com.cn
Where this Report is placed	TSANN KUEN Industrial Park, Taiwanese Investment Zone, Zhangzhou, Fujian Province

IV. Changes in the registered information

Unified Social Credit Code	91350200612002170L
Changes of the main business since listing	No changes
Changes of the controlling shareholder	No changes

V. Other information

The CPAs firm hired by the Company:

Name	RSM China CPA LLP
Office address	901-22 to 901-26, Tower 1-Wai Jing Mao Building, 22 Fuchengmen Wai Street, Xicheng District, Beijing, China
Signing CPAs	Wu Xiaolei, Huang Huijun

Sponsor engaged by the Company to conduct sustained supervision during the reporting period

Applicable Inapplicable

Financial consultant engaged by the Company to conduct sustained supervision during the reporting period

Applicable Inapplicable

VI. Accounting and financial highlights

Does the Company adjust retrospectively or restate accounting data of previous years?

Yes No

Unit: RMB Yuan

	2023	2022	Increase/decrease of current year over last year (%)	2021
Operating revenue (RMB Yuan)	1,495,632,805.41	1,584,267,529.08	-5.59	2,347,280,300.56
Net profit attributable to shareholders of the Company (RMB Yuan)	87,937,274.85	94,283,302.93	-6.73	122,249,955.82
Net profit attributable to shareholders of the Company before extraordinary gains and losses (RMB Yuan)	64,205,388.70	73,172,417.28	-12.25	86,639,602.54
Net cash flows from operating activities (RMB Yuan)	123,045,935.61	164,775,609.26	-25.33	148,525,571.88
Basic EPS (RMB Yuan/share)	0.47	0.51	-7.84	0.66
Diluted EPS (RMB Yuan/share)	0.47	0.51	-7.84	0.66
Weighted average ROE (%)	8.35	9.46	-1.11	13.47
	As at 31 Dec. 2023	As at 31 Dec. 2022	Increase/decrease of current year-end than last year-end (%)	As at 31 Dec. 2021
Total assets (RMB Yuan)	2,590,275,267.50	2,607,540,908.00	-0.66	2,785,902,354.47
Net assets attributable to shareholders of the Company (RMB Yuan)	1,074,939,227.19	1,040,523,297.91	3.31	956,326,734.42

The lower of the company's net profit before and after extraordinary gains and losses in the last three fiscal years was negative, and the audit report of the last year shows that the company's ability to continue as a going concern is uncertain

Yes No

Whether the lower of the net profit attributable to shareholders of the Company before and after extraordinary gains and losses was negative

Yes No

Total shares of the Company as at closure of the last trading day before the disclosure of this Report:

Total shares of the Company as at closure of the last trading day before the disclosure of this Report (share)	185,391,680
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Fully diluted EPS based on the latest total shares:

Dividends paid to preference shareholders	0
Interest paid for perpetual bonds (RMB Yuan)	0
Fully diluted EPS based on the latest total shares (RMB Yuan/share)	0.47

VII. Differences between accounting data under domestic and overseas accounting standards

1. Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards

Applicable Inapplicable

2. Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards

Applicable Inapplicable

3. Explain reasons for the differences between accounting data under domestic and overseas accounting standards

Applicable Inapplicable

VIII. Financial highlights by quarter

Unit: RMB Yuan

	Q1	Q2	Q3	Q4
Operating revenue	311,772,497.46	313,637,991.69	482,567,767.10	387,654,549.16
Net profit attributable to shareholders of the Company	10,507,389.79	17,810,471.11	37,604,491.95	22,014,922.00
Net profit attributable to shareholders of the Company before extraordinary gains and losses	3,588,518.18	15,022,703.22	24,276,706.46	21,317,460.84
Net cash flows from operating activities	-56,101,692.30	26,354,194.90	41,671,282.27	111,122,150.74

Any material difference between the financial indicators above or their summations and those which have been disclosed in quarterly or semi-annual reports?

Yes No

IX. Extraordinary gains and losses

Applicable Inapplicable

Unit: RMB Yuan

Item	2023	2022	2021	Note
Gain/loss on the disposal of non-current assets (including the offset part of the asset impairment provisions)	12,195,899.75	730,715.85	2,101,750.59	
Government grants recognized in the current period, except for those acquired in the ordinary course of business or continually granted at certain quotas or amounts according to the government's policies and standards	3,727,263.16	7,993,459.91	4,786,030.51	
Gains and losses from changes in fair value of financial assets and liabilities held by non-financial corporations and gains and losses from the disposal of financial assets and liabilities, except for effective hedging operations related to the Company's normal business operations	18,116,561.09	24,698,675.41	48,392,884.92	Mainly gains on sale of investments in forward exchange contracts, gains on changes in fair value and gains on wealth management products
Capital occupation charges on non-financial enterprises that are recorded into current gains and losses				
Gain/loss on entrusting others with investments or asset management				
Gain/loss on entrustment loans				
Asset losses due to acts of God such as natural disasters				
Impairment provision reversal of accounts receivable on which the impairment test is carried out separately				
Gains due to that the investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair value of the identifiable net assets of the investees when making the investments				
Current net gains and losses of subsidiaries acquired in business combination under the same control from period-begin to combination date				
Gain/loss on non-monetary asset swap				

Item	2023	2022	2021	Note
Gain/loss on debt restructuring				
One-off costs incurred by the enterprise as a result of the relevant business activities no longer continuing, such as expenses for relocating employees				
One-time effect on profit or loss for the period due to adjustments in tax, accounting and other laws and regulations				
One-time recognition of share-based payment expense due to cancellation and modification of equity incentive plans				
For cash-settled share-based payments, gains and losses arising from changes in the fair value of employee compensation payable after the date on which the right is exercisable				
Gain/loss on change of the fair value of investing real estate of which the subsequent measurement is carried out adopting the fair value method				
Gains arising from transactions at significantly unfair prices				
Gains and losses arising from contingencies unrelated to the Company's normal business operations				
Custody fee income when entrusted with operation				
Non-operating income and expense other than the above	5,515,235.74	3,068,167.50	4,876,463.40	
Other gain and loss items that meet the definition of an extraordinary gain/loss	128,459.45	5,901.34		
Less: Income tax effects	6,566,012.29	6,436,822.09	10,199,627.23	
Minority interests effects (after tax)	9,385,520.75	8,949,212.27	14,347,148.91	
Total	23,731,886.15	21,110,885.65	35,610,353.28	

The Company had no other gain and loss items that meet the definition of an extraordinary gain/loss.

The Company did not classify as a recurrent gain/loss item any extraordinary gain/loss item mentioned in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Extraordinary Gains and Losses.

Section III. Management Discussion & Analysis

I. Overview of the industry in which the Company operates in the reporting period

In the context of high inflation, Fed rate hikes, geopolitical conflicts, and accelerated reshaping of the global supply chain, global economic growth slowed further in 2023, the risk of country-specific divergence continued to increase, and the performance of global trade was in the doldrums. The overseas market of Chinese home appliances suffered from multiple unfavorable factors such as inventory cycle, weakening price-pull effect, transfer of production capacity overseas, and fluctuations in currency exchange rates, which brought many uncertainties to the development of enterprises and slowed down the rapid development of the home appliance industry. The company adheres to the development strategy of "innovative design, specialized manufacturing, smart home appliances, international brand", focuses on the investment in professional design and specialized manufacturing. On the basis of expanding the global small home appliance market, the company increases the expansion of the domestic market in China, adheres to the close interaction and strategic cooperation with customers and innovative research and development, so that to enhance product value through innovation to meet customers' needs, create new market demand and face the industry competition.

II. Main business during the reporting period

Develop, produce and manufacture small home appliances of gourmet cooking, home helper, tea and coffee; design and manufacture molds related to the above products, sell the products at home and abroad, and provide after-sales service.

III. Core competitiveness analysis

No material change occurred to the core competitiveness of the Company during the reporting period.

The company has been adhering to the corporate culture of research and development, established a professional research and development technology service system, deepened the product platform of professional design on the basis of 45 years of small home appliance design and manufacturing, and created market value with the global brands and customers; adhere on close interaction and strategic cooperation

with customers and innovative research and development, so that to enhance the product value from innovation to meet customers' needs, create new market demand and face the industry competition. Launch the upgrading construction of Tsann Kuen Industrial Park, improve the supply chain strategic cooperation supporting ecosystem.

The company adheres to the two development routes of innovation research and development and technology application, the double cycle strategy of global market and Chinese domestic market. On the basis of expanding the global international market, the company increases the development of the domestic market in China.

The product focuses on the research and development direction of product function, smart home appliance and the application of scene IOT technology, providing high added value of solid function, intelligent operation, green energy saving. The company creates new market demand and faces the industry competition around the products of appearance level, quality and value.

In the reporting period, the Company obtained 19 patents in R&D, including 7 invention patents, 4 utility model patents and 8 design patents. The acquisition of patents will help improve the protection of the Company's intellectual property rights, give play to its competitive edge in independent property rights, keep a leading position in technology and increase its core competitiveness.

IV. Main business analysis

1. Overview

For the reporting period, the operating revenue of the Company amounted to RMB1,496 million, decreasing 5.59% from last year; the profit before tax of the Company amounted to RMB130 million, decreasing 6.85% from last year; the net profit attributable to shareholders of the Company amounted to RMB87.9373 million, decreasing 6.73% from last year; and the basic earnings per share of the Company is RMB0.47, RMB0.04 lower than that of last year.

The changes in the above indicators are mainly due to the decrease in revenue for the current period as compared to the same period of the previous year, which is mainly due to the further slowdown in the global economic growth, the impact of inventory cycle and currency exchange rate changes in the overseas market for home appliances, resulting in an overall reduction in market demand for orders. The company will

continue to interact closely with customers and through innovative research and development to expand the momentum of orders to enhance revenue and profitability.

2. Revenues and costs

(1) Breakdown of operating revenues

Unit: RMB Yuan

Item	2023		2022		+/-%
	Amount	In total operating revenues (%)	Amount	In total operating revenues (%)	
By segments					
Small home appliance manufacturing	1,416,916,663.23	94.74	1,500,156,144.12	94.69	-5.55
Other services	78,716,142.18	5.26	84,111,384.96	5.31	-6.41
Total	1,495,632,805.41	100.00	1,584,267,529.08	100.00	-5.59
By products					
Cooking utensils	876,649,556.62	58.61	944,835,478.47	59.64	-7.22
Everyday home appliances	423,317,994.57	28.30	366,208,675.06	23.12	15.59
Tea and coffee makers	107,759,750.66	7.21	169,414,501.98	10.69	-36.39
Other products	9,189,361.38	0.62	19,697,488.61	1.24	-53.35
Other services	78,716,142.18	5.26	84,111,384.96	5.31	-6.41
Total	1,495,632,805.41	100.00	1,584,267,529.08	100.00	-5.59
By areas					
America	644,953,338.13	43.12	622,677,921.09	39.30	3.58
Europe	433,422,726.13	28.98	419,003,051.04	26.45	3.44
Asia	377,290,956.01	25.22	470,653,480.27	29.71	-19.84
Africa	20,888,061.42	1.40	35,772,966.67	2.26	-41.61
Australia	19,077,723.72	1.28	36,160,110.01	2.28	-47.24
Total	1,495,632,805.41	100.00	1,584,267,529.08	100.00	-5.59

(2) Segments, products or areas contributing over 10% of operating revenues or profit

Applicable Inapplicable

Unit: RMB Yuan

Item	Operating revenue	Cost of sales	Gross profit margin (%)	Operating revenue: +/-% from last year	Cost of sales: +/-% from last year	Gross profit margin: +/-% from last year
By segments						
Small home	1,416,916,663.23	1,200,616,079.86	15.27	-5.55	-6.24	0.63

Item	Operating revenue	Cost of sales	Gross profit margin (%)	Operating revenue: +/-% from last year	Cost of sales: +/-% from last year	Gross profit margin: +/-% from last year
appliance manufacturing						
Other services	78,716,142.18	21,724,636.16	72.40	-6.41	-14.77	2.71
Total	1,495,632,805.41	1,222,340,716.02	18.27	-5.59	-6.41	0.71
By products						
Cooking utensils	876,649,556.62	740,036,637.13	15.58	-7.22	-8.50	1.18
Everyday home appliances	423,317,994.57	367,608,077.02	13.16	15.59	15.18	0.31
Tea and Coffee makers	107,759,750.66	87,621,207.90	18.69	-36.39	-37.64	1.62
Other products	9,189,361.38	5,350,157.81	41.78	-53.35	-55.89	3.35
Other services	78,716,142.18	21,724,636.16	72.40	-6.41	-14.77	2.71
Total	1,495,632,805.41	1,222,340,716.02	18.27	-5.59	-6.41	0.71
By areas						
America	644,953,338.13	551,073,582.25	14.56	3.58	2.55	0.86
Europe	433,422,726.13	362,539,500.90	16.35	3.44	3.61	-0.14
Asia	377,290,956.01	277,063,237.30	26.57	-19.84	-23.02	3.04
Africa	20,888,061.42	16,172,452.85	22.58	-41.61	-43.18	2.15
Australia	19,077,723.72	15,491,942.72	18.80	-47.24	-48.95	2.73
Total	1,495,632,805.41	1,222,340,716.02	18.27	-5.59	-6.41	0.71

In the event that the statistical caliber of the Company's main business data is adjusted during the reporting period, the Company's main business data for the latest 1 year is adjusted to the caliber at the end of the reporting period

Applicable Inapplicable

(3) Are the Company's goods selling revenue higher than the service revenue?

Yes No

Segment	Item	Unit	2023	2022	YoY +/-%
Small home appliance manufacturing	Sales volume	Unit	14,185,499	15,716,824	-9.74
	Output	Unit	14,076,108	15,977,286	-11.90
	Stockholding	Unit	820,854	930,245	-11.76

Reasons for any over-30% YoY movement of the data above:

Applicable Inapplicable

(4) Execution of signed significant sales contracts of the Company up to the reporting period

Applicable Inapplicable

(5) Breakdown of cost of sales

By segments and products

Unit: RMB Yuan

By segments	Item	2023		2022		YoY +/-%
		Amount	In total cost of sales (%)	Amount	In total cost of sales (%)	
Small home appliance manufacturing	Operating cost	1,200,616,079.86	98.22	1,280,524,186.68	98.05	-6.24
Other business	Other	21,724,636.16	1.78	25,490,844.72	1.95	-14.77
Total		1,222,340,716.02	100.00	1,306,015,031.40	100.00	-6.41
By products	Item	2023		2022		YoY +/-%
		Amount	In total cost of sales (%)	Amount	In total cost of sales (%)	
Cooking utensils	Operating cost	740,036,637.13	60.54	808,741,287.29	61.92	-8.50
Everyday home appliances	Operating cost	367,608,077.02	30.07	319,155,173.77	24.44	15.18
Tea and Coffee makers	Operating cost	87,621,207.90	7.17	140,499,683.64	10.76	-37.64
Other products	Operating cost	5,350,157.81	0.44	12,128,041.98	0.93	-55.89
Other business	Other	21,724,636.16	1.78	25,490,844.72	1.95	-14.77
Total		1,222,340,716.02	100.00	1,306,015,031.40	100.00	-6.41

(6) Whether there were changes of the consolidation scope during the reporting period Yes No

In June 2023, the Company cancelled its subsidiary, Tsannkuen Edge Intelligence Co., Ltd. (TKEI). From the date of completion of the cancellation, Tsannkuen Edge Intelligence Co., Ltd. (TKEI) will no longer be included in the scope of consolidated statements.

(7) List of the significant changes or adjustment of the industries, products or services of the Company during the reporting period Applicable Inapplicable**(8) List of the major trade debtors and major suppliers**

List of the major trade debtors of the Company

Total sales of the top 5 customers (RMB Yuan)	1,052,662,144.47
Ratio of the total sales of the top 5 customers to the annual total sales (%)	74.29
Ratio of the total sales of related parties among the top 5 customers to the annual total sales (%)	0.00

Information of the top 5 customers of the Company

Serial No.	Name of customer	Sales amount (RMB Yuan)	Proportion in annual total sales (%)
1	1	297,785,282.90	21.02
2	2	236,733,807.36	16.71
3	3	202,270,805.85	14.27
4	4	161,389,544.96	11.39
5	5	154,482,703.40	10.90
Total		1,052,662,144.47	74.29

Notes of the other situation of the major customers

 Applicable Inapplicable

List of the major suppliers of the Company

Total purchase from the top 5 suppliers (RMB Yuan)	210,163,666.96
Ratio of the total purchase from the top 5 suppliers to the annual total purchase (%)	21.93
Ratio of the total purchase from related parties among the top 5 suppliers to the annual total purchase (%)	2.90

Information of the top 5 suppliers of the Company

No.	Name of supplier	Purchase amount (RMB Yuan)	Ratio to the annual purchase amount (%)
1	1	110,765,902.71	11.56
2	2	27,803,373.75	2.90
3	3	27,186,282.60	2.84
4	4	24,159,603.60	2.52
5	5	20,248,504.30	2.11
Total		210,163,666.96	21.93

Notes of the other situation of the major suppliers

 Applicable Inapplicable**3. Expenses**

Unit: RMB Yuan

Item	2023	2022	YoY +/- (%)	Notes of the significant changes
Selling expenses	27,727,538.87	22,718,269.59	22.05	
Administrative expenses	71,563,168.70	71,930,327.01	-0.51	
Finance expenses	20,028,975.20	390,110.88	5,034.17	Mainly as a result of loss on foreign exchange in the period.
R&D expenses	61,202,300.78	61,922,089.98	-1.16	

4. R&D investment

Applicable Inapplicable

Major R&D project name	Purpose of the project	Progress of the project	Objectives to be achieved	Expected impact on the company's future development
Innovative research and development	Developing products in line with the smart home and low-carbon environmental protection, as well as the development of automatic coffee machines and clothing care products	Ongoing	Expand market share, improve company revenue and profit	Expand market share, improve company revenue and profit

R&D personnel of the Company

	2023	2022	+/- (%)
Number of the R&D personnel (person)	378	341	10.85
Ratio to the R&D personnel (%)	10.13	10.79	-0.66
Educational background of the R&D personnel			
Master or above	4	2	100.00
Undergraduate	85	69	23.19
College graduates and below	289	270	7.04
Age structure of the R&D personnel			
Below 30	141	114	23.68
30~40	115	105	9.52
Above 40	122	122	0.00

R&D investment of the Company

	2023	2022	+/- (%)
Investment amount of the R&D (RMB Yuan)	61,202,300.78	61,922,089.98	-1.16
Ratio of the R&D investment to the operating revenue (%)	4.09	3.91	0.18
Amount of the capitalized R&D investment (RMB Yuan)	0.00	0.00	0.00
Ratio of the capitalized R&D investment to the R&D investment	0.00	0.00	0.00

Reason for any significant change in the R&D personnel structure, as well as the impact:

Applicable Inapplicable

Reason of remarkable changes over the last year of the ratio of the total R&D investment amount to the operating revenue

Applicable Inapplicable

Explanation of the reasons for the significant change in the capitalization rate of R&D investment and its reasonableness

Applicable Inapplicable

5. Cash flow

Unit: RMB Yuan

Item	2023	2022	+/- (%)
Subtotal of cash inflows from operating activities	1,555,144,708.80	1,909,382,845.61	-18.55
Subtotal of Cash outflows for operating activities	1,432,098,773.19	1,744,607,236.35	-17.91
Net cash flows from operating activities	123,045,935.61	164,775,609.26	-25.33
Subtotal of cash inflows from investing activities	1,152,098,314.62	1,184,676,439.46	-2.75
Subtotal of cash outflows from investing activities	1,181,021,968.66	1,473,142,410.58	-19.83
Net cash flows from investing activities	-28,923,654.04	-288,465,971.12	89.97
Subtotal of cash inflows from financing activities	29,733,034.09	223,150,697.05	-86.68
Subtotal of cash outflows from financing activities	136,761,356.83	301,304,952.16	-54.61
Net cash flows from financing activities	-107,028,322.74	-78,154,255.11	-36.94
Net increase of cash and cash equivalents	-13,701,382.29	-195,339,519.76	92.99

Notes of the major effects on the YoY significant changes occurred of the data above

 Applicable Inapplicable

Net cash flows from investing activities: mainly due to the decrease in the purchase of financial products during the period.

Net cash flows from financing activities: mainly due to the increase in dividend distribution during the period.

Reason for any big difference between the net operating cash flow and the net profit for the reporting period

 Applicable Inapplicable**V. Analysis of the non-core business** Applicable Inapplicable

Unit: RMB Yuan

	Amount	Ratio to the total profits amount (%)	Notes of the causes	Recurring or not
Investment income	34,242,870.37	26.43	Income from settled forward forex contracts and financial products, as well as accrued interest on term deposits	Not
Gain from changes in fair value	-1,484,755.55	-1.15	Mainly due to losses on the evaluation of forward foreign exchange and financial products.	Not
Loss on credit impairment	-2,010,093.67	-1.55	Withdrawal of impairment allowances for accounts receivable	Not
Loss on asset impairment	-7,001,664.06	-5.40	Increase in inventory valuation allowances and fixed asset impairment allowances	Not
Gain on disposal of assets	12,237,257.34	9.44	Mainly due to the reduction in the carrying value of right-of-use assets due to the reduction in the scope of leases as a result of changes in leases in accordance with	Not

	Amount	Ratio to the total profits amount (%)	Notes of the causes	Recurring or not
			ASBE No. 21 - Leases, the recognition of gains related to partial termination in profit or loss of RMB9.61 million and gains on disposal of property, plant and equipment in the current period.	
Non-operating income	6,015,235.74	4.64	Mainly due to the transfer of no-transaction customer advance receipts clearance, order cancellation customer compensation income, and the receipt of Tang Hai case settlement money by the subsidiary Tsann Kuen Shanghai(TKS)	Not
Non-operating expenses	541,357.59	0.42	Mainly due to the donation	Not

VI. Assets and liabilities

1. Significant changes in asset composition

Unit: RMB Yuan

Item	31 December 2022		1 January 2022		Change in percentage (%)	Reason for any significant change
	Amount	As a percentage of total assets (%)	Amount	As a percentage of total assets (%)		
Cash and cash equivalents	567,162,576.77	21.90	576,867,829.77	22.12	-0.22	
Accounts receivable	196,956,220.12	7.60	95,950,882.88	3.68	3.92	Mainly due to the increase in accounts receivable as a result of the increase in revenue in the fourth quarter of the current period as compared to the same period last year
Contract assets						
Other receivables	23,318,410.66	0.90	15,425,312.61	0.59	0.31	Mainly due to an increase in export tax refunds receivable
Inventories	192,409,333.82	7.43	180,065,428.49	6.91	0.52	
Debenture investment	100,076,779.20	3.86	0.00	0.00	3.86	Mainly due to the purchase of three-year fixed deposits in the current period, which was not the case in the same period last year
Investment properties	18,464,309.18	0.71	19,148,198.30	0.73	-0.02	
Long-term equity						

Item	31 December 2022		1 January 2022		Change in percentage (%)	Reason for any significant change
	Amount	As a percentage of total assets (%)	Amount	As a percentage of total assets (%)		
investments						
Fixed assets	157,096,267.26	6.06	147,946,111.81	5.67	0.39	
Construction in progress	1,773,322.12	0.07	2,656,954.05	0.10	-0.03	Mainly due to the acceptance and completion of machinery and equipment contracted out during the period
Use rights assets	368,563,991.68	14.23	525,637,136.84	20.16	-5.93	
Deferred tax assets	8,384,808.67	0.32	13,678,256.72	0.52	-0.20	Mainly attributable to the net presentation of deferred tax assets and deferred tax liabilities recognised in accordance with Accounting Standard for Business Enterprises Interpretation No. 16
Other non-current assets	136,429.00	0.01	813,512.56	0.03	-0.02	Mainly due to the prepayment of equipment at the beginning of the period, which was accepted and completed during the period
Short-term borrowings	0.00	0.00	0.00	0.00	0.00	
Notes payable	9,137,361.03	0.35	2,630,056.46	0.10	0.25	Mainly due to the increase in purchases in the fourth quarter of the current period compared to the same period last year and the increase in the issuance of bankers' acceptances
Receipts in advance	2,624,268.27	0.10	7,880,418.84	0.30	-0.20	Mainly caused by the reduction of advance received in this period
Contract liabilities	16,485,904.83	0.64	21,522,608.04	0.83	-0.19	
Taxes payable	58,404,241.58	2.25	39,426,557.19	1.51	0.74	Mainly due to the transfer of five-year deferred income tax from the deferred income tax liabilities account for the policy demolition and relocation of Tsann Kuen Shanghai Phase II
Non-current liabilities due within one year	883,368.79	0.03	9,494,026.90	0.36	-0.33	Mainly as a result of the decrease in the one-year lease liability recognized in the current period
Long-term borrowings						

Item	31 December 2022		1 January 2022		Change in percentage (%)	Reason for any significant change
	Amount	As a percentage of total assets (%)	Amount	As a percentage of total assets (%)		
Lease liabilities	392,170,104.23	15.14	534,850,528.45	20.51	-5.37	
Projected liabilities	0.00	0.00	480,930.00	0.02	-0.02	Mainly due to the decrease in pending litigation during the period
Deferred tax liabilities	0.00	0.00	24,232,846.42	0.93	-0.93	Mainly due to the presentation of deferred tax assets and deferred tax liabilities recognized by it on a net basis in accordance with ASBE Interpretation No. 16 in the current period

Overseas assets account for a higher percentage:

Applicable Inapplicable

Unit: RMB Yuan

Asset	Nature	Value	Location	Operation status	Measures taken to protect asset safety	Earnings	In the Company's net assets (%)	Any major impairment risk or not
SCI	Investment	175,119,545.24	Indonesia	Small home appliance manufacturing	Periodic review	-8,123,532.60	16.29	Provision for impairment of long term equity investment has been made for a significant amount of loss in FY2023.
Other information	1) East Sino established an impairment allowance of HKD40,250,855 for the long-term equity investment in SCI in 2023. 2) TKL established impairment allowances of RMB36,476,129.82 in total for the long-term equity investments in East Sino in 2023. The impairment allowances above had no impact on the consolidated profit/loss of the Company.							

2. Assets and liabilities measured at fair value

Applicable Inapplicable

Unit: RMB Yuan

Item	Opening balance	Profit/loss on fair value changes in this reporting period	Cumulative fair value changes charged to equity	Impairment provided in this reporting period	Purchased in this reporting period	Sold in this reporting period	Other changes	Closing balance
Financial assets								
1. Held-for-trading financial assets (excluding derivative financial assets)	568,354,888.89	-778,655.55			517,000,000.00	615,000,000.00		469,576,233.34
2. Derivative financial assets	1,138,900.00	-706,100.00						432,800.00
3. Other debt investments								
4. Other equity instrument investments	40,000.00							40,000.00
5. Other non-current financial assets								
Subtotal of financial assets	569,533,788.89	-1,484,755.55			517,000,000.00	615,000,000.00		470,049,033.34
Investment properties								
Productive biological assets								
Others								
Total of the above	569,533,788.89	-1,484,755.55			517,000,000.00	615,000,000.00		470,049,033.34
Financial liabilities								

Any significant changes in the major assets' measurement attributes of the Company in the Reporting Period?

Yes No

3. Restricted asset rights as of the end of the reporting period

Among other monetary funds, RMB5,352,305.24 is the letter of credit deposit. Other than the mentioned restricted funds, the Company does not have other funds with restrictions or potential recovery risks due to mortgage, pledge, or freezing in the currency funds at the end of the period.

VII. Investments made

1. Total investments made

Applicable Inapplicable

2. Significant equity investments made in this reporting period

Applicable Inapplicable

3. Significant non-equity investments ongoing in this reporting period

Applicable Inapplicable

4. Financial investments

(1) Securities investments

Applicable Inapplicable

(2) Investment in derivative financial instruments

Applicable Inapplicable

1) Investments in derivatives for hedging purposes during the reporting period

Applicable Inapplicable

Unit: RMB'0,000

Types of Derivatives Investments	Initial investment amount	Amount at begin of period	Gains or losses on changes in fair value during the period	Accumulated fair value changes included in equity	Amount acquired during the reporting period	Amount sold during the reporting period	Amount at end of period	Investment amount as a percentage of the company's net assets at the end of the reporting period (%)
Forward foreign exchange	46,316.63	6,361.56	-70.61	0.00	39,955.07	39,194.04	7,122.59	6.63
Total	46,316.63	6,361.56	-70.61	0.00	39,955.07	39,194.04	7,122.59	6.63
A description of the accounting policies and specific principles of accounting for hedging operations during the reporting period, and whether there have been any significant changes from the previous reporting period	N/A							
Actual profit or loss for the reporting period	The loss on the delivered portion of the investment derivatives for the reporting period was RMB1,038.9 thousand and the assessed loss on the undelivered portion was RMB706.1 thousand, of which the assessed gain on the undelivered forward exchange of the investment derivatives for the previous year was RMB1,138.9 thousand.							
Illustration of hedging effectiveness	The Company uses hedging as a means to avoid and prevent the risk of exchange rate fluctuations for the purpose of carrying out derivatives trading business is conducive to avoiding the risk of exchange rate fluctuations and enhancing financial soundness.							
Sources of funding for derivative investments	Own funds							
Risk analysis of derivative positions and description of control measures for the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>1. Risk analysis of derivative positions: exchange gains or losses arising from the difference between the contracted exchange rate on the delivery date and the market rate on the delivery date.</p> <p>2. Control measures.</p> <p>(1) Principles: The Company's financial derivative operations are all for hedging purposes and it is not allowed to engage in non-hedging transactional operations; the Company shall not engage in complex derivative transactions beyond the actual needs of its operations and shall not engage in derivative speculation under the pretext of hedging; the total amount of the Company's overall hedging contracts shall not exceed the net exposure of existing assets and liabilities plus the net exposure of the Company's assets and liabilities arising from its operations in the coming year.</p> <p>(2) Job requirements: Personnel involved in investments should fully understand the risks of derivative investments and strictly implement the business operation and risk management system for derivative investments.</p> <p>(3) Operational norms: Before the company carries out derivative investments, it should be reasonably equipped with professional personnel in investment decision-making, business operation and risk control, and should compare and request quotations between multiple markets and multiple products. The company should strictly control the types and scale of derivative investments and use OTC-traded derivatives as far as possible.</p> <p>(4) Regular evaluation: Derivative investments shall be evaluated at least twice a month and the evaluation report shall be sent to the senior management authorized by the Board of Directors. A report on the status of the Company's financial derivative investment transactions must be submitted to the Board of Directors once a year. Each subsidiary of the Company is only required to report to the Board of Directors of that subsidiary.</p> <p>(5) Stop Loss Point: The maximum loss limit of a single derivative investment and the maximum loss limit of all investments</p>							

	shall not exceed 20% of the total amount of the investment. (6) Audit system: The audit department of the Company shall audit derivative transactions on a regular basis and prepare reports and hand in to the relevant units.
Changes in the market price of the invested derivative or the fair value of the product during the reporting period, and the analysis of the fair value of the derivative should disclose the specific methodology used and the setting of relevant assumptions and parameters	(1) The impact loss on the delivered portion of the investment derivatives for the reporting period was RMB1,038.9 thousand and the assessed loss on the undelivered portion was RMB706.1 thousand, of which the assessed gain on the undelivered forward exchange of the investment derivatives for the previous year was RMB1,138.9 thousand. (2) The original contracted banks provided bank estimates of the current exchange rate of the contracted outstanding forward exchange settlement transactions on the last trading day of each month. (3) Gains or losses on changes in fair value are recognized on the basis of the difference between the contracted amount outstanding as at the end of the month * the exchange rate in the estimation table.
Litigation involved	N/A
Date of Disclosure of Board Announcement for Approval of Derivative Investments	2023-3-7
Date of disclosure of announcement of shareholders' meeting for approval of derivative investments	2023-5-20
Special Opinion of Independent Directors on the Company's Derivative Investments and Risk Control	The Company has conducted rigorous internal assessments for its financial derivatives business and established corresponding regulatory mechanisms. We are of the view that the financial derivatives business conducted by the Company is closely related to its daily operation needs, with controllable risks and in compliance with the relevant provisions of the relevant laws and regulations.

(2) Derivative investments for speculative purposes during the reporting period

Applicable Inapplicable

5. Use of funds raised

Applicable Inapplicable

VIII. Sale of major assets and equity interests**1. Sale of major assets**

Applicable Inapplicable

2. Sale of major equity interests

Applicable Inapplicable

IX. Main controlled and joint stock companies

Applicable Inapplicable

Main subsidiaries and joint stock companies with over 10% effect on the Company's net profit

Unit: RMB Yuan

Company name	Relationship with the Company	Main business scope	Registered capital	Total assets	Net assets	Operating revenues	Operating profits	Net profits
TKL	Subsidiary	Small home appliance manufacturing	USD160 million	2,330,577,511.67	1,368,755,707.09	1,352,725,459.57	77,514,753.82	73,243,840.32

Subsidiaries obtained or disposed in this reporting period

Applicable Inapplicable

Name of company	Mode of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production operations and results
Tsannkuen Edge Intelligence Co., Ltd.	Cancelled	The impact on the net profit of the listed company for the reporting period was RMB153,965.57 Yuan.

X. Structured bodies controlled by the Company

Applicable Inapplicable

XI. Outlook of the Company's future development**A. Future Development Strategy****(1) Strategic customer deep-dive and expansion of new clients**

Integration of merchandising, sales, research and development of three core systems, the establishment of professional R&D technical service system, precipitation of 45 years of small household appliances design and

manufacturing based on the deep-rooted professional design of the product platform. In-depth study of consumer habits and culture in various regions of the world, from the perspective of merchandising to provide customers with optimised solutions to meet market demand and even lead the market demand, the core strategy of the enterprise is to work closely with customers to create a competitive advantage in product value, and to launch products to meet the needs of customer markets. In the customer market management, to achieve resource focus on strategic customer co-operation and input, customer market-oriented input, effective resources into the strategic customers in line with our future development, the formation of mutually beneficial win-win business partners. At the same time to expand new markets and new customer order opportunities, cultivate potential emerging customers.

(2) Expansion of Tsann Kuen EÜPA brand management in the Chinese market

Enhance the references of intelligent operation, scene IOT, 5G and other technologies to meet people's demand for high-quality and convenient life, launch convenient, intelligent, personal and healthy home appliance product series, establish an independent R&D system for domestic sales products, and focus on investment in brand strategy and the development of intelligent home appliances.

China market development: online and offline marketing pipelines go hand in hand, OBM and ODM product segregation jointly promote the development of focusing on new consumer groups, new channels, new customer expansion, consumer-centric brand building strategy.

Tsann Kuen EÜPA: Professional, value, premium, quality.

(3) Specialising in manufacturing upgrades and strategic supply chain placement

With the integration of customer area and product line, we focus on the core parts of intelligent manufacturing upgrading and transformation, deep ploughing into product technology and production process, focusing on professional manufacturing to win the recognition and satisfaction of customers and consumers. The company adopts digital system upgrade management, introduces new material, new technology, new technology, new equipment, lean manufacturing equipment, improve production yield and efficiency, achieve the specialized manufacturing production, drive the park supply chain manufacturing capacity and supporting capacity upgrade; at the same time, start the upgrade construction of Tsann Kuen Industrial Park, cultivate supply chain strategic cooperation ecosystem, achieve precise matching of supply and demand, organization of high-efficiency synergy, IT system support, and make a solid foundation for the future development of the enterprise. The future development of the enterprise to make a solid foundation.

(4) Expanding Tsann Kuen Group's domestic and international business development with innovative design and specialized manufacturing based on small home appliances as its core business

Global supply chain system fission and restructuring, the company firmly grasp the 45 years of small household appliances innovative design and specialized manufacturing for the industry, strong development of Xiamen Huli and Shanghai Jiading two places of the business structure, to provide a strong business support platform for the Chinese market, and at the same time, using Xiamen Huli and Shanghai Jiading local development of regional advantageous industries to form the Tsann Kuen business development model; the implementation of the

decentralized market regional decentralization strategy, and further development of Indonesia Tsann Kuen overseas manufacturing base, accelerate the supply chain of Indonesia manufacturing base and the integration of the independent market, and actively deal with international trade barriers, make full use of the advantages of regional cooperation of the "One Belt, One Road" strategy, seize the opportunity of overseas market development, construct and improve the Tsann Kuen Group's domestic and foreign manufacturing and commercial development of the model of integration and mutual promotion.

B. Key risk factors for future development

(1) International aspects

Global supply chain system restructuring and reshaping, Russia-Ukraine war situation is unclear, international trade protectionism rises, tariffs and other barriers such as technical standards, intellectual property protection, anti-dumping and other barriers to intensification of the international environment faced by the small home appliance industry is more complex.

By the slow recovery of the international economy, increased exchange rate fluctuations, rising comprehensive manufacturing costs, global inflationary pressures and other impacts are difficult to alleviate in the short term, the international market demand, the decline in consumer power, will be faced with the risk of a decline in demand in the international market resulting in sales revenue is not as good as growth expectations.

At the same time, the company will further develop the overseas manufacturing base of Indonesia Tsann Kuen, accelerate the integration of supply chain and independent market of Indonesia manufacturing base, fully use the advantages of regional cooperation of the "Belt and Road" strategy, and seize the development opportunities of overseas market.

(2) Domestic aspects

The increasing cost of domestic labor, coupled with the age structure of the manufacturing workforce, and the shift of human resources to the manufacturing sector, has affected the complete inheritance structure and upgrade development of manufacturing capabilities, exacerbated the fracturing of the global supply chain and weakened the dominant position of Chinese manufacturing and reduced competitiveness in the international market. The company to promote the specialized automated manufacturing system, drive the supply chain supporting upgrade, and constantly improve the production and manufacturing operating environment, promote the talent training and retention policy and strengthen the corporate culture construction, the construction of the core organization talent force structure construction.

(3) Exchange rate fluctuation

The volatility of the RMB exchange rate is exacerbated by the volatility and uncertainty of the exchange rates of major global currencies, as well as the huge liquidity of China's cross-border capital. At present, the company's products are mainly exported and exchange rate fluctuations have a significant impact on the company's business activities. The main measures taken are: using financial instruments to hedge exchange rate risks and taking into full consideration the impact of exchange rate risks when receiving orders, as well as adopting RMB and foreign

currency transactions for purchasing materials to transfer and offset exchange rate risks.

(4) Energy supply structure and environmental protection and low carbon

Global energy saving, green, environmental protection and low carbon mainstream to promote the direction of production processes and product development, to protect the environment and public health is the enterprise must actively respond to the development trend; the company has been laid out to "green energy saving and health" as the product development strategy, and at the same time continue to lean process included in the enterprise's core strategy, the introduction of environmentally friendly new materials, automation investment and environmental process technology to enhance the company's products green energy saving and healthy development. The introduction of environmentally friendly new materials, investment in automation, and improvement of environmentally friendly process technology continue to promote the green, energy-saving and healthy development of the company's products.

(5) The impact of global trade restrictions and opening up

After the opening of the **global trade** face-to-face international business activities are reproduced frequently, the global economy is gradually recovering, the global supply chain system has changed, people's consumerism and consumption power has also been a big change, the development of enterprises to bring profound opportunities and challenges. The company's business team has organized many American and European business activities, actively participate in domestic and international home appliance exhibition and marketing platform, while inviting a number of strategic customers to in-depth research and consultation of the factory, to carry out close business cooperation, rooted in the innovative design of small household appliances and specialized in manufacturing, and customers together with the expansion of the global sales market, and at the same time, increase the strength of the development of the Chinese market.

C. Industry trends and market outlook

Entering the era of wireless, information and intelligence, smart home appliances have driven the development and transformation of small household appliances.

(1) Europe and the United States for the main consumer market of small household appliances, the average number of small household appliances per household with a large number and relatively short use cycle, replacement demand market, Southeast Asia and the Middle East market has a high attractiveness and development potential. Global small home appliance market demand long-term stable trend, at the same time with the economic growth, people's living standards and international market environmental standards, the formation of intelligent, large-scale and energy-saving and environmentally friendly small home appliances has become the general trend.

(2) China is the main production base of small home appliances, in terms of labor, cost, technology and industrial support advantages, to undertake the world's major small home appliance production business. Strength of the major appliance manufacturers and international brands have invested in the small home appliance market, small home appliance market competition is more intense, the business segment will enter the professional, systematic, branded operation to compete for more market share. Relying on capital and R&D advantages, a number of

competing enterprises with relatively weak strength, lack of R&D and cost advantages as well as lack of market management will be gradually eliminated.

(3) China's domestic market continues to be positive. China's home appliance industry has entered the era of brand winning, unlike traditional home appliances, small home appliance sales in China is still in the growth stage, with the change in consumer attitudes, the listing and popularization of more new products, and the upgrading of the original products, small home appliances in the domestic market demand will continue to grow, China's small home appliance industry has a broad market development prospect.

XII. Visits paid to the Company for purposes of research, communication, interview, etc. in this reporting period

Applicable Inapplicable

Date of visit	Place of visit	Way of visit	Type of visitor	Visitor	Contents and materials provided	Index to main inquiry information
10 February 2023	The Company	By phone	Individual	Mr. Teng	B-share reform issues, conversion status, no information provided.	
10 February 2023	The Company	By phone	Individual	Mr. Cai	Corporate finance issues, switchboard situation, no information provided.	
29 March 2023	The Company	By phone	Individual	Mr. Ni	Ask the company to send entity annual report. b-share reform issue. Provide physical copies of annual reports for recent years.	
29 March 2023	The Company	By phone	Individual	Mr. Yang	Asked about the company's dividends, production and operations. No information provided.	
12 April 2023	The Company	By phone	Individual	Mr. Yang	Asked about the company's dividend, production and operation. b-share reform issues. No information provided.	
12 April 2023	The Company	By phone	Individual	Mr. Ding	Asked about the company's dividend, production and operation, internal and external sales. b-share reform issues. No information provided.	
02 June 2023	The Company	By phone	Individual	Mr. Liu	The company was asked whether the high percentage of dividends was sustainable and no information was provided.	
19 July 2023	The Company	By phone	Individual	Mr. Wang	Asked about the continuation of the company's dividend, production and operations, and B-share reform. No information provided.	
01 September 2023	The Company	By phone	Individual	Mr. Feng	Asked about the company's dividend policy, the desire to maintain a high percentage of dividends, and the company's expansion of domestic sales issues. No information provided.	
14 September 2023	The Company	By phone	Individual	Mr. Li	Inquired about the company's production and operation, zero transaction matters on 12 September, the impact of the appreciation of the dollar on the company, no information provided.	
19 September 2023	The Company	By phone	Individual	Mr. Jin	Asked about the company's production and operation, B-share reform issues. No information provided.	
24 November 2023	The Company	By phone	Individual	Mr. Feng	Inquired about the company's domestic market and hoped that the company would strengthen its domestic market development. No information provided.	

Section IV. Corporate Governance

I. Basic details of corporate governance

During the reporting period, the Company standardize its operations strictly in accordance with requirements of relevant law and rules of Company Law, Securities Law, Code of Corporate Governance for Listed Companies in China, Rules for Listing Shares at Shenzhen Stock Exchange and so on, and endlessly amplified and perfected administration structure and corporate system of the Company as well as established relatively accomplished corporate governance structure. According to relevant regulations of CSRC, the Company completed the establishment of Accountability System for Material Error in Annual Report Information Disclosure, and strictly in line with relevant regulations in the process of disclosing this annual report. Currently, the situation of corporate governance structure basically accorded with regulations stipulated in regulatory documents on governance of listed companies reported by CSRC. There were no governance problems remained unsolved. The governance of the Company is as follows:

1. Shareholders and Shareholders' General Meeting

The Company convened Shareholders' General Meeting in line with Articles of Association of the Company and Rules of Procedures for Shareholders' General Meeting, treated all shareholders with equity, guaranteed middle and small shareholders enjoy equal status and ensured all shareholders be able to exercise their rights.

2. Controlling shareholders and the Company

Controlling shareholders were strictly in accordance with requirements to exercise rights of promoters and assumed responsibilities. The Company realized independence between controlling shareholder and listed companies in business, assets, agencies and finance; and independent operation between the Board of Directors of the Company, the Supervisory Board and internal agency which ensured independence in accounting, assuming responsibility and bearing risks, so as to ensure legal rights and interests of investors.

3. Directors and the Board of Directors

The Company strictly in accordance with election procedure of directors in Articles of Association of the Company to elect directors that the number of directors and the structure of the Board of Directors were in line with requirements of laws and regulations. The Board of Directors earnestly executed Rules of Procedure for the Board of Directors so as to guaranteed efficient operation and scientific strategic decision. All directors of the Company performed their responsibilities honestly, sincerely and assiduously, presented the Board of Directors, the Shareholders' General Meeting seriously, and participated in relevant trains actively.

4. Supervisors and the Supervisory Board

The Supervisory Board of the Company strictly in line with relevant provisions of Company Law and the Articles of Association of the Company that the number of supervisors and the structure of the Supervisory Board were in accordance with requirements of laws and regulations. All supervisors exercised the Rules of Procedure for the

Supervisory Board, earnestly performed their responsibilities. In light of the responsibility for shareholders, all supervisors conducted inspection and supervision to the legitimacy corporate finance of the Company and other significant decisions, legally performed responsibilities to directors of the Company and senior management and supervised the implement of resolutions of the Board of Directors and Shareholders' General Meeting.

5. Information disclosure and transparency

The Company strictly in accordance with requirements of relevant provisions and regulatory documents such as Rules for Listing Shares at Shenzhen Stock Exchange, Self-Regulatory Guidelines for Listed Companies No.5 - Information Disclosure Management, performed responsibilities of information disclosure of the Company truthfully, accurately, timely and completely, and then guaranteed the equal opportunity of all shareholders of the Company to gain relevant information of the Company.

6. There isn't any problem on horizontal competition of the Company

In the reporting period, the Company continuing and strictly in accordance with Company Law, Securities Law, Basic Standards for Enterprise Internal Control, Supporting Guidelines for Corporate Internal Control as well as requirements of regulated documents of corporate governance for listed companies published by CSRC, endlessly accomplished corporate governance structure, actively enforced corporate governance work, and gradually perfected corporate governance and internal control system, intensified supervision of internal control, promoted operation efficiency, operation regulation and corporate governance level, endeavor to seek optimized profit and earnestly protected legal profit of minority shareholders.

Whether there are material differences between the actual state of corporate governance and the provisions on governance of listed companies issued by laws, administrative regulations and the CSRC

Yes No

II. Independence from the controlling shareholder and actual controller in asset, personnel, finance, organization and business

The Company is independent from its controlling shareholder in aspects such as business, personnel, assets, organization and finance.

III. Horizontal competition

Applicable Inapplicable

IV. Annual and special meetings of shareholders convened during this reporting period

1. Meetings of shareholders convened during this reporting period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to meeting resolution
2022 Annual Meeting of Shareholders	Annual	45.90%	19 May 2023	20 May 2023	www.cninfo.com.cn

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to meeting resolution
2023 First Interim General Meeting	Interim	45.14%	28 July 2023	29 July 2023	www.cninfo.com.cn

2. Special meetings of shareholders convened at the request of preference shareholders with resumed voting rights

Applicable Inapplicable

V. Directors, supervisors and executive officers

1. Basic information

Name	Office title	Incumbent/former	Gender	Age	Starting date of tenure	Ending date of tenure	Opening shareholding (share)	Stock options	Restricted shares granted (share)	Increase in this reporting period (share)	Decrease in this reporting period (share)	Other changes (share)	Closing shareholding (share)	Reasons for the share changes
Cai Yuansong	Chairman of the Board & GM	Incumbent	Male	67	2021-05-19	2026-5-18	0	0	0	0	0	0	0	
Lin Jidian	Director	Incumbent	Male	55	2020-04-24	2026-5-18	0	0	0	0	0	0	0	
Wang Youliang	Director	Incumbent	Male	55	2020-04-24	2026-5-18	0	0	0	0	0	0	0	
Cai Bingfeng	Director	Incumbent	Male	39	2022-05-13	2026-5-18	0	0	0	0	0	0	0	
Ge Xiaoping	Independent director	Incumbent	Female	61	2017-04-06	2023-5-19	0	0	0	0	0	0	0	
Liu Luhua	Independent director	Incumbent	Male	54	2020-04-24	2026-5-18	0	0	0	0	0	0	0	
Wu Yibing	Independent director	Incumbent	Male	42	2020-04-24	2026-5-18	0	0	0	0	0	0	0	
Tang Jinmu	Independent director	Incumbent	Male	58	2023-05-19	2026-5-18	0	0	0	0	0	0	0	
Yang Yongquan	Supervisory Board chairman	Incumbent	Male	59	2020-04-24	2026-5-18	0	0	0	0	0	0	0	
Ding Hongming	Supervisor	Incumbent	Male	58	2019-10-22	2026-5-18	0	0	0	0	0	0	0	
Zheng Caiyun	Supervisor	Incumbent	Female	48	2016-06-01	2026-5-18	0	0	0	0	0	0	0	
Wu Jianhua	Financial Chief	Incumbent	Male	44	2019-03-29		0	0	0	0	0	0	0	
Sun Meimei	Board Secretary	Incumbent	Female	50	2011-04-23		0	0	0	0	0	0	0	
Total	--	--	--	--	--	--								--

Indicate by tick mark whether the directors or supervisors left and executive officers were disengaged during the tenure in this reporting period

Yes No

Ge Xiaoping, an independent director, retired on 19 May 2023 upon the expiry of her term of office.

Changes in directors, supervisors and executive officers

Applicable Inapplicable

Name	Office title	Type of change	Date	Reason
Ge Xiaoping	Independent director	Departure on expiry of term of office	2023-05-19	Departure on expiry of term of office
Tang Jinmu	Independent director	Voted	2023-05-19	Voted

2. Brief biographies

Main working experience of current directors, supervisors and senior management staff

Name	Position	Educational background	Main working experience and chief responsibilities in the Company		
Cai Yuansong	Chairman of the Board & GM	Graduated from Manchester State University, Minnesota with a degree in Business Administration	1978.11.2-1987.12	Tsann Kuen (Taiwan) Enterprise Co., Ltd.	Manager, General Manager, Home Appliances/R&D Department
			1988.1.1-1993.2.16	Tsann Kuen (Xiamen) Electric Appliance Co., Ltd.	GM
			1993.2.16-2002.05.21	Tsann Kuen (China) Enterprise Co., Ltd.	Managing director
			1997.9.2-now	Thermaster Electronic (Xiamen) Ltd.	Director
			2002.5.22-2008.5.24	Tsann Kuen (China) Enterprise Co., Ltd.	Chairman of the Board
			2002.7.24-2008.7.25	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Chairman of the Board
			2011.6-now	Sekond Creative Design Co., Ltd. (Taiwan)	Chairman of the Board
			2017.4.6-2021.5.19	Tsann Kuen (China) Enterprise Co., Ltd.	Director
			2017.4.21-2021.7.5	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Director
			2018.8.14-now	EUPA Industry Corporation Limited (HK)	Director
			2018.8.14-now	Fillman Investments Limited (HK)	Director
			2018.8.14-now	FORDCHEE Development Limited (HK)	Director
			2020.2.25-now	STAR COMGISTIC CAPITAL CO., LTD. (Taiwan)	Director
			2018.8.22-now	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	Director
			2020.4.1-now	Tsann Kuen China (Shanghai) Enterprise Co., Ltd.	Director
			2020.4.9-2022.5.30	Tsann Kuen Japan Co., Ltd.	Chairman of the Board
2020.4.24-2021.10.25	Gold Mine Chain Enterprise Co., Ltd	Director			
2020.4.29-now	WISE LAND PROPERTIES LIMITED (HK)	Director			
2020.4.29-now	WORLD KINGDOM PROPERTIES	Director			

Name	Position	Educational background	Main working experience and chief responsibilities in the Company		
				LIMITED (HK)	
			2020.4.29-now	East Sino Development Limited (HK)	Director
			2021.5.19-now	Orient Star Investments Limited (HK)	Director
			2021.5.19-now	Tsann Kuen (China) Enterprise Co., Ltd.	Chairman of the Board & GM
			2021.7.5-now	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Chairman of the Board
			2021.7.5-2022.7.27	Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd.	Chairman of the Board
			2021.07.19-2022.3.17	Shanghai Canxing Trading Co., Ltd.	Chairman of the Board
			2021.8.04-now	PT.STAR COMGISTIC INDONESIA	Chairman of the Board
			2018.6.23-now	Tsann Kuen Investment Co., Ltd. (Taiwan)	Director
Lin Jidian	Director	Graduated from Department of Business Management Tatung University	1996.06-1999.08	Changjia Construction Co., Ltd.	Special assistant to GM, Audit specialist
			1999.08-2000.10	ADDA CORPORATION	Manager of Auditing Department, assistant to Chairman of the Board
			2000.10-2002.10	Royal DSM	Manager of Auditing Department, Special assistant to GM
			2002.10-2004.02	GO-IN Technology Co., Ltd.	Special assistant to GM, manager of Administrative Department, speaker
			2004.04-2013.04	General auditor of Yuen Foong Yu Paper Mfg. Co., Ltd, Chief Administration Officer of YFY Packaging Inc. in East China, Director of SinoPac Financial Holdings Company Limited, SinoPac Paper Corporation, Union Paper Corporation, China Color Printing Co., Ltd., Mitsukoshi Enterprise Co., Ltd., Yeon Technologies Co., Ltd., Huaci Bills Co., Ltd., FOONGTONE TECHNOLOGY CO., LTD., Belton Co., Ltd. (Taiwan, Japan), YFY Capital Co., Ltd., YFY Paper Co., Ltd. (Shanghai, Nanjing, Suzhou, Jiaxing, Kunshan), YFY Paper Mfg. Co., Ltd. (Yangzhou), YUENFOONGYUFAMILYCARE(KUNSHAN)COLTD, Mitsukoshi Environmental Protection Engineering Co., Ltd. (Kunshan), Ningbo Beautone Co., Ltd., Beijing Yingge Digital Co., Ltd., Senior manager of BOARDTEK ELECTRONICS CORPORATION, supervisor of Applied Wireless IDentifications Group, Inc.(US) , HOPAX	
			2013.04-2019.01	Planning Research Department and Auditing Department of TaiPei 101	Vice GM
			2019.04-2019.12	Planning Department of HSIN TUNG YANG Co., LTD. (Taiwan)	Vice GM of E-commerce of Business
			2019.12-2020.05	Canxing International Travel Service Co., Ltd (Taiwan)	Chairman of the Board
			2019.12.07-now	Wing Yi International Investment Corporation (Taiwan)	Chairman of the Board
			2019.12-2020.03.30	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	Vice GM
			2020.03.31-now	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	Chairman of the Board
			2020.04.28-2022.12.31	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	CEO
			2020.03.31-now	STAR COMGISTIC CAPITAL CO.,	Chairman of the Board

Name	Position	Educational background	Main working experience and chief responsibilities in the Company		
				LTD. (Taiwan)	
			2020.01.08-2021.04.01	Tsannkuen Edge Intelligence Co., Ltd. (Taiwan)	Supervisor
			2020.04.01-2022.05.31	Tsann Kuen Japan Co., Ltd.	Director
			2020.04.01-2022.07.27	Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd.	Supervisor
			2020.04.01-now	Tsann Kuen China (Shanghai) Enterprise Co., Ltd.	Director
			2020.04.01-now	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Vice Chairman of the Board
			2020.04.21-2022.06.01	STARCOMGISTIC SINGAPORE PTE.LTD.	Director
			2020.04.01-now	Ka Wang Enterprises Limited (Hong Kong)	Director
			2020.04.01-now	Lung Tai Development Limited (Hong Kong)	Director
			2020.04.01-now	PROWORLDINTERNATIONALLIMITED (BVI)	Director
			2020.04.01-now	PT. TSANNKUEN PROPERTY DEVELOPMENT INDONESIA	Director
			2020.04.21-2021.06.17	STARCOMGISTIC AUSTRALIA PTY LTD	Director
			2020.04.20-now	Wu Wha Ma International Co., Ltd. (Taiwan)	Director
			2020.04.21-now	China Global Limited (Hong Kong)	Director
			2020.04.24-now	Gold mine chain enterprise Co., Ltd	Chairman of the Board
			2020.04.24-now	Tsann Kuen (China) Enterprise Co., Ltd.	Director
			2021.03.11-now	Dali Investment Co., Ltd. (Taiwan)	Chairman of the Board
			2022.06.01-now	Tsann Kuen Japan Co., Ltd.	Chairman of the Board
Wang Youliang	Director	Graduated from Griffith University with a degree in Accounting, Finance and Economics	2001.12-2007.06	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	Accountant specialist, section head
			2007.06-2020.10	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	Assistant accounting manager & Acting speaker
			2010.10-2016.10	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	Financial manager
			2011.06-2021.03.10	Dali Investment Co., Ltd. (Taiwan)	Director
			2016.10-2018.12	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	Senior manager of Finance Department
			2018.06-now	AXA Insurance Agent Co., Ltd. (Taiwan)	Director
			2018.12-now	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	Assistant manager of Finance Department
			2019.09.25-now	Wu Wha Ma International Co., Ltd. (Taiwan)	Supervisor
			2019.01.31-now	Wing Yi International Investment Corporation (Taiwan)	Supervisor
			2020.04.24-now	Gold mine chain enterprise Co., Ltd	Supervisor

Name	Position	Educational background	Main working experience and chief responsibilities in the Company		
			2021.03.11-now	Dali Investment Co., Ltd. (Taiwan)	Supervisor
			2020.04.24-now	Tsann Kuen (China) Enterprise Co., Ltd.	Director
			2022.11.18-now	Tsann Kuen Japan Co., Ltd.	Director
Cai Bingfeng	Director	Graduated with an MSc in International Business and Management from Bradford University, Bradford, UK	2013.04.22-2013.12.31	Thermaster Electronic (Xiamen) Ltd.	Project staff
			2014.01.02-2016.12.31	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Deputy Director of Ministry of Commerce in European Region
			2017.01.01-2022.03.21	Tsannkuen Edge Intelligence Co., Ltd.	Deputy Director of Ministry of Commerce in European Region
			2020.04.30-now	Xiamen Tsannkuen Property Services Co., Ltd.	Chairman and GM
			2020.05.09-2022.03.17	Shanghai Canxing Trading Co., Ltd.	Director
			2020.05.12-now	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Director
			2020.05.13-2022.07.27	Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd.	Director
			2021.08.19- 2023.6.7	Tsannkuen Edge Intelligence Co., Ltd.	Chairman of the Board
			2022.05.13-now	Tsann Kuen (China) Enterprise Co., Ltd.	Director
			Liu Luhua	Independent director	Graduated from Xiamen University with a master degree in Civil and Commerce Law
1992.12-1993.06	Orient (Xiamen) Golf Co., Ltd.	Legal manager			
1993.06.now	Fujian Tianyi Law Firm	Partner, vice director			
2002.03-now	Xiamen Arbitration Commission	Arbitrator			
2009.08-2016.03	Xiamen XGMA Machinery Co., Ltd.	Independent director			
2012.05-now	Xiamen University Tan Kah Kee College	Part-time associate professor			
2013.04-2016.12	DAZHOU XINGYE HOLDINGS CO., LTD	Independent director			
2014.04-2020.01	Xiamen Port Development Co.,Ltd	Independent director			
2020.07.31-now	Xiamen Chengtun Mining Co., Ltd.	Independent director			
2020.04.24-now	Tsann Kuen (China) Enterprise Co., Ltd.	Independent director			
Wu Yibing	Independent director	Graduated from Fudan University with a doctor degree in Accounting	2010.08.26-2014.08.01	Accounting Department of School of Management, Xiamen University	Assistant professor
			2014.08.01-now	Accounting Department of School of Management, Xiamen University	Associate professor
			2019.12.30-2022.4.1	Shanghai Kinlita Chemical Co., Ltd.	Independent director
			2019.07.18-now	Leedaron IoT Technology Inc.	Independent director
			2019.12.28-now	KUK RESOURCES-SAVING TECHNOLOGY CO., LTD.	Independent director
			2020.04.24-now	Tsann Kuen (China) Enterprise Co., Ltd.	Independent director
			2022.01.13-now	G-bits Network Technology (Xiamen) Co., Ltd.	Independent director
Tang	Independent	Graduated	1988.7-1994.6	Xiamen Municipal Finance Bureau	Section

Name	Position	Educational background	Main working experience and chief responsibilities in the Company		
Jinmu	Independent director	Graduated from Xiamen University, PhD in Finance, Senior Accountant	1994.6-1998.12	Xiamen Accounting Firm	Deputy director
			1996.7-1998.12	Xiamen Asset Appraisal Institute	Head of Office
			1999.1-2001.12	Xiamen Tianjian Huatian Accounting Firm	Director, Partner
			2002.1-now	Xiamen Asset Appraisal Association	Secretary-general
			2002.1-now	Xiamen Association of Certified Public Accountants	Secretary-general
			2023.5.-now	Tsann Kuen (China) Enterprise Co., Ltd.	Independent director
			2015.1.-2019.11	Xingye Leather Technology Co.	Independent director
			2016.2-2021.3	Xiamen Guangpu Electronics Co.	Independent director
			2015.11 -2021.5	Xiamen Redphase Power Equipment Co.	Independent director
			2023.9.27-now	Fujian Jinlin Forest Industry Co.	Independent director
Yang Yongquan	Supervisor	Graduated from School of Accounting Department, National Taiwan University	1996.07-2003.06	Deloitte Taiwan	Audit manager
			2003.06-2003.10	Deloitte Taiwan	Audit manager
			2003.10-2005.02	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	GM of Accounting Department
			2005.03-2006.07	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	Senior manager of Accounting Department
			2006.08-2007.10	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	Assistant manager of Accounting Department
			2007.11-2009.12	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	Senior assistant manager of Accounting Department
			2009.12- 2018.12	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	Vice GM of Accounting Department
			2012.07.24-2019.10.22	Tsann Kuen (China) Enterprise Co., Ltd.	Supervisor
			2014.06.11-2019.09.13	PT.STAR COMGISTIC INDONESIA	Supervisor
			2014.07.08-2019.09.09	Shanghai Canxing Trading Co., Ltd.	Director
			2015.01.21-2019.09.09	Tsann Kuen China (Shanghai) Enterprise Co., Ltd.	Director
			2016.04.07-2020.01.07	Tsannkuen Edge Intelligence Co., Ltd. (Taiwan)	Supervisor
			2016.08.04-2019.09.13	PT.STAR COMGISTIC PRORERTY DEVELOPMENT INDONESIA	Supervisor
			2017.05.28-2019.09.09	Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd.	Director
			2018.06.15-2019.09.09	Tsann Kuen (Zhangzhou) Investment Co., Ltd.	Supervisor
			2018.08.15-2019.04.08	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Supervisor
			2018.12.14-2019.09.30	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	Vice GM of Business Management Department
2019.04.08-2019.09.09	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Vice Chairman of the Board			

Name	Position	Educational background	Main working experience and chief responsibilities in the Company		
			2019.06.21-2019.09.05	Xiamen Tsannkuen Property Services Co., Ltd.	Chairman of the Board
			2020.01.16-now	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	Vice GM of Accounting Department
			2019.12.23-now	STAR COMGISTIC CAPITAL CO., LTD. (Taiwan)	Vice GM of Business Management Department
			2020.04.24-now	Tsann Kuen (China) Enterprise Co., Ltd.	Supervisory Board chairman
Ding Hongming	Supervisor	Graduated from Department of Industrial Engineering and Management of STUST	1991.08.13-2002.10.09	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	QRA section manager
			2002.10.10-2003.08.31	Tsann Kuen (China) Enterprise Co., Ltd.	Vice manager of glass factory
			2003.09.01-2005.05.26	Tsann Kuen China (Shanghai) Enterprise Co., Ltd.	Vice manager of Motor business department
			2005.05.27-2007.01.12	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Vice manager of Cuisinart factory
			2008.01.13-2009.08.31	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Vice manager of Iron business department
			2009.09.01-2014.08.31	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Manager of Central Lab
			2014.09.01-2015.08.31	PT.STAR COMGISTIC INDONESIA	Operations manager
			2015.09.01-2016.12.31	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Assistant manager of QRA
			2017.01.01-2017.12.31	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Operations assistant manager of PSO
			2018.01.01-now	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Assistant manager of QRA/Purchasing Department/laboratory
			2019.10.22—now	Tsann Kuen (China) Enterprise Co., Ltd.	Supervisor
Zheng Caiyun	Supervisor	Graduated from School of Economics and Management, Fujian Forestry College	2021.07.01-now	Tsann Kuen (China) Enterprise Co., Ltd.	Associate in Finance
			2011.06- 2021.07.01	Tsann Kuen (China) Enterprise Co., Ltd.	Financial manager
			2008.07-2011.05.31	Tsann Kuen (China) Enterprise Co., Ltd.	Vice Financial Manager
			1998.08-2008.06.30	Tsann Kuen (China) Enterprise Co., Ltd.	Account Specialist
			2014.03.05-2020.4.28	East Sino Development Limited (HK)	Director
			2017.04.28-now	Orient Star Investments Limited (HK)	Director
			2016.03.02-2018.10.30	Xiamen Tsann Kuen Home Appliance Design Co., Ltd.	Supervisor
			2018.06.15-2020.4.20	Tsann Kuen (Zhangzhou) Investment Co., Ltd.	Director
			2016.06.01-now	Tsann Kuen (China) Enterprise Co., Ltd.	Staff-representative Supervisor
			2019.9.10-2022.07.27	Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd.	Director
			2019.9.10-2020.4.1	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Vice chairman of the Board
2020.4.1-now	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Director			

Name	Position	Educational background	Main working experience and chief responsibilities in the Company		
				Ltd.	
			2019.09.10-2020.4.1	Shanghai Canxing Trading Co., Ltd.	Director
			2020.4.1-2022.3.17	Shanghai Canxing Trading Co., Ltd.	Supervisor
			2019.10.14-now	PT.STAR COMGISTIC INDONESIA	Supervisor
			2019.10.14-now	PT.STAR COMGISTIC PRORERTY DEVELOPMENT INDONESIA	Supervisor
Sun Meimei	Board Secretary	China Institute of Information Management with a degree in Business Administration	2005.07-2011.04	Tsann Kuen (China) Enterprise Co., Ltd.	Securities Representative
			2011.04.23-now	Tsann Kuen (China) Enterprise Co., Ltd.	Board Secretary
Wu Jianhua	Financial Chief	Graduated from Department of Accounting of Fuzhou University	2003.9.1-2006.6.30	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Accounting Department clerk
			2006.7.1-2006.12.31	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Head of Cost Section of Accounting Department
			2007.1.1-2008.6.30	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Head of General Account Section of Accounting Department
			2008.7.1-2010.5.31	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Head of Sales Section of Accounting Department
			2010.06.01-2014.04.30	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Vice manager of Cost /Accounts Payable in Accounting Department
			2014.05.01-2019.03.21	Tsann Kuen (China) Enterprise Co., Ltd.	Vice manager of Cost /Accounts Payable in Accounting Department
			2019.03.22-now	Tsann Kuen (China) Enterprise Co., Ltd.	Accounting Department manager
			2019.03.29-now	Tsann Kuen (China) Enterprise Co., Ltd.	Financial Chief
			2019.05.14-now	Xiamen Tsann Kuen Property Service Co.,Ltd.	Supervisor
			2019.09.10-2020.04.20	Tsann Kuen (Zhangzhou) Investment Co., Ltd.	Supervisor
			2019.09.10-now	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Supervisor

Posts concurrently held in shareholding entities

 Applicable Inapplicable

Name	Shareholding entity	Post	Starting date of tenure	Ending date of tenure	Allowance from the shareholding entity
Cai Yuansong	EUPA Industry Corporation Limited (HK)	Director	2018-08-14		No
Cai Yuansong	Fillman Investments Limited (HK)	Director	2018-08-14		No
Cai Yuansong	Fordchee Development Limited (HK)	Director	2018-08-14		No

Cai Yuansong	STAR COMGISTIC CAPITAL CO., LTD. (Taiwan)	Director	2020-02-25		Yes
Cai Yuansong	Tsann Kuen (Taiwan) Investment Co., Ltd.	Director	2018-06-23		No
Lin Jidian	China Global Limited (HK)	Chairman of the Board	2020-03-31		Yes
Lin Jidian	Sino Global Development Ltd. (HK)	Directort	2020-04-21		No
Yang Yongquan	STAR COMGISTIC CAPITAL CO., LTD. (Taiwan)	Deputy General Manager, Operations and Management	2019-12-23		Yes
Remark:					

Posts held concurrently in other entities

 Applicable Inapplicable

Name	Other entity	Post	Starting date of tenure	Ending date of tenure	Allowance from other entity
Cai Yuansong	Thermaster Electronic (Xiamen) Ltd.	Director	1997-09-02		No
Cai Yuansong	Sekond Creative Design Co., Ltd. (Taiwan)	Chairman of the Board	2011-06-01		Yes
Cai Yuansong	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Chairman of the Board	2021-07-05		No
Cai Yuansong	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	Director	2018-08-22		Yes
Cai Yuansong	Tsann Kuen China (Shanghai) Enterprise Co., Ltd.	Director	2020-04-01		No
Cai Yuansong	Wui Lung Properties Limited (Hong Kong)	Director	2020-04-29	2023-09-15	No
Cai Yuansong	WISE LAND PROPERTIES LIMITED (HK)	Director	2020-04-29		No
Cai Yuansong	East Sino Development Limited (HK)	Director	2020-04-29		No
Cai Yuansong	Orient Star Investments Limited (HK)	Director	2021-05-19		No
Cai Yuansong	PT.STAR COMGISTIC INDONESIA	Chairman of the Board	2021-08-04		No
Cai Yuansong	Tsannkuen Investment Co., Ltd. (Taiwan)	Director	2018-06-23		No
Lin Jidian	Wing Yi International Investment Corporation (Taiwan)	Chairman of the Board	2019-12-27		No
Lin Jidian	Tsann Kuen Japan Co., Ltd.	Chairman of the Board	2022-06-01		No
Lin Jidian	Tsann Kuen China (Shanghai) Enterprise Co., Ltd.	Director	2020-04-01		No
Lin Jidian	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Vice chairman of the Board	2020-04-01		No
Lin Jidian	Wu Wha Ma International Co., Ltd. (Taiwan)	Director	2020-04-20		No
Lin Jidian	Gold mine chain enterprise Co., Ltd (Taiwan)	Director	2020-04-24		No
Lin Jidian	Dali Investment Co., Ltd. (Taiwan)	Chairman of the Board	2021-03-11		No
Lin Jidian	STAR COMGISTIC CAPITAL CO., LTD. (Taiwan)	Chairman of the Board	2020-03-31		Yes

Lin Jidian	Ka Wang Enterprises Limited (Hong Kong)	Director	2020-04-01		No
Lin Jidian	Lung Tai Development Limited (Hong Kong)	Director	2020-04-01		No
Lin Jidian	PROWORLDINTERNATIONALLIMITED(BVI)	Director	2020-04-01		No
Lin Jidian	PT. TSANNKUEN PROPERTY DEVELOPMENT INDONESIA	Director	2020-04-01		No
Wang Youliang	AXA Insurance Agents Limited (Taiwan)	Director	2018-06-01		No
Wang Youliang	Tsann Kuen (Taiwan) Enterprise Co., Ltd.	Associate in Finance	2018-12-01		Yes
Wang Youliang	Wu Wha Ma International Co., Ltd. (Taiwan)	Supervisor	2019-09-25		No
Wang Youliang	Wing Yi International Investment Corporation (Taiwan)	Supervisor	2019-01-31		No
Wang Youliang	Gold mine chain enterprise Co., Ltd (Taiwan)	Supervisor	2020-04-24		No
Wang Youliang	Dali Investment Co., Ltd. (Taiwan)	Supervisor	2021-03-11		No
Wang Youliang	Tsann Kuen Japan Co., Ltd.	Director	2022-11-18		No
Cai Bingfeng	Xiamen Tsannkuen Property Services Co., Ltd.	Chairman and Managing Director	2020-04-30		No
Cai Bingfeng	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Director	2020-05-12		No
Cai Bingfeng	Tsannkuen Edge Intelligence Co., Ltd.	Chairman of the Board	2021-08-19	2023-06-07	No
Liu Luhua	Fujian Tianyi Law Firm	Partner, vice director	1993-06-01		Yes
Liu Luhua	Xiamen Arbitration Commission	Arbitrator	2002-03-01		Yes
Liu Luhua	Xiamen University Tan Kah Kee College	Part-time associate professor	2012-05-01		Yes
Liu Luhua	Xiamen Chengtun Mining Co., Ltd.	Independent director	2020-07-31		Yes
Liu Luhua	Yuanxiang (Xiamen) International Airport Co.	Independent director	2023-05-18		Yes
Wu Yibing	Accounting Department of School of Management, Xiamen University	Associate professor	2014-08-01		Yes
Wu Yibing	Leedarson IoT Technology Inc.	Independent director	2019-07-18		Yes
Wu Yibing	KUK RESOURCES-SAVING TECHNOLOGY CO., LTD.	Independent director	2019-12-28		Yes
Wu Yibing	G-bits Network Technology (Xiamen) Co., Ltd.	Independent director	2022-01-13		Yes
Yang Yongquan	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	Vice GM of Accounting Department	2020-01-16		Yes
Ding Hongming	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Assistant manager of Quality Assurance Department/Purchasing Department/Laboratory	2018-01-01		Yes
Zheng Caiyun	Orient Star Investments Limited (HK)	Director	2017-04-28		No
Zheng Caiyun	Tsann Kuen (Zhangzhou) Enterprise Co.,	Director	2020-04-01		No

	Ltd.				
Zheng Caiyun	PT.STAR COMGISTIC INDONESIA	Supervisor	2019-10-14		No
Zheng Caiyun	PT.STAR COMGISTIC PRORERTY DEVELOPMENT INDONESIA	Supervisor	2019-10-14		No
Wu Jianhua	Xiamen Tsannkuen Property Services Co., Ltd.	Supervisor	2019-05-14		No
Wu Jianhua	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Supervisor	2019-09-10		No
Remark:	None				

Punishments imposed in the recent three years by the securities regulators on the incumbent directors, supervisors and executive officers as well as those who left in this reporting period

Applicable Inapplicable

3. Remuneration of directors, supervisors and executive officers

Decision-making procedure, determination basis and actual remuneration payment of directors, supervisors and executive officers

According to the Company Law, the Securities Law and other laws and regulations, the remuneration of the directors and supervisors shall be decided by the Shareholders' General Meeting, while the remuneration of the senior management staffs shall be decided by the Board of Directors. And the remuneration of the directors, supervisors and senior management staffs is decided by referring the market level and according to the Company's human resource management system.

Remuneration of directors, supervisors and executive officers in this reporting period

Unit: RMB'0,000

Name	Office title	Gender	Age	Incumbent/former	Total before-tax remuneration from the Company	Remuneration from related parties of the Company
Cai Yuansong	Chairman of the Board & GM	Male	67	Incumbent	229.85	Yes
Lin Jidian	Director	Male	55	Incumbent	3.60	Yes
Wang Youliang	Director	Male	55	Incumbent	3.60	Yes
Cai Bingfeng	Director	Male	39	Incumbent	3.60	No
Ge Xiaoping	Independent director	Female	61	leave	5.77	No
Tang Jinmu	Independent director	Male	58	Incumbent	7.42	No
Liu Luhua	Independent director	Male	54	Incumbent	12.00	No
Wu Yibing	Independent director	Male	42	Incumbent	13.85	No
Yang Yongquan	Supervisor Board Chairman	Male	59	Incumbent	2.40	Yes
Ding Hongming	Supervisor	Male	58	Incumbent	56.00	No
Zheng Caiyun	Supervisor	Female	48	Incumbent	27.34	No
Wu Jianhua	Financial Chief	Male	44	Incumbent	26.82	No
Sun Meimei	Board Secretary	Female	50	Incumbent	23.09	No
Total	--	--	--	--	415.34	--

VI. Performance of directors in this reporting period

1. Board meetings convened during this reporting period

Meeting	Convened date	Disclosure date	Resolutions
---------	---------------	-----------------	-------------

Meeting	Convened date	Disclosure date	Resolutions
The First Board Meeting in 2023	2023-03-04	2023-03-07	See www.cninfo.com.cn
The Second Board Meeting in 2023	2023-04-25	2023-04-26	See www.cninfo.com.cn
The Third Board Meeting in 2023	2023-05-19	2023-05-20	See www.cninfo.com.cn
The First Special Board Meeting in 2023	2023-07-12	2023-07-13	See www.cninfo.com.cn
The Fourth Board Meeting in 2023	2023-08-08	2023-08-09	See www.cninfo.com.cn
The Fifth Board Meeting in 2023	2023-10-27	2023-10-28	See www.cninfo.com.cn
The Sixth Board Meeting in 2023	2023-12-08	2023-12-09	See www.cninfo.com.cn

2. Attendance of directors in board meetings and meetings of shareholders

Attendance of directors in board meetings and meetings of shareholders							
Director	Board meeting director should attend in this reporting period (times)	Attendance at board meeting on site (times)	Attendance at board meeting by telecommunication (times)	Attendance at board meeting through a proxy (times)	Absence from board meeting (times)	Absence from board meeting for two consecutive times	Shareholders' meeting attended (times)
Cai Yuansong	7	7	0	0	0	NO	2
Lin Jidian	7	0	6	1	0	NO	0
Wang Youliang	7	0	6	1	0	NO	0
Cai Bingfeng	7	1	5	1	0	NO	1
Ge Xiaoping	2	2	0	0	0	NO	1
Liu Luhua	7	7	0	0	0	NO	2
Wu Yibing	7	6	1	0	0	NO	1
Tang Jinmu	5	5	0	0	0	NO	2

Explanation of failure to attend two consecutive Board meetings in person: None

3. Objections raised by directors on issues of the Company

Indicate by tick mark whether any directors raised any objections on issues of the Company.

Yes No

4. Other details about the performance of duties by directors

Indicate by tick mark whether any suggestions from directors were adopted by the Company.

Yes No

Statement of Directors' Recommendations to the Company Adopted or Not Adopted

The directors of the Company have diligently and conscientiously performed their duties and obligations in accordance with the provisions of the Company Law, the Securities Law, the Articles of Association, the Rules of Procedure of the Board of Directors, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and other laws, regulations and systems, and their relevant suggestions on the day-to-day operation and management of the Company, as well as on matters relating to the periodic reports, have been adopted. In respect of the motions of the Board of Directors of the Company, on the basis of detailed understanding and full communication with relevant personnel, they actively expressed their opinions and suggestions, exercised their powers and played a positive role in promoting the formulation of the Company's decisions. The Independent Directors issued independent and impartial opinions on the renewal of the appointment of the accounting firm, the profit distribution plan, the projected annual daily connected transactions and other matters of the Company during the reporting period, and supervised and verified the disclosure of information, thus safeguarding the legitimate rights and interests of the Company and the small and medium-sized shareholders.

VII. Performance of duties by specialized committees under the Board during this reporting period

Committee	Members	Number of meetings convened	Convened date	Content	Important opinions and suggestions raised	Other details about the performance of duties	Details about issues with objections (if any)
Strategy Committee	Cai Yuansong, Lin Jidian, Liu Luhua, Wu Yibing, Tang Jinmu	3	2023-07-12	1. The motion on the controlling subsidiary Zhangzhou Tsann Kuen signing the "Supplementary Memorandum to the Memorandum of Co-operation on Investment by Tsann Kuen Group in Zhangzhou". 2. On the motion of controlling subsidiary Zhangzhou Tsann Kuen signing the "Transitional Plant Lease Contract for Renovation of Tsann Kuen Industrial Park".			
			2023-08-08	Resolution on the Capital Reduction of Orient Star Investment, the Controlling Grandson Company			
			2023-12-08	Exploration of the company's business development strategy and operational planning			
Nomination, Remuneration and Appraisal Committee	Liu Luhua, Lin Jidian (resigned on 19 May 2023), Ge Xiaoping (resigned on 19 May 2023), Cai Yuansong, Wu Yibing	2	2023-03-04	Proposal for Preliminary Review of the Candidates for Directors of the Eleventh Session of the Board of Directors of the Company and Their Remuneration			
			2023-05-19	1. Election of Convener of the Specialized Committee of the Board of Directors – the Sixth Nomination, Remuneration and Evaluation Committee 2. Proposal on the appointment			

Committee	Members	Number of meetings convened	Convened date	Content	Important opinions and suggestions raised	Other details about the performance of duties	Details about issues with objections (if any)
				of Mr. Cai Yuansong as the general manager of the Company			
Audit Committee	Ge Xiaoping (leaving on 19 May 2023), Wu Yibing, Liu Luhua, Tang Jinmu	6	2023-03-04	1.2022 Annual Internal Control Self-Evaluation Report 2.2022 Annual Report and Report Summary 3.2022 Financial Accounts Proposal 4.2022 Profit Distribution Proposal 5.Projected daily connected transactions for the year 2023 6.Summary report on the audit work of RSM for the year of 2022 7. Proposal on the renewal of the appointment of the accounting firm 8.Proposal on the financial derivatives transactions of the controlling subsidiary Zhangzhou Tsann Kuen(TKL) 9.The motion on the amount of entrusted financial management of the controlling subsidiary Zhangzhou Tsann Kuen(TKL) 10.The motion on the amount of entrusted financial management of controlling grandson company Shanghai Tsann Kuen (TKS)			
			2023-04-25	Company's First Quarter Report 2023			
			2023-05-19	Election of the Convener of the Sixth Audit Committee, a Specialized Committee of the Board of Directors			
			2023-08-08	Full text and summary report of the Company's half-yearly report for 2023			
			2023-10-27	Company's third quarterly report for 2023			
			2023-12-08	Audit Plan 2024			

VIII. Performance of duties by the Supervisory Board

Did the Supervisory Board find any risks to the Company during its supervision in this reporting period?

Yes No

IX. Employees

1. Number, functions and educational backgrounds of employees

Number of in-service employees of the Company	171
Number of in-service employees of main subsidiaries	3,562
Total number of in-service employees	3,733
Total number of employees with remuneration in this reporting period	3,919
Number of retirees to whom the Company or its main subsidiaries need to pay retirement pension	0
Function	
Category	Number of employees
Production	2,531
Sales	104
Technical	407
Financial	45
Administrative	646
Total	3,733
Educational background	
Category	Number of employees
Doctor	1
Master	10
Bachelor	234
College graduates	300
Below college	3,188
Total	3,733

2. Employee remuneration policy

The Company has established its remuneration system and formulated Remuneration Management Measures and Performance Appraisal Management Rules based position division according to the Labor Law, the internal HR Administrative Rules and relevant laws and regulations in line with the Company's strategic planning, the HR allocation on the market, the talent demand, job responsibilities and job qualifications. The staff's remuneration level has comprehensively taken the Company's operating conditions, profitability and internal fairness into consideration based on the position's value, job performance and personal ability.

3. Employee training plans

1. New staff training (on-site staff/cadres/managers/recruits boot camp).
2. Management cadre training and construction.
3. Job skills upgrading training for employees in various positions.
4. General studies courses to improve the overall quality of staff.
5. Internal instructor training team building and management.

4. Labor outsourcing

Applicable Inapplicable

X. List of the profits distribution and turning capital reserve into share capital of the Company

List of the formulation, execution or adjustment of the profits distribution policies, especially the cash dividend policies

Applicable Inapplicable

The first Board of Directors in 2023 considered and approved the Company's 2022 profit distribution proposal, and the Company's 2022 annual general meeting held on 19 May 2023 considered and approved the annual profit distribution proposal: based on the total share capital of 185,391,680 shares as at the end of 2022, a cash dividend of RMB3.0 (inclusive of tax) per 10 shares was paid to all shareholders of the Company. The formulation of the cash dividend policy is in line with the Shareholder Return Plan for the next three years (2021-2023) formulated by the Company. The profit distribution plan was implemented on 16 June 2023 by the Company. There was no share placement or issuance of new shares during the reporting period.

Special explanation of cash dividend policy	
Whether conformed to the regulations of the Articles of association or the requirements of the resolutions of the shareholders' meeting:	Yes.
Whether the dividend standard and the proportion were definite and clear:	Yes
Whether the relevant decision-making process and the system were complete:	Yes
Whether the independent director acted dutifully and exerted the proper function:	Yes
If the company has not made cash dividends, it should disclose the specific reasons and the next steps it intends to take to enhance the level of investor returns:	N/A
Whether the medium and small shareholders had the chances to fully express their suggestions and appeals, of which their legal interest had gained fully protection:	Yes
Whether the conditions and the process met the regulations and was transparent of the adjustment or altered of the cash dividend policy:	N/A

The Company (including its subsidiaries) made profit in the reporting period and the profits distribution of the common shares held by the shareholders of the Company (without subsidiaries) was positive, but it did not put forward a preplan for cash dividend distribution of the common shares:

Applicable Inapplicable

Pre-plan for profit allocation and turning capital reserve into share capital for the reporting period

Applicable Inapplicable

Bonus shares for every 10 shares (share)	-
Dividend for every 10 shares (RMB Yuan) (tax included)	2.50
Turning capital reserve into share capital for every 10 shares (share)	-
Total shares as the basis for the allocation preplan (share)	185,391,680.00
Amount of cash dividend (RMB Yuan) (tax included)	46,347,920.00
Amount of cash dividend by other methods (like share repurchase) (RMB Yuan)	-
Total cash dividends (including those by other methods) (RMB Yuan)	46,347,920.00
Distributable profit (RMB Yuan)	387,364,404.92
Percentage of total cash bonus (including those by other methods) of the total profits dividends	100%

Cash dividend situation

If the development stage of the Company belongs to the mature period without any significant assets expenditure arrangement, when executing the profits distribution, the ratio of the cash dividend to the profits distribution of the reporting period should at least reach 80%.

Details about the profit allocation or turning capital reserve into share capital

For 2023, the Company intended to distribute a cash dividend of RMB 2.50 (tax included) for every 10 shares held by its shareholders, and the estimated distributable profits of the Company was RMB46,347,920 with the retained profits of RMB341,016,484.92 for carry-forward to the next year. There was no turn from capital reserve to share capital for the year.

XI. Implementation of any equity incentive plan, employee stock ownership plan or other incentive measures for employees

Applicable Inapplicable

No such cases in this reporting period.

XII. Establishment and implementation of internal control system in this reporting period

1. Establishment and implementation of internal control

The Company has established a relatively perfect, sound and effective internal control system which can be effectively implemented.

2. Serious internal control defects found in this reporting period

Yes No

XIII. Management and control over subsidiaries in this reporting period

None

XIV. Internal control self-evaluation report and auditor's report on internal control

1. Internal control self-evaluation report

Disclosure date of the internal control self-evaluation report	2024-03-12	
Index to the disclosed internal control self-evaluation report	www.cninfo.com.cn	
Total assets of the evaluated entities as a percentage in the consolidated total assets		100.00%
Operating revenues of the evaluated entities as a percentage in the consolidated operating revenues		100.00%
Defect identification standards		
Type	Financial-report related	Non-financial-report related
Nature standard	Serious defect: Refer to one or several controlling defects groups in the enterprise which lead to the enterprise's serious deviation from controlling target. Important defect: Refer to one or several controlling defects groups, its severity and economic results	Serious defect: Safety-a number of employee fatalities Company reputation- negative news spread around, the government or regulators investigated which lead to public attention, and cause huge loss of

	<p>lower than great defect which may lead to the enterprise's deviation from controlling target.</p> <p>Common defect: Refer to any financial-report related internal control defect that does not constitute serious defect or important defect.</p>	<p>customers, or need be report.</p> <p>Important defect: Safety-lead to a employ or citizen disability or fatality Company reputation- negative news spread around the state, had complained the media or lead to the contract will be cancelled by the customers.</p> <p>Common defect: Has occurred or is about to cause harm to the health of workers or citizens Company reputation-negative news spread around certain region damaging the Company's reputation to some extent</p>
Quantitative standard	<p>Serious defect: >5% of total profits of consolidated statements in recent period >1% of total assets of consolidated statements in recent period >2% of total operation revenue of consolidated statements in recent period A serious violation of laws, regulations and rules and the government's policy, was restricted enter industry, suspended business licenses, forced to shut down.</p> <p>Important defect: Within 3%~5% of total profits of consolidated statements in recent period Within 0.5%~1% of total assets of consolidated statements in recent period Within 1%~2% of total operation revenue of consolidated statements in recent period</p> <p>Common defect: < 3% of total profits of consolidated statements in recent period < 0.5% of total assets of consolidated statements in recent period < 1% of total operation revenue of consolidated statements in recent period A serious violation of laws, regulations and rules and the government's policy, lead to fines and penalty</p>	<p>Serious defect: RMB5 million (including RMB5 million) or above.</p> <p>Important defect: Within RMB1 million (including RMB1 million) to RMB5 million (including RMB5 million)</p> <p>Common defect: less than RMB1 million</p>
Number of serious financial-report-related defects		0
Number of serious non-financial-report-related defects		0
Number of important financial-report-related defects		0
Number of important non-financial-report-related defects		0

2. Auditor's report on internal control

Applicable Inapplicable

Opinion paragraph in the auditor's report on internal control	
TSANN KUEN (CHINA) ENTERPRISE CO., LTD. has maintained effective internal control on financial report in all significant respects according to the Basic Rules for Enterprise Internal Control and relevant regulations on 31 Dec. 2023.	
Auditor's report on internal control disclosed or not	Disclosed
Disclosure date	2024-03-12
Index to the disclosed auditor's report on internal control	http://www.cninfo.com.cn
Type of the auditor's opinion	Standard unqualified opinion
Serious non-financial-report-related defects	None

Indicate by tick mark whether any modified opinions are expressed by the CPAs firm in its auditor's report on the Company's internal control.

Yes No

Indicate by tick mark whether the auditor's report on the Company's internal control issued by the CPAs firm is consistent with the self-evaluation report of the Board.

Yes No

XV. Self-inspection and rectification in the specific project on governance of listed companies

None

Section V. Environmental & Social Responsibility**I. Significant environmental issues**

Whether the Company or any of its subsidiaries is identified as a key polluter by the environment authorities

Yes No

There were no administrative penalties for environmental issues.

II. Social responsibilities

None

II. Poverty alleviation or rural revitalization activities

None

Section VI. Significant Events

I. Performance of commitments

1. Commitments of the Company's actual controller, shareholders, related parties and acquirer, as well as the Company and other commitment makers, fulfilled in this reporting period or ongoing at the period-end

Applicable Inapplicable

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform						
Commitment in the acquisition report or the report on equity changes						
Commitments made upon the assets replacement						
Commitments made upon first issuance or refinance						
Commitment on equity incentive						
Other commitments made to minority shareholders	FILLMAN INVESTMENTS LIMITED	Commitment on shareholding increase	Based on the confidence on the continuous and stable development of the Company, it committed to increase the shareholding if the Company's stock price lower than HKD2.40 per share after the implementation of the shares contraction and trading resumption, and it would increase no more than 2% shares (i.e. 3.7078 million shares) of the total shares issued by the Company within one year since the date of initial shareholding increase. If the plan on increasing holding 2% shares of the total	12/28/2012	Long-term effective	The Company's stocks resumed trading on 31 Dec. 2012, but the Company's stock price hasn't met the condition (closing price was lower than HKD2.40) for shareholding increase since the date of trading resumption, FILLMAN Investment Limited hasn't implemented

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
			shares is completed within 12 months, and the stock price has also reached the target price, it will perform relevant approval procedures, and propose to CSRC on continuous implementation of shareholding increase by exemption of offering.			the shareholding increase plan.
Executed on time or not	Yes					
Specific reasons for failing to fulfill commitments on time and plans for next step (if any)						

2. Where there had been an earnings forecast for an asset or project and this reporting period was still within the forecast period, explain why the forecast has been reached for this reporting period.

Applicable Inapplicable

II. Occupation of the Company's funds by the controlling shareholder or its related parties for non-operating purposes

Applicable Inapplicable

III. Illegal provision of guarantees for external parties

Applicable Inapplicable

No such cases in this reporting period.

IV. Notes for the related information of "non-standard audit reports" for the latest period by board of directors

Applicable Inapplicable

V. Explanations given by the Board of Directors, the Supervisory Board and the independent directors (if any) regarding the "auditor's non-standard report" issued by the CPAs firm for this reporting period

Applicable Inapplicable

VI. YoY changes in accounting policies, estimations or correction of material accounting errors

Applicable Inapplicable

VII. YoY changes in the scope of the consolidated financial statements

Applicable Inapplicable

In June 2023, the Company cancelled its subsidiary, Tsann Kuen Edge Intelligence Co., Ltd. (TKEI). From the date of completion of the cancellation, Tsann Kuen Edge Intelligence Co., Ltd. (TKEI) will no longer be included in the scope of consolidated statements.

VIII. Engagement and disengagement of CPAs firm

Current CPAs firm

Name of the domestic CPAs firm	RSM China
The Company's payment for the domestic CPAs firm (RMB'0,000)	108
Consecutive years of the audit service provided by the domestic CPAs firm	4 years
Names of the certified public accountants from the domestic CPAs firm	Wu Xiaolei, Huang Huijun
Consecutive years of the audit service provided by the certified public accountants from the domestic CPAs firm	Wu Xiaolei(2 years), Huang Huijun(1 year)

Indicate by tick mark whether the CPAs firm was changed in this reporting period

Yes No

CPAs firm, financial advisor or sponsor engaged for internal control audit

Applicable Inapplicable

IX. Possibility of delisting after disclosure of this Report

Applicable Inapplicable

X. Bankruptcy and restructuring

Applicable Inapplicable

XI. Significant litigations and arbitrations

Applicable Inapplicable

XII. Punishments and rectifications

Applicable Inapplicable

XIII. Credit conditions of the Company as well as its controlling shareholder and actual controller

Applicable Inapplicable

XIV. Significant related-party transactions

1. Related-party transactions relevant to routine operation

Applicable Inapplicable

Unit: RMB'0,000

Related parties	Relationship	Types	Contents	Principles for pricing	Price	Amount	Proportion in the number of similar transactions (%)	Amount of transactions limit approved	Whether the approved limit is exceeded	Settlements	Market value of comparable transactions available	Date of Disclosure	Disclosure Index
Thermaster Electronic (Xiamen) Ltd.	Companies controlled by the actual controller and his close family members	Purchase of goods	Purchase of raw material parts and machine parts	Pricing is based on market prices, with both parties following the principle of fairness and reasonableness	None	2,780.34	2.90	3,500.00	NO	Settlement according to the contract signed by both parties	None	2023-3-7	http://www.cninfo.com.cn
Thermaster Electronic (Xiamen) Ltd.	Companies controlled by the actual controller and his close family members	Sale of goods	Sale of parts and finished products			0.12	0.00	0.00	YES				
STAR COMGISTIC CAPITAL CO., LTD.	Ultimate holding company	Sale of goods	Sale of parts and finished products			289.98	0.20	1,000.00	NO				
Total						3,070.44		4,500.00					
Details of significant sales returns				None									
Actual performance during the reporting period for related-party transactions relevant to routine operation expected to occur during the period and estimated by category				None									
Reasons for significant differences in transaction prices from market reference prices				None									

2. Related-party transactions regarding purchase or sales of assets or equity interests

Applicable Inapplicable

3. Related-party transitions regarding joint investments

Applicable Inapplicable

4. Credits and liabilities with related parties

Applicable Inapplicable

Whether was any contract related to the non-operating credits and liabilities with related parties?

Yes No

5. Transactions with related finance company

Applicable Inapplicable

6. Transactions with related finance company controlled by the Company

Applicable Inapplicable

7. Other significant related-party transactions

Applicable Inapplicable

XV. Significant contracts and execution

1. Entrustment, contracting and leasing

(1) Entrustment

Applicable Inapplicable

(2) Contracting Applicable Inapplicable**(3) Leasing** Applicable Inapplicable**2. Significant guarantees** Applicable Inapplicable

Unit: RMB'0,000

Guarantees between subsidiaries								
Guaranteed party	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (date of agreement signing)	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for a related party or not
PT. STAR COMGISTIC INDONESIA	2023/5/20	3,750.00	2023/1/1-2023/12/31	800.96	Pledged (50% credit + 50% funding)	1 year	NO	NO
Total guarantee line for subsidiaries approved during this Reporting Period (C1)				3,750.00	Total actual guarantee amount for subsidiaries during this Reporting Period (C2)		1,990.20	
Total approved guarantee line for subsidiaries at the end of this Reporting Period (C3)				3,750.00	Total actual guarantee balance for subsidiaries at the end of this Reporting Period (C4)		800.96	
Total guarantee amount								
Total guarantee line approved during this Reporting Period (C1)				3,750.00	Total actual guarantee amounts during this Reporting Period (C2)		1,990.20	
Total approved guarantee line at the end of this Reporting Period (C3)				3,750.00	Total actual guarantee balance at the end of this Reporting Period (C4)		800.96	
Proportion of the total actual guarantee amount (A4+B4+C4) in net assets of the Company							0.75%	
Of which:								
Amount of guarantees provided for shareholders, the actual controller and their related parties (D)							0.00	
Amount of debt guarantees provided directly or indirectly for entities with a liability-to-asset ratio over 70% (E)							0.00	
Portion of the total guarantee amount in excess of 50% of net assets (F)							0.00	
Total amount of the three kinds of guarantees above (D+E+F)							0.00	
Explanation on undue guarantee or possible joint liquidated liability undertaken							None	
Explanation on providing external guarantee violating established procedures							None	

Specific notes on the use of composite guarantees
None

3. Entrusted cash management

(1) Entrusted asset management

Applicable Inapplicable

Overview of entrusted assets management in Reporting Period

Unit: RMB'0,000

Type	Resource of funds	Amount incurred	Undue balance	Amount overdue	Impaired amount for overdue financial management
Bank financial product	Self-owned fund	66,700.00	46,700.00	0.00	0.00
Total		66,700.00	46,700.00	0.00	0.00

Particular information of high-risk entrusted asset management with individual significant amount or low security and poor liquidity

Applicable Inapplicable

Unit: RMB'0,000

Name of the trustee	Type of the trustee	Type of the product	Amount	Resource of funds	Initial date	Ended Date	Use of fund	Break-even floating proceeds	Annual yield for reference	Estimate profit	Amount of actual profits or losses in reporting period	Actual recovery of profits or losses in reporting period	Amount withdrawn impairment provision	Whether go through stator procedures	Whether there is wealth management entrustment plan in future or not	Overview of the item and the related index for inquiring
Xiamen Bank (Zhangzhou)	Bank	Break-even floating proceeds	5,000	Self-owned fund	2022/3/10	2023/3/10	Structural deposit	Payment of interest and principal at maturity	3.50%	177.43	177.43	Recovered upon maturity	N/A	Yes	Subject to the future market yield and fund condition	http://www.cninfo.com.cn
Xiamen International Bank			5,000		2022/4/1	2023/4/1			3.50%	177.43	177.43					
Xiamen International Bank			5,000		2022/5/6	2023/5/5			3.50%	176.94	176.94					
Xiamen International Bank			6,000		2022/8/24	2023/8/24			3.50%	212.92	212.92					
Xiamen International Bank			5,500		2022/8/31	2023/8/31			3.50%	195.17	195.17					
Xiamen International Bank			5,000		2022/9/15	2023/9/15			3.50%	177.43	177.43					
Xiamen International Bank			5,000		2022/11/17	2023/11/17			3.40%	172.36	172.36					

Name of the trustee	Type of the trustee	Type of the product	Amount	Resource of funds	Initial date	Ended Date	Use of fund	Break-even floating proceeds	Annual yield for reference	Estimate profit	Amount of actual profits or losses in reporting period	Actual recovery of profits or losses in reporting period	Amount withdrawn impairment provision	Whether go through stator procedures	Whether there is wealth management entrustment plan in future or not	Overview of the item and the related index for inquiring
Xiamen Bank (Zhangzhou)			5,000		2022/12/14	2023/12/14			3.45%	174.9	179.57					
Xiamen Bank (Zhangzhou)			5,000		2022/12/21	2023/12/21			3.45%	174.9	184.89					
Xiamen International Bank			5,000		2022/12/23	2023/12/23			3.40%	172.36	172.36					
Xiamen Bank (Zhangzhou)			5,000		2022/12/29	2023/12/29			3.45%	174.9	188.8					
Xiamen Bank (Zhangzhou)			5,000		2023/1/12	2023/12/25			3.45%	166.27	172.55					
Xiamen International Bank			5,000		2023/4/7	2024/4/6			3.40%	172.36	70.99					
Xiamen International Bank			5,000		2023/5/10	2024/5/9			3.40%	172.36	62.28					
Xiamen International Bank			6,000		2023/8/29	2024/8/28			3.26%	198.32	39.58					
Xiamen International Bank			5,700		2023/9/5	2024/9/4			3.26%	188.4	35.5					
Xiamen International Bank			5,000		2023/9/19	2024/9/18			3.26%	165.26	27.44	Undue				
Xiamen Bank (Zhangzhou)			5,000		2023/11/17	2024/11/15			3.29%	166.33	9.69					
Xiamen Bank (Zhangzhou)			5,000		2023/12/8	2024/12/6			3.23%	163.29	5.17					
Xiamen International Bank			5,000		2023/12/8	2024/12/7			3.11%	157.66	6.33					
Xiamen Bank (Zhangzhou)			5,000		2023/12/29	2024/12/27			3.19%	161.27	0.65					
Total			108,200							3,698.26	2,445.48					

Whether there is the case where the principal cannot be recovered at maturity or other case which may cause impairment for entrusted asset management

Applicable Inapplicable

(2) Entrusted loans

Applicable Inapplicable

4. Other significant contracts

Applicable Inapplicable

XVI. Other significant events

Applicable Inapplicable

XVII. Significant events of subsidiaries

Applicable Inapplicable

The Company's controlling subsidiary Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.(TKL) has signed the motion of "Supplementary Memorandum to the Memorandum of Cooperation on Investment of Tsann Kuen Group to Zhangzhou" and "Transitional Plant Lease Contract for the Renovation of Tsann Kuen Industrial Park" with the local government signing and the relevant departments on 12 July 2023, for details, please refer to the Company's announcement [Announcement on the signing of Supplementary Memorandum to the Memorandum of Cooperation on Investment of Tsann Kuen Group to Zhangzhou by the Controlling Subsidiary of Tsann Kuen Group to Zhangzhou and the Transitional Plant Lease Contract for the Renovation of Tsann Kuen Industrial Park] disclosed in the www.cninfo.com.cn on 13 July 2023. This case was considered and approved at the First Extraordinary General Meeting of 2023 held on 28 July 2023.

At present, Tsann Kuen (Zhangzhou) Enterprise Co., Ltd. (TKL) has completed the return and handover of the land according to the contract, the new park construction project has begun, at present industrial technology center building is under construction, the rest of the project has not begun, there is no impact on the production and operation.

Section VII. Change in Shares & Shareholders**I. Changes in shares****1. Changes in shares**

Unit: share

	Before		Increase/decrease (+/-)					After	
	Number	Percentage (%)	New issues	Bonus shares	Increase from capital reserve	Other	Subtotal	Number	Percentage (%)
1. Restricted shares	0	0.00%	0	0	0	0	0	0	0.00%
1.1 Shares held by state									
1.2 Shares held by state-owned corporations									

1.3 Shares held by other domestic investors									
Among which: Shares held by domestic corporations									
Shares held by domestic individuals									
1.4 Shares held by foreign investors									
Among which: Shares held by foreign corporations									
Shares held by foreign individuals									
2. Unrestricted shares	185,391,680	100.00%	0	0	0	0	0	185,391,680	100.00%
2.1 RMB ordinary shares									
2.2 Domestically listed foreign shares	185,391,680	100.00%	0	0	0	0	0	185,391,680	100.00%
2.3 Foreign capital stocks listed abroad									
2.4 Other									
3. Total shares	185,391,680	100.00%	0	0	0	0	0	185,391,680	100.00%

Reasons for the share changes

Applicable Inapplicable

Approval of share changes

Applicable Inapplicable

Transfer of share ownership

Applicable Inapplicable

Change in share capital's impacts on basic EPS and diluted EPS in recent year and recent issue, and net assets per share attributed to equity shareholder and financial index etc.

Applicable Inapplicable

Other contents was necessary to the company or the securities regulators required to be disclosed

Applicable Inapplicable

2. Changes in restricted shares

Applicable Inapplicable

II. Issuance and listing of securities

1. Securities (excluding preference shares) issued in this reporting period

Applicable Inapplicable

2. Changes in total shares of the Company and the shareholder structure, as well as the asset and liability structures

Applicable Inapplicable

3. Existing staff-held shares

Applicable Inapplicable

III. Shareholders and actual controller**1. Total number of shareholders and their shareholdings**

Unit: share

Total number of common shareholders at the period-end	13,757	Total number of common shareholders at the prior month-end before the disclosure of this Report	13,758	Total number of preference shareholders with resumed voting rights at the period-end	0	Total number of preference shareholders with resumed voting rights at the prior month-end before the disclosure of this Report	0		
5% or greater shareholders or the top 10 shareholders									
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Increase/decrease during this reporting period	Number of restricted shares	Number of unrestricted shares	Pledged, marked or frozen shares		
							Status	Number	
FORDCHEE DEVELOPMENT LIMITED	Foreign corporation	29.10%	53,940,530.00	Unchanged	0	53,940,530.00	N/A	0	
EUPA INDUSTRY CORPORATION LIMITED	Foreign corporation	13.09%	24,268,840.00	Unchanged	0	24,268,840.00	N/A	0	
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	4.93%	9,146,949.00	45,067	0	9,146,949.00	N/A	0	
FILLMAN INVESTMENTS LIMITED	Foreign corporation	2.49%	4,621,596.00	Unchanged	0	4,621,596.00	N/A	0	
CHEN YONGQUAN	Domestic individual	1.04%	1,929,476.00	Unchanged	0	1,929,476.00	N/A	0	
CHEN YONGQING	Foreign individual	0.87%	1,608,078.00	Unchanged	0	1,608,078.00	N/A	0	
CHEN LIJUAN	Foreign individual	0.86%	1,602,768.00	99,100	0	1,602,768.00	N/A	0	
YANG WENLIANG	Domestic individual	0.70%	1,292,749.00	-84,317	0	1,292,749.00	N/A	0	
SHENWAN HONGYUAN SECURITIES (HK) LIMITED	Foreign corporation	0.61%	1,136,852.00	-615,283	0	1,136,852.00	N/A	0	
DING XIAOLUN	Domestic individual	0.61%	1,131,800.00	1,800	0	1,131,800.00	N/A	0	
Strategic investor or general corporation becoming a top ten shareholder due to placing of new shares		None							
Related or acting-in-concert parties among the shareholders above		The first, the second and the fourth shareholders are the Company's corporate controlling shareholders. It is unknown whether the other public shareholders are related parties or acting-in-concert parties as prescribed in the Administrative Methods for Disclosure of the Shareholding Changes of the Listed Company's Shareholders.							

Above shareholders involved in entrusting/being entrusted with voting rights and giving up voting rights	None		
Special account for share repurchases	None		
Top ten unrestricted common shareholders			
Name of shareholder	Number of unrestricted common shares held at the period-end	Type of shares	
		Type	Number
FORDCHEE DEVELOPMENT LIMITED	53,940,530.00	Domestically listed foreign share	53,940,530.00
EUPA INDUSTRY CORPORATION LIMITED	24,268,840.00	Domestically listed foreign share	24,268,840.00
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	9,146,949.00	Domestically listed foreign share	9,146,949.00
FILLMAN INVESTMENTS LIMITED	4,621,596.00	Domestically listed foreign share	4,621,596.00
CHEN YONGQUAN	1,929,476.00	Domestically listed foreign share	1,929,476.00
CHEN YONGQING	1,608,078.00	Domestically listed foreign share	1,608,078.00
CHEN LIJUAN	1,602,768.00	Domestically listed foreign share	1,602,768.00
YANG WENLIANG	1,292,749.00	Domestically listed foreign share	1,292,749.00
SHENWAN HONGYUAN SECURITIES (HK) LIMITED	1,136,852.00	Domestically listed foreign share	1,136,852.00
DING XIAOLUN	1,130,000.00	Domestically listed foreign share	1,130,000.00
Related or acting-in-concert parties among the top ten unrestricted public shareholders and between the top ten unrestricted public shareholders and the top ten shareholders	The first, the second and the fourth shareholders are the Company's corporate controlling shareholders. It is unknown whether the other public shareholders are related parties or acting-in-concert parties as prescribed in the Administrative Methods for Disclosure of the Shareholding Changes of the Listed Company's Shareholders.		
Top ten common shareholders conducting securities margin trading	None		

Did any of the top ten common shareholders or the top ten unrestricted common shareholders of the Company conduct any promissory repurchase during the Reporting Period?

Yes No

2. Information about the controlling shareholder

Nature of controlling shareholder: foreign investment holding

Type of controlling shareholder: corporation

Name of controlling shareholder	Legal representative / company principal	Date of establishment	Organization code	Business scope
Fordchee Development Limited	Cai Yuansong	1990-01-03	14676920-000-01-24-4	Investment
EUPA Industry Corporation Limited	Cai Shuhui	1989-07-21	12959659-000-07-23-5	Investment
Fillman Investments Limited	Cai Shuhui	1992-07-21	16269694-000-07-23-9	Investment
Shareholdings of the controlling shareholder in other listed companies at home or abroad in this reporting period	None			

There are no notes to the controlling shareholder for the Company
Change of the controlling shareholder during this reporting period

Applicable Inapplicable

3. Information about the actual controller and its acting-in-concert party

Nature of actual controller: foreign individual

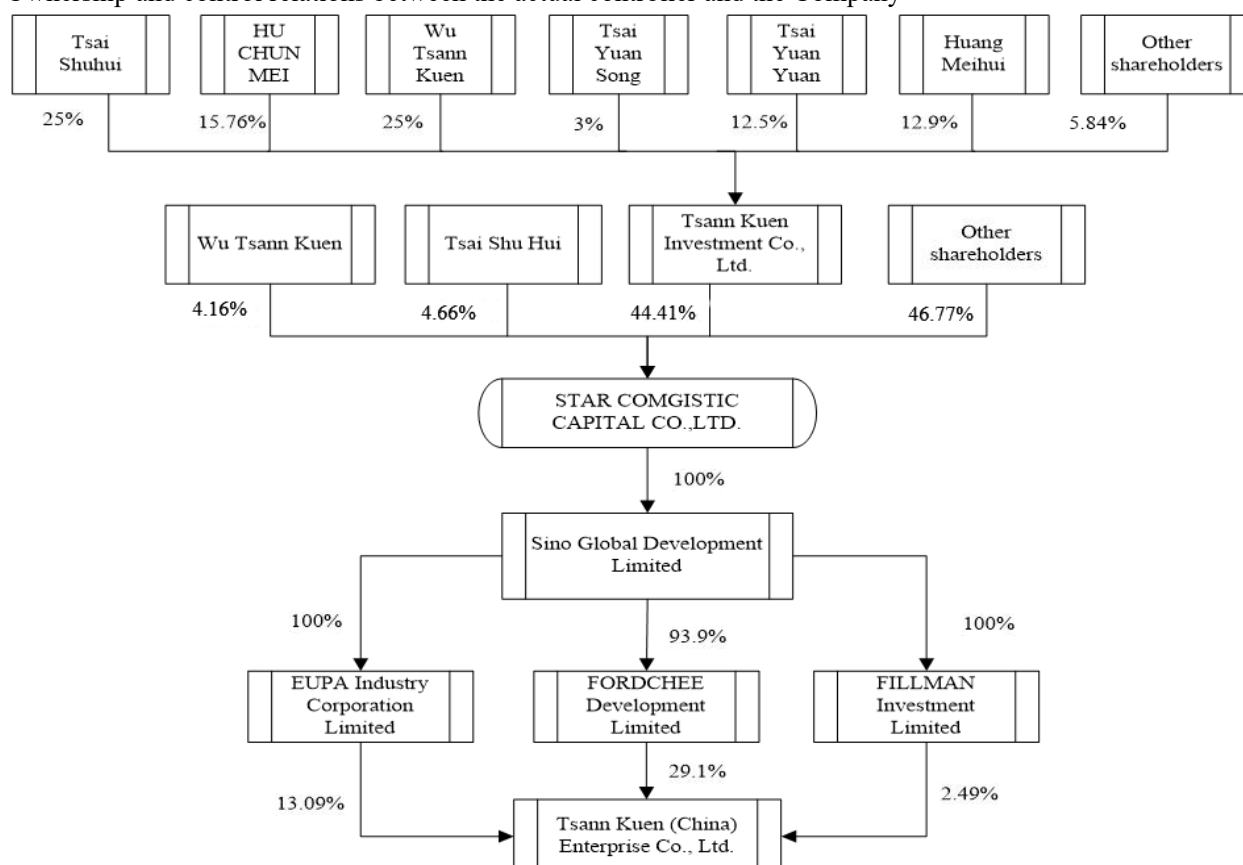
Type of actual controller: individual

Name of actual controller	Relationship with actual controller	Nationality	Right of residence in other countries or regions
Wu Tsann Kuen	Self	Taiwan, China	None
Main occupation and duty	Promoter of TSANN KUEN Group in China and Taiwan		
Used-to-be-holding listed companies at home and abroad in the last ten years	Actual controller of Tsann Kuen (Taiwan) Enterprise Co., Ltd. STAR COMGISTIC CAPITAL (Taiwan) CO., LTD. and Star International Travel Service (Taiwan) Co., Ltd.		

Change of the actual controller during this reporting period

Applicable Inapplicable

Ownership and control relations between the actual controller and the Company



Indicate by tick mark whether the actual controller controls the Company via trust or other ways of asset management.

Applicable Inapplicable

4. Accumulative pledged shares held by the Company's controlling shareholder or the largest shareholder and its acting-in-concert party accounts for 80% of shares of the Company held by them

Applicable Inapplicable

5. 10% or greater corporate shareholders Applicable Inapplicable**6. Limited shareholding decrease by the Company's controlling shareholder, actual controller, reorganizer and other commitment makers** Applicable Inapplicable**IV. Specific implementation of share repurchases during this reporting period**

Implementation progress of share repurchases

 Applicable Inapplicable

Progress on reducing the repurchased shares by way of centralized bidding

 Applicable Inapplicable**Section VIII. Preference Shares** Applicable Inapplicable

No preference shares in this reporting period.

Section IX. Bonds Applicable Inapplicable

No bonds in this reporting period.

Section X. Financial Report**I. Auditor's Report**

Type of audit opinions	Standard unqualified opinions
Signing date of audit report	2024-03-09
Name of audit institution	RSM China CPA LLP
No. of audit report	RSM SZ [2024] NO. 518Z0020
Name of CPA	Wu Xiaolei, Huang Huijun

II. Financial statements (attached)

1. Balance sheet
2. Income statement

3. Cash flow statement
4. Statement of Change in Owners' Equity
5. Notes to the Financial Statements

Board Chairman: Cai Yuansong

The Board of Directors of Tsann Kuen (China)
Enterprise Co., Ltd.

09 March 2024

Auditor's Report

RSM SZ [2024] NO.518Z0020

To the Shareholders of Tsann Kuen (China) Enterprise Co., Ltd.:

I. Opinion

We have audited the financial statements of Tsann Kuen (China) Enterprise Co., Ltd. (hereafter referred to as “the Company”), which comprises the consolidated and the parent company’s statement of financial position as of 31 December 2023, the consolidated and the parent company’s statement of profit or loss and other comprehensive income, the consolidated and the parent company’s statement of cash flows, the consolidated and the parent company’s statement of changes in equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying the Company’s financial statements present fairly, in all material respects, the consolidated and the company’s financial position as of 31 December 2023, and of their financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with Chinese 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, and we have fulfilled our other ethical responsibilities. We believe that the audit evidences we obtained are sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, are of the most significance in our audit of the financial statements of the current period. These matters are addressed in the context of our audit of the financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

i) Impairment allowance of inventories

a. Description

Please refer to Note 3.13 “Inventories” of the accounting policies and please refer to Note 5.6 “Inventories” to the financial statement of the relevant disclosures.

As of 31 December 2023, the closing balance of inventories in the Company’s consolidated statement is CNY 212,345,925.89, and impairment allowance of inventories is CNY 19,936,592.07. At the balance sheet date, impairment test is carried out by management and impairment allowance for inventories is made if the cost is higher than the net realizable value. Net realizable value is determined by the estimated selling prices minus the estimated costs of completion, the estimated selling expenses, and related taxes.

The management should to make significant judgments and assumptions in the forecast, especially for future selling prices, production costs, operating expenses and related taxes. Due to the complexity of the impairment test, the annual inventory impairment test involves key judgments and estimation, therefore, we listed the inventory impairment allowance as a key audit item.

b. Audit Response

In response to the Company’s inventory impairment allowance, we have implemented the following audit procedures:

- a) To understand and evaluate the effectiveness of the design and operation of management's internal controls related to inventory impairments allowance.
- b) To obtain the aging list of inventories and review the aging list and turn over situation, and to discuss the accounting estimation of inventory impairment allowance with management, to assess the reasonable of the inventory impairment allowance.
- c) To perform the inventory observation procedures, to check the quantities and status of inventories, and inspect inventories with high value or idle.
- d) For inventories that were able to obtain open market sales prices, we independently looked up the open market price information and compare them to the estimated selling prices.
- e) For inventories that were not able to obtain open market sales prices, we selected samples to compare the estimated selling prices with the actual selling prices in the near future or subsequent period.
- f) To select samples to compare costs of completion with similar raw materials and work in process in the current year, and assessed the rationality of the costs of completion estimated by the Company.

ii) Recognition of revenues

a. Description

Please refer to Note 3.26 of accounting policy of revenue, and please refer to Note 5.34 to the financial statement of the relevant disclosures.

The operating revenue of the consolidated financial statement for the year 2023 amounted to CNY 1,495,632,805.41, decreasing of 5.59% compared with last year.

Since operating revenue is one of the Company's key performance indicators, and changes in gross profit margin have a significant impact on the operating results of current period of the Company, we identify revenue recognition as a key audit item.

b. Audit Response

In response to the Company's recognition of revenues, we have implemented the following audit procedures:

- a) To understand and evaluate the effectiveness of the design and operation of management's internal control related to revenue recognition.
- b) Selecting samples to check the sales contracts and combining with interviews with management to identify contract terms and conditions related to the transfer of control of goods, evaluate the timing of ownership transfer related to product sales recognition, evaluating whether the timing of the company's revenue recognition comply with the requirements of corporate accounting standards.
- c) Selecting samples of sales transactions during this year, checking the collection records, sales invoices, export declarations, bills of lading(B/L), sales receipts, performing confirmation letter or other alternative test procedures for the closing balance of accounts receivable, and audit the authenticity of sales.
- d) Performing analytical review procedures, including analyzing monthly revenue, cost, and gross profit margin fluctuations for the current period; analyzing the revenue, cost, and gross margin fluctuations between the current period and the previous period. The factor analysis method is used to analyze the influence of each factor on gross profit, and analyze the reasonableness of each factor affecting the gross profit.
- e) For revenues recognized before and after the balance sheet date, we performed sales cut-off test, including checking the outbound orders, export declarations, bills of lading(B/L), and other supporting documents to assess whether the revenues were included in the appropriate accounting period.

IV. Other information

Management of the Company is responsible for the other information. The other information comprises the information included in the Annual Report of the Company

for the year of 2023, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards of Business Enterprises, and for the design, implementation, and maintenance of such internal controls 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 the 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 intends 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.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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:

- i) 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.
- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv) 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 by the CSA to draw attention in our auditor's report to the related disclosures in the 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.

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

vi) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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 controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that are of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(There is no text on this page, it is the stamp and signature page for the report RSM SZ [2024] NO.518Z0020 of the Company.)

RSM China CPA LLP
China·Beijing

CICPA: _____
WU, Xiaolei (Partner)

CICPA: _____
HUANG, Huijun

09 March 2024

Consolidated Statement of Financial Position
as at 31 December 2023

Prepared by: TsannKuen (China) Enterprise Co., Ltd.

Unit: Yuan Currency: CNY

Item	Note	2023/12/31	2022/12/31	Item	Note	2023/12/31	2022/12/31
Current assets:				Current liabilities:			
Cash and cash equivalents	5.1	567,162,576.77	576,867,829.77	Short-term borrowings		-	-
Held-for-trading financial assets	5.2	470,009,033.34	569,493,788.89	Held-for-trading financial liabilities		-	-
Derivative financial assets		-	-	Derivative financial liabilities		-	-
Notes receivable		-	-	Notes payable	5.19	9,137,361.03	2,630,056.46
Accounts receivable	5.3	196,956,220.12	95,950,882.88	Accounts payable	5.20	491,874,918.44	398,955,150.23
Accounts receivable financing		-	-	Advances from customers	5.21	2,624,268.27	7,880,418.84
Advances to suppliers	5.4	4,551,467.78	4,050,633.59	Contract liabilities	5.22	16,485,904.83	21,522,608.04
Other receivables	5.5	23,318,410.66	15,425,312.61	Employee benefits payable	5.23	49,108,630.97	41,947,199.38
Including: Interests receivable		-	-	Taxes payable	5.24	58,404,241.58	39,426,557.19
Dividend receivable		-	-	Other payables	5.25	35,202,629.21	36,311,863.30
Inventories	5.6	192,409,333.82	180,065,428.49	Including: Interests payables		-	-
Contract assets		-	-	Dividend payables		-	-
Assets classified as held for sale		-	-	Liabilities classified as held for sale		-	-
Non-current assets maturing within one year		-	-	Non-current liabilities maturing within one year	5.26	883,368.79	9,494,026.90
Other current assets	5.7	460,078,523.03	428,851,919.37	Other current liabilities		-	-
Total current assets		1,914,485,565.52	1,870,705,795.60	Total current liabilities		663,721,323.12	558,167,880.34
Non-current assets:				Non-current liabilities:			
Debt investments	5.8	100,076,779.20	-	Long-term borrowings		-	-
Other debt investments		-	-	Bonds payable		-	-
Long-term receivables		-	-	Including: Preference share		-	-
Long-term equity investments		-	-	Perpetual capital securities		-	-
Other equity instrument investment	5.9	40,000.00	40,000.00	Lease liabilities	5.27	392,170,104.23	534,850,528.45

Item	Note	2023/12/31	2022/12/31	Item	Note	2023/12/31	2022/12/31
Other non-current financial assets				Long-term payables		-	-
Investment properties	5.10	18,464,309.18	19,148,198.30	Long-term employee benefits payable		-	-
Fixed assets	5.11	157,096,267.26	147,946,111.81	Estimated liabilities	5.28	-	480,930.00
Construction in progress	5.12	1,773,322.12	2,656,954.05	Deferred income		-	-
Productive biological assets		-	-	Deferred tax liabilities	5.16	-	24,232,846.42
Oil and gas assets				Other non-current liabilities		-	-
Right-of-use assets	5.13	368,563,991.68	525,637,136.84	Total non-current liabilities		392,170,104.23	559,564,304.87
Intangible assets	5.14	13,482,991.81	17,968,888.40	Total liabilities		1,055,891,427.35	1,117,732,185.21
Research and development expenditure		-	-	Owners' equity:			
Goodwill		-	-	Share capital	5.29	185,391,680.00	185,391,680.00
Long-term deferred expenses	5.15	7,770,803.06	8,946,053.72	Other equity instruments		-	-
Deferred tax assets	5.16	8,384,808.67	13,678,256.72	Including: Preference shares		-	-
Other non-current assets	5.17	136,429.00	813,512.56	Perpetual capital securities		-	-
Total non-current assets		675,789,701.98	736,835,112.40	Capital reserves	5.30	296,808,965.79	296,808,965.79
				Less: Treasury stock		-	-
				Other comprehensive income	5.31	10,227,053.51	8,130,895.08
				Specific reserves		-	-
				Surplus reserves	5.32	75,501,488.36	68,925,849.64
				Retained earnings	5.33	507,010,039.53	481,265,907.40
				Total owner's equity attributable to parent company		1,074,939,227.19	1,040,523,297.91
				Non-controlling interests		459,444,612.96	449,285,424.88
				Total owners' equity		1,534,383,840.15	1,489,808,722.79
Total assets		2,590,275,267.50	2,607,540,908.00	Total liabilities and owners' equity		2,590,275,267.50	2,607,540,908.00

Legal Representative: Cai Yuansong

Chief Financial Officer: Wu Jianhua

Finance Manager: Wu Jianhua

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2023

Prepared by: TsannKuen (China) Enterprise Co., Ltd.

Unit: Yuan

Currency: CNY

Item	Note	2023	2022
I. Revenue	5.34	1,495,632,805.41	1,584,267,529.08
Including: operating revenue	5.34	1,495,632,805.41	1,584,267,529.08
II. Cost of sales	5.34	1,411,245,459.13	1,471,182,914.16
Including: operating cost	5.34	1,222,340,716.02	1,306,015,031.40
Taxes and surcharges	5.35	8,382,759.56	8,207,085.30
Selling and distribution expenses	5.36	27,727,538.87	22,718,269.59
General and administrative expenses	5.37	71,563,168.70	71,930,327.01
Research and development expenses	5.38	61,202,300.78	61,922,089.98
Finance costs	5.39	20,028,975.20	390,110.88
Including: Interest expense	5.39	26,125,546.52	28,205,548.36
Interest income	5.39	5,259,411.72	6,913,345.47
Add: Other income	5.40	3,727,263.16	7,999,361.25
Investment income/(losses)	5.41	34,242,870.37	25,925,914.30
Including: Investment income from associates and joint ventures		-	-
Gains /(losses) from derecognition of financial assets measured at amortised cost		-	-
Income /(losses) from net exposure hedging		-	-
Gains/(losses) from changes in fair values	5.42	-1,484,755.55	-1,227,238.89
Impairment loss of credit	5.43	-2,010,093.67	1,883,894.53
Impairment loss of asset	5.44	-7,001,664.06	-12,371,666.30
Gains/(losses) from disposal of assets	5.45	12,237,257.34	742,730.95
III. Profit/(loss) from operations		124,098,223.87	136,037,610.76
Add: Non-operating income	5.46	6,015,235.74	3,161,103.92
Less: Non-operating expenses	5.47	541,357.59	104,951.52
IV. Profit/(loss) before tax		129,572,102.02	139,093,763.16
Less: Income tax expenses	5.48	12,769,135.07	13,445,056.84
V. Net profit/(loss) for the year		116,802,966.95	125,648,706.32
(I) Net profit/(loss) by continuity			
1.Net profit/(loss) from continuing operation		116,802,966.95	125,648,706.32
2.Net profit/(loss) from discontinued operation			
(II) Net profit/(loss) by ownership attribution			
1.Attributable to owners of the parent		87,937,274.85	94,283,302.93
2.Attributable to non-controlling interests		28,865,692.10	31,365,403.39
VI. Other comprehensive income for the year, after tax		2,794,877.91	11,269,904.75
(I) Attributable to owners of the parent		2,096,158.43	8,452,428.56
1. Items that will not be reclassified subsequently to profit or loss		-	-
(1) Remeasurement of the net defined benefit liability (asset)		-	-
(2) Other comprehensive income using the equity method which will not be reclassified subsequently to profit and loss			
(3) Changes in fair value of other equity instrument investment			
(4) Changes in fair value of the Company's own credit risks			
2. Items that may be reclassified subsequently to profit or loss		2,096,158.43	8,452,428.56
(1) Other comprehensive income using the equity method which will be reclassified subsequently to profit or loss			
(2) Changes in fair value of other debt instrument investment			
(3) Other comprehensive income arising from the reclassification of financial assets			
(4) Provision for credit impairment in other debt investments			
(5) Reserve for cash flow hedges			
(6) Exchange differences on translating foreign operations		2,096,158.43	8,452,428.56
(II) Attributable to non-controlling interests		698,719.48	2,817,476.19
VII. Total comprehensive income for the year		119,597,844.86	136,918,611.07
(I) Attributable to owners of the parent		90,033,433.28	102,735,731.49
(II) Attributable to non-controlling interests		29,564,411.58	34,182,879.58
VIII. Earnings per share			
(I) Basic earnings per share		0.47	0.51
(II) Diluted earnings per share		0.47	0.51

Legal Representative: Cai Yuansong

Chief Financial Officer: Wu Jianhua

Finance Manager: Wu Jianhua

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

Prepared by: TsannKuen (China) Enterprise Co., Ltd.

Unit: Yuan

Currency: CNY

Item	Note	2023	2022
I. Cash flows from operating activities			
Cash received from the sale of goods and the rendering of services		1,348,233,019.71	1,713,576,512.45
Cash received from tax refund		84,358,087.88	105,536,334.92
Other cash received relating to operating activities	5.50	122,553,601.21	90,269,998.24
Subtotal of cash inflows from operating activities		1,555,144,708.80	1,909,382,845.61
Cash payments for goods purchased and services received		1,022,514,505.63	1,380,854,782.39
Cash payments to and on behalf of employees		283,588,913.05	266,640,531.04
Payments of taxes		25,694,772.64	32,523,572.64
Other cash payments relating to operating activities	5.50	100,300,581.87	64,588,350.28
Subtotal of cash outflows from operating activities		1,432,098,773.19	1,744,607,236.35
Net cash flows from operating activities		123,045,935.61	164,775,609.26
II. Cash flows from investing activities			
Cash received from disposal and redemption of investments		631,790,258.36	686,493,233.63
Cash received from returns on investments		17,421,906.57	11,416,282.71
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		4,950,458.99	3,601,213.12
Net cash received from disposals of subsidiaries and other business units		-	-
Other cash received relating to investing activities	5.50	497,935,690.70	483,165,710.00
Subtotal of cash inflows from investing activities		1,152,098,314.62	1,184,676,439.46
Cash payments to acquire fixed, intangible and other long-term assets		45,247,768.66	40,233,962.61
Cash payments to acquire investments		617,000,000.00	808,277,718.70
Net cash payments to acquire subsidiaries and other business units		-	-
Other cash payments relating to investing activities	5.50	518,774,200.00	624,630,729.27
Subtotal of cash outflows from investing activities		1,181,021,968.66	1,473,142,410.58
Net cash flows from investing activities		-28,923,654.04	-288,465,971.12
III. Cash flows from financing activities			
Cash received from capital contributions		-	-
Including: Cash received from absorbing minority shareholders' equity investment by subsidiaries		-	-
Cash received from borrowings		21,539,400.00	212,415,836.00
Other cash received relating to financing activities	5.50	8,193,634.09	10,734,861.05
Subtotal of cash inflows from financing activities		29,733,034.09	223,150,697.05
Cash repayments of debts		21,539,400.00	212,415,836.00
Cash payments for dividends, distribution of profit and interest expenses		82,526,968.50	44,984,605.45
Including: Dividends, distribution of profit paid by subsidiaries to minority shareholders		58,215,670.49	23,155,114.88
Other cash payments relating to financing activities	5.50	32,694,988.33	43,904,510.71
Subtotal of cash outflows from financing activities		136,761,356.83	301,304,952.16
Net cash flows from financing activities		-107,028,322.74	-78,154,255.11
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		-795,341.12	6,505,097.21
V. Net increase / (decrease) in cash and cash equivalents		-13,701,382.29	-195,339,519.76
Plus: Cash and cash equivalents at the beginning of the period		575,511,653.82	770,851,173.58
VI. Cash and cash equivalents at the end of the period		561,810,271.53	575,511,653.82

Legal Representative: Cai Yuansong

Chief Financial Officer: Wu Jianhua

Finance Manager: Wu Jianhua

Consolidated Statement of Changes in Owners' Equity
for the year ended 31 December 2023

Prepared by: TsannKuen (China) Enterprise Co., Ltd.

Unit: Yuan

Currency: CNY

Item	2023												
	Owners' equity attributable to the parent company											Non-controlling interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Subtotal		
	Preference shares	Perpetual capital securities	Others										
I. Balance at 31 December 2022	185,391,680.00	-	-	-	296,808,965.79	-	8,130,895.08	-	68,925,849.64	481,265,907.40	1,040,523,297.91	449,285,424.88	1,489,808,722.79
Add: Changes in accounting policy													
Correction of prior period errors													
Business combination under common control													
Others													
II. Balance at 1 January 2023	185,391,680.00	-	-	-	296,808,965.79	-	8,130,895.08	-	68,925,849.64	481,265,907.40	1,040,523,297.91	449,285,424.88	1,489,808,722.79
III. Changes in equity during the reporting period	-	-	-	-	-	-	2,096,158.43	-	6,575,638.72	25,744,132.13	34,415,929.28	10,159,188.08	44,575,117.36
(I) Total comprehensive income							2,096,158.43			87,937,274.85	90,033,433.28	29,564,411.58	119,597,844.86
(II) Capital contributions or withdrawals by owners	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Ordinary shares contributed by shareholders													
2. Capital contributed by holders of other equity instruments													
3. Share-based payments recognised in owners' equity													
4. Others													
(III) Profit distribution	-	-	-	-	-	-	-	-	6,575,638.72	-62,193,142.72	-55,617,504.00	-19,405,223.50	-75,022,727.50
1. Withdrawal of surplus reserves									6,575,638.72	-6,575,638.72			

Item	2023												Non-controlling interests	Total owners' equity
	Owners' equity attributable to the parent company													
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Subtotal			
Preference shares		Perpetual capital securities	Others											
2.Profit distribution to owners (or shareholders)										-55,617,504.00	-55,617,504.00	-19,405,223.50	-75,022,727.50	
3.Others											-		-	
(IV) Transfer between owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.Capital reserves transfer to share capital											-		-	
2.Surplus reserves transfer to share capital											-		-	
3.Surplus reserves used to cover accumulated deficits											-		-	
4.Defined benefit plan transfer to retained earnings											-		-	
5.Other comprehensive income transfer to retained earnings											-		-	
6.Others											-		-	
(V) Specific reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.Withdrawal during the reporting period											-		-	
2.Usage during the reporting period											-		-	
(VI) Others											-		-	
IV. Balance at 31 December 2023	185,391,680.00	-	-	-	296,808,965.79	-	10,227,053.51	-	75,501,488.36	507,010,039.53	1,074,939,227.19	459,444,612.96	1,534,383,840.15	

Legal Representative: Cai Yuansong

Chief Financial Officer: Wu Jianhua

Finance Manager: Wu Jianhua

Consolidated Statement of Changes in Owners' Equity
for the year ended 31 December 2023

Prepared by: TsannKuen (China) Enterprise Co., Ltd.

Unit: Yuan Currency: CNY

Item	2022												Non-controlling interests	Total owners' equity
	Owners' equity attributable to the parent company													
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Subtotal			
Preference shares		Perpetual capital securities	Others											
I. Balance at 31 December 2021	185,391,680.00				296,808,965.79		-321,533.48		61,371,246.13	413,076,375.98	956,326,734.42	438,874,639.34	1,395,201,373.76	
Add: Changes in accounting policy												-	-	
Correction of prior period errors												-	-	
Business combination under common control												-	-	
Others												-	-	
II. Balance at 1 January 2022	185,391,680.00	-	-	-	296,808,965.79	-	-321,533.48	-	61,371,246.13	413,076,375.98	956,326,734.42	438,874,639.34	1,395,201,373.76	
III. Changes in equity during the reporting period	-	-	-	-	-	-	8,452,428.56	-	7,554,603.51	68,189,531.42	84,196,563.49	10,410,785.54	94,607,349.03	
(I) Total comprehensive income							8,452,428.56			94,283,302.93	102,735,731.49	34,182,879.58	136,918,611.07	
(II) Capital contributions or withdrawals by owners	-	-	-	-	-	-	-	-	-	-	-	-616,979.16	-616,979.16	
1. Ordinary shares contributed by shareholders												-616,979.16	-616,979.16	
2. Capital contributed by holders of other equity instruments												-	-	
3. Share-based payments recognised in owners' equity												-	-	
4. Others												-	-	
(III) Profit distribution	-	-	-	-	-	-	-	-	7,554,603.51	-26,093,771.51	-18,539,168.00	-23,155,114.88	-41,694,282.88	
1. Withdrawal of surplus reserves									7,554,603.51	-7,554,603.51	-	-	-	
2. Profit distribution to owners (or shareholders)										-18,539,168.00	-18,539,168.00	-23,155,114.88	-41,694,282.88	

Item	2022												Non-controlling interests	Total owners' equity
	Owners' equity attributable to the parent company													
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Subtotal			
Preference shares		Perpetual capital securities	Others											
3.Others												-	-	
(IV) Transfer between owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.Capital reserves transfer to share capital												-	-	
2.Surplus reserves transfer to share capital												-	-	
3.Surplus reserves used to cover accumulated deficits												-	-	
4.Defined benefit plan transfer to retained earnings												-	-	
5.Other comprehensive income transfer to retained earnings												-	-	
6.Others												-	-	
(V) Specific reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.Withdrawal during the reporting period												-	-	
2.Usage during the reporting period												-	-	
(VI) Others												-	-	
IV. Balance at 31 December 2022	185,391,680.00	-	-	-	296,808,965.79	-	8,130,895.08	-	68,925,849.64	481,265,907.40	1,040,523,297.91	449,285,424.88	1,489,808,722.79	

Legal Representative: Cai Yuansong

Chief Financial Officer: Wu Jianhua

Finance Manager: Wu Jianhua

Statement of Financial Position of Parent Company
as at 31 December 2023

Prepared by: TsannKuen (China) Enterprise Co., Ltd.

Unit: Yuan Currency: CNY

Assets	Note	2023/12/31	2022/12/31	Liabilities and owners' equity	Note	2023/12/31	2022/12/31
Current assets:				Current liabilities:			
Cash and cash equivalents		7,989,557.11	7,931,576.16	Short-term borrowings		-	-
Held-for-trading financial assets		-	-	Held-for-trading financial liabilities		-	-
Derivative financial assets		-	-	Derivative financial liabilities		-	-
Notes receivable		-	-	Notes payable		-	-
Accounts receivable	13.1	1,572,953.88	333,503.79	Accounts payable		2,667,658.77	3,968,243.67
Accounts receivable financing		-	-	Advances from customers		2,235,364.98	2,041,705.86
Advances to suppliers		30,581.02	51,777.23	Contract liabilities		128,525.68	149,436.26
Other receivables	13.2	3,673,370.28	3,268,524.27	Employee benefits payable		6,860,001.30	6,777,516.33
Including: Interests receivable		-	-	Taxes payable		3,162,838.05	4,438,418.71
Dividend receivable		-	-	Other payables		26,986,789.58	36,906,239.73
Inventories		1,819,766.41	2,698,240.54	Including: Interests payables		-	-
Contract asset		-	-	Dividend payables		-	-
Assets classified as held for sale		-	-	Liabilities classified as held for sale		-	-
Non-current assets maturing within one year		-	-	Non-current liabilities maturing within one year		-	281,020.19
Other current assets		-	-	Other current liabilities		-	-
Total current assets		15,086,228.70	14,283,621.99	Total current liabilities		42,041,178.36	54,562,580.75
Non-current assets:				Non-current liabilities:			
Debt investments		-	-	Long-term borrowings		-	-
Other debt investments		-	-	Bonds payable		-	-
Long-term receivables		-	-	Including: Preference share		-	-
Long-term equity investments	13.3	923,414,701.56	923,414,701.56	Perpetual capital securities		-	-

Assets	Note	2023/12/31	2022/12/31	Liabilities and owners' equity	Note	2023/12/31	2022/12/31
Other equity instrument investment		40,000.00	40,000.00	Lease liabilities		-	-
Other non-current financial assets				Long-term payables		-	-
Investment properties		20,385,084.83	21,468,328.32	Long-term employee benefits payable		-	-
Fixed assets		413,885.43	250,663.84	Estimated liabilities		-	-
Construction in progress		166,338.56	244,253.46	Deferred income		-	-
Productive biological assets		-	-	Deferred tax liabilities		-	-
Oil and gas assets				Other non-current liabilities		-	-
Right-of-use assets		-	268,718.44	Total non-current liabilities		-	-
Intangible assets		-	-	Total liabilities		42,041,178.36	54,562,580.75
Research and development expenditure		-	-	Owners' equity:			
Goodwill		-	-	Share capital		185,391,680.00	185,391,680.00
Long-term deferred expenses		1,432,877.67	1,638,462.29	Other equity instruments		-	-
Deferred tax assets		849,924.71	2,562,810.80	Including: Preference shares		-	-
Other non-current assets		-	-	Perpetual capital securities		-	-
Total non-current assets		946,702,812.76	949,887,938.71	Capital reserves		271,490,289.82	271,490,289.82
				Less: Treasury stock		-	-
				Other comprehensive income		-	-
				Specific reserves		-	-
				Surplus reserves		75,501,488.36	68,925,849.64
				Retained earnings		387,364,404.92	383,801,160.49
				Total owners' equity		919,747,863.10	909,608,979.95
Total assets		961,789,041.46	964,171,560.70	Total liabilities and owners' equity		961,789,041.46	964,171,560.70

Legal Representative: Cai Yuansong

Chief Financial Officer: Wu Jianhua

Finance Manager: Wu Jianhua

Statement of Profit or Loss and Other Comprehensive Income of Parent Company
for the year ended 31 December 2023

Prepared by: TsannKuen (China) Enterprise Co., Ltd.

Unit: Yuan

Currency: CNY

Item	Note	2023	2022
I. Revenue	15.4	59,664,440.91	52,534,730.04
Less: Costs of sales	15.4	36,908,203.57	34,941,862.54
Taxes and surcharges		3,208,345.72	2,740,675.82
Selling and distribution expenses		4,693,773.74	4,030,945.26
Administrative expenses		3,704,127.55	3,681,000.24
Research and development expenses		-	-
Finance costs		445,969.38	-239,961.39
Including: Interest expense			19,466.61
Interest income		312,817.41	154,778.14
Add: Other income		90,476.54	189,026.77
Investment income/(losses)	15.5	58,215,670.49	69,465,344.64
Including: Investment income from associates and joint ventures			-
Gains /(losses) from derecognition of financial assets measured at amortised cost			-
Income /(losses) from net exposure hedging			-
Gains/(losses) from changes in fair values			-
Impairment loss of credit		135,589.71	-16,586.10
Impairment loss of asset		-1,432,556.20	-670,777.78
Gains/(losses) from disposal of assets		369,026.55	-
II. Profit/(loss) from operations		68,082,228.04	76,347,215.10
Add: Non-operating income		202,445.81	1,226,044.22
Less: Non-operating expenses		-	327.38
III. Profit/(loss) before tax		68,284,673.85	77,572,931.94
Less: Income tax expenses		2,528,286.70	2,026,896.83
IV. Net profit/(loss) for the year		65,756,387.15	75,546,035.11
(I) Net profit/(loss) from continuing operation		65,756,387.15	75,546,035.11
(II) Net profit/(loss) from discontinued operation			
V. Other comprehensive income for the year, after tax			-
(I) Items that will not be reclassified subsequently to profit or loss			-
1.Remeasurement of the net defined benefit liability (asset)			
2.Other comprehensive income using the equity method which will not be reclassified subsequently to profit and loss			
3.Changes in fair value of other equity instrument investment			
4.Changes in fair value of the Company's own credit risks			
(II) Items that may be reclassified subsequently to profit or loss			-
1.Other comprehensive income using the equity method which will be reclassified subsequently to profit or loss			
2.Changes in fair value of other debt instrument investment			
3.Other comprehensive income arising from the reclassification of financial assets			
4.Provision for credit impairment in other debt investments			
5.Reserve for cash flow hedges			
6.Exchange differences on translating foreign operations			
VI. Total comprehensive income for the year		65,756,387.15	75,546,035.11

Legal Representative: Cai Yuansong

Chief Financial Officer: Wu Jianhua

Finance Manager: Wu Jianhua

Statement of Cash Flows of Parent Company
for the year ended 31 December 2023

Prepared by: TsannKuen (China) Enterprise Co., Ltd.

Unit: Yuan

Currency: CNY

Item	Note	2023	2022
I. Cash flows from operating activities			
Cash received from the sale of goods and the rendering of services		8,337,627.54	10,206,274.70
Cash received from tax refund		-	266,068.83
Other cash received relating to operating activities		57,329,814.51	49,697,929.40
Subtotal of cash inflows from operating activities		65,667,442.05	60,170,272.93
Cash payments for goods purchased and services received		7,199,248.32	3,883,818.95
Cash payments to and on behalf of employees		3,888,597.12	3,234,395.24
Payments of taxes		8,800,697.11	4,861,046.77
Other cash payments relating to operating activities		47,169,628.00	96,494,540.50
Subtotal of cash outflows from operating activities		67,058,170.55	108,473,801.46
Net cash flows from operating activities		-1,390,728.50	-48,303,528.53
II. Cash flows from investing activities			
Cash received from disposal and redemption of investments		-	-
Cash received from returns on investments		58,215,670.49	69,465,344.64
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		369,026.55	-
Net cash received from disposals of subsidiaries and other business units		-	-
Other cash received relating to investing activities		-	-
Subtotal of cash inflows from investing activities		58,584,697.04	69,465,344.64
Cash payments to acquire fixed, intangible and other long-term assets		614,493.26	1,004,394.94
Cash payments to acquire investments		-	-
Net cash payments to acquire subsidiaries and other business units		-	-
Other cash payments relating to investing activities		-	-
Subtotal of cash outflows from investing activities		614,493.26	1,004,394.94
Net cash flows from investing activities		57,970,203.78	68,460,949.70
III. Cash flows from financing activities			
Cash received from capital contributions		-	-
Cash received from borrowings		-	-
Other cash received relating to financing activities		-	-
Subtotal of cash inflows from financing activities		-	-
Cash repayments of debts		-	-
Cash payments for dividends, distribution of profit and interest expenses		56,270,985.18	18,539,168.00
Other cash payments relating to financing activities		288,000.00	288,000.00
Subtotal of cash outflows from financing activities		56,558,985.18	18,827,168.00
Net cash flows from financing activities		-56,558,985.18	-18,827,168.00
IV. Effect of foreign exchange rate changes on cash and cash equivalents		37,490.85	-
V. Net increase / (decrease) in cash and cash equivalents		57,980.95	1,330,253.17
Plus: Cash and cash equivalents at the beginning of the period		7,931,576.16	6,601,322.99
VI. Cash and cash equivalents at the end of the period		7,989,557.11	7,931,576.16

Legal Representative: Cai Yuansong Chief Financial Officer: Wu Jianhua Finance Manager: Wu Jianhua

Statement of Changes in Owners' Equity of Parent Company
for the year ended 31 December 2023

Prepared by: TsannKuen (China) Enterprise Co., Ltd.

Unit: Yuan Currency: CNY

Item	2023										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual capital securities	Others							
I. Balance at 31 December 2022	185,391,680.00	-	-	-	271,490,289.82	-	-	-	68,925,849.64	383,801,160.49	909,608,979.95
Add: Changes in accounting policy											-
Correction of prior period errors											-
Others											-
II. Balance at 1 January 2023	185,391,680.00	-	-	-	271,490,289.82	-	-	-	68,925,849.64	383,801,160.49	909,608,979.95
III. Changes in equity during the reporting period	-	-	-	-	-	-	-	-	6,575,638.72	3,563,244.43	10,138,883.15
(I) Total comprehensive income										65,756,387.15	65,756,387.15
(II) Capital contributions or withdrawals by owners	-	-	-	-	-	-	-	-	-	-	-
1. Ordinary shares contributed by shareholders											-
2. Capital contributed by holders of other equity instruments											-
3. Share-based payments recognised in owners' equity											-
4. Others											-
(III) Profit distribution	-	-	-	-	-	-	-	-	6,575,638.72	-62,193,142.72	-55,617,504.00
1. Withdrawal of surplus reserves									6,575,638.72	-6,575,638.72	-
2. Profit distribution to owners (or shareholders)										-55,617,504.00	-55,617,504.00
3. Others											-
(IV) Transfer between owners' equity	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to share capital											-
2. Surplus reserves transfer to share capital											-
3. Surplus reserves used to cover accumulated deficits											-
4. Defined benefit plan transfer to retained earnings											-
5. Other comprehensive income transfer to retained earnings											-
6. Others											-
(V) Specific reserves	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal during the reporting period											-
2. Usage during the reporting period											-
(VI) Others											-
IV. Balance at 31 December 2023	185,391,680.00	-	-	-	271,490,289.82	-	-	-	75,501,488.36	387,364,404.92	919,747,863.10

Legal Representative: Cai Yuansong

Chief Financial Officer: Wu Jianhua

Finance Manager: Wu Jianhua

Statement of Changes in Owners' Equity of Parent Company
for the year ended 31 December 2023

Prepared by: TsannKuen (China) Enterprise Co., Ltd.

Unit: Yuan Currency: CNY

Item	2022										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual capital securities	Others							
I. Balance at 31 December 2021	185,391,680.00	-	-	-	271,490,289.82	-	-	-	61,371,246.13	334,348,896.89	852,602,112.84
Add: Changes in accounting policy											-
Correction of prior period errors											-
Others											-
II. Balance at 1 January 2022	185,391,680.00	-	-	-	271,490,289.82	-	-	-	61,371,246.13	334,348,896.89	852,602,112.84
III. Changes in equity during the reporting period	-	-	-	-	-	-	-	-	7,554,603.51	49,452,263.60	57,006,867.11
(I) Total comprehensive income										75,546,035.11	75,546,035.11
(II) Capital contributions or withdrawals by owners	-	-	-	-	-	-	-	-	-	-	-
1. Ordinary shares contributed by shareholders											-
2. Capital contributed by holders of other equity instruments											-
3. Share-based payments recognised in owners' equity											-
4. Others											-
(III) Profit distribution	-	-	-	-	-	-	-	-	7,554,603.51	-26,093,771.51	-18,539,168.00
1. Withdrawal of surplus reserves									7,554,603.51	-7,554,603.51	-
2. Profit distribution to owners (or shareholders)										-18,539,168.00	-18,539,168.00
3. Others											-
(IV) Transfer between owners' equity	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to share capital											-
2. Surplus reserves transfer to share capital											-
3. Surplus reserves used to cover accumulated deficits											-
4. Defined benefit plan transfer to retained earnings											-
5. Other comprehensive income transfer to retained earnings											-
6. Others											-
(V) Specific reserves	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal during the reporting period											-
2. Usage during the reporting period											-
(VI) Others											-
IV. Balance at 31 December 2022	185,391,680.00	-	-	-	271,490,289.82	-	-	-	68,925,849.64	383,801,160.49	909,608,979.95

Legal Representative: Cai Yuansong

Chief Financial Officer: Wu Jianhua

Finance Manager: Wu Jianhua

Tsann Kuen (China) Enterprise Co., Ltd.**Notes to the Financial Statements**

For the Year Ended 31 December 2023

(All amounts are expressed in Renminbi Yuan (“CNY”) unless otherwise stated)

1. BASIC INFORMATION ABOUT THE COMPANY**1.1 Corporate Information**

TsannKuen (China) Enterprise Co., Ltd. (hereafter “the Company or TKC”) was established in the People’s Republic of China (“the PRC”) in 1988 as a wholly owned foreign investment enterprise, the Company named in TsannKuen China (Xiamen) Ltd., firstly, invested by the Fordchee Development Limited, EUPA Industry Corporation Limited and Fillman Investments Limited. On 16 February 1993, with the approval of the Ministry of Foreign Trade and Economic Co-operation, the Company was reorganized into an incorporated company and was renamed as TsannKuen (China) Enterprise Co., Ltd. In June 1993, the Company issued 40,000,000 new shares pursuant to an international placing and public offer and these new shares (“B shares”) were then listed on the Shenzhen Stock Exchange on 30 June 1993. According to the “Intended Implementation of Share Reducing Proposal” of the 5th extraordinary board of director of 2012 and the 3rd extraordinary shareholders’ general meeting of 2012, obtained the consent from the Investment Promotion Bureau of Xiamen which is authorized by the Ministry of Commerce and the approval documents ”The Approval by Investment Promotion Bureau of Xiamen to Consent the Capital Reduction of TsannKuen (China) Enterprise Co., Ltd”(IPB audit [2012] NO. 698), as the base 1,112,350,077 shares of the total original share capital, for implementation of share reducing model that all registered shareholders who was recorded on 28 December 2012 with the proportion 6:1 to reduce the shares. After the implementation of share reducing model, total share capital was reduced from 1,112,350,077 shares to 185,391,680 shares of the company. Until 31 December 2023, the Company’s share capital is CNY 185,391,680.

Following The Ministry of Commerce of the People’s Republic of China approved (The No. [2005]3107 “Agreed in Principle to the Ministry of Commerce on TsannKuen (China) Enterprise Co., Ltd. Shares Traded Sponsor of the Approval”), On 6 December 2006, the Company received the [2006] No.266 file “The notice of TsannKuen (China) Enterprise Co.,

Ltd, concerning the Approval of non-listed Foreign Shares Traded” from China Securities Regulatory Commission. The China Securities Regulatory Commission agreed 700,476,830 unlisted shares (account for 62.97% of the share capital) held by the Company’s shareholders, EUPA Industry Corporation Limited, Fordchee Development Limited, and Fillman Investments Limited to transfer into B shares. On 29 November 2007, these B shares could be listed and exercised on Shenzhen Stock Exchange. Up to 31 December 2023, total B shares held by the three legal shareholders (EUPA Industry Corporation Limited, Fordchee Development Limited, and Fillman Investments Limited) are 82,830,966 shares after the implementation of share reducing model (Accounts for 44.68% of the share capital).

Legal representative: CAI, Yuansong

Place of registration: No.88 Xinglong Road, Huli Industrial District, Xiamen, Fujian Province

The parent: STAR COMGISTIC CAPITAL CO., LTD.

The Company operates within the electrical machinery and equipment manufacturing industry.

The industry of the company: electrical machinery and equipment manufacturing.

The company is actually engaged in the main business activities are: Develop, produce and manufacture small home appliances of gourmet cooking, home helper, tea and coffee; design and manufacture molds related to the above products, sell the products at home and abroad, and provide after-sales service.

The financial statements approved by the resolution of the Board of Directors on 09 March 2024, in accordance with the Articles of Association, the financial statements will be submitted to the shareholders meeting for consideration.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation

Based on going concern, according to actually occurred transactions and events, the Company prepares its financial statements in accordance with the Accounting Standards for Business Enterprises – Basic standards and concrete accounting standards, Accounting Standards for Business Enterprises – Application Guidelines, Accounting Standards for Business Enterprises – Interpretations and other relevant provisions (collectively known as “Accounting Standards for Business Enterprises, issued by Ministry of Finance of PRC”). In

addition, the Company complies with the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reports (2023 Revision) issued by the China Securities Regulatory Commission (CSRC) to disclose its financial information.

2.2 Going Concern

The Company has assessed its ability to continually operate for the next twelve months from the end of the reporting period, and no matters that may result in doubt on its ability as a going concern were noted. Therefore, it is reasonable for the Company to prepare financial statements on the going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The following significant accounting policies and accounting estimates of the Company are formulated in accordance with the Accounting Standards for Business Enterprises. Businesses not mentioned are complied with relevant accounting policies of the Accounting Standards for Business Enterprises.

3.1 Statement of Compliance with the Accounting Standards for Business Enterprises

The Company prepares its financial statements in accordance with the requirements of the Accounting Standards for Business Enterprises, truly and completely reflecting the Company's financial position as at 31 December 2022, and its operating results, changes in shareholders' equity, cash flows and other related information for the year then ended.

3.2 Accounting Period

The accounting year of the Company is from 1 January to 31 December in calendar year.

3.3 Operating Cycle

The normal operating cycle of the Company is one year.

3.4 Functional Currency

The Company takes Renminbi Yuan ("RMB") as the functional currency.

The Company's overseas subsidiaries choose the currency of the primary economic environment in which the subsidiaries operate as the functional currency.

3.5 Methodology for determining materiality criteria and basis for selection

Items	Materiality Criteria
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Significant debt investments	Amount \geq CNY 50,000,000.00
Significant non-wholly owned subsidiaries	The Company identifies subsidiaries whose total revenue exceeds 50% of the total group profits as significant non-wholly owned subsidiaries

3.6 Accounting Treatment of Business Combinations under and not under Common Control

3.6.1 Business combinations under common control

The assets and liabilities that the Company obtains in a business combination under common control shall be measured at their carrying amount of the acquired entity at the combination date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired party based on the principal of materiality. As for the difference between the carrying amount of the net assets obtained by the acquiring entity and the carrying amount of the consideration paid by it, the capital reserve (capital premium or share premium) shall be adjusted. If the capital reserve (capital premium or share premium) is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

For the accounting treatment of business combination under common control by step acquisitions, please refer to Note 3.7.6.

3.6.2 Business combinations not under common control

The assets and liabilities that the Company obtains in a business combination not under common control shall be measured at their fair value at the acquisition date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired entity based on the principal of materiality. The acquiring entity shall recognise the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity as goodwill. The acquiring entity shall, pursuant to the following provisions, treat the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity:

3.6.2.1 It shall review the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities it obtains from the acquired entity as well as the combination costs;

3.6.2.2 If, after the review, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquired entity, the balance shall be recognised in profit or loss of the reporting period.

For the accounting treatment of business combination under the same control by step acquisitions, please refer to Note 3.7.(f).

3.6.3 Treatment of business combination related costs

The intermediary costs such as audit, legal services and valuation consulting and other related management costs that are directly attributable to the business combination shall be charged in profit or loss in the period in which they are incurred. The costs to issue equity or debt securities for the consideration of business combination shall be recorded as a part of the value of the respect equity or debt securities upon initial recognition.

3.7 Judgement Criteria for Control and Method of Preparing the Consolidated Financial Statements

3.7.1 Judgement Criteria for Control and Scope of consolidation

Control exists when the Company has all the following: power over the investee; exposure, or rights to variable returns from the Company's involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. The definition of control consists of three basic elements: first, the investor has power over the investee; second, it enjoys variable returns as a result of its participation in the investee's related activities; and third, it has the ability to use its power over the investee to affect the amount of its returns. When the Company's investment in an investee has these three elements, it indicates that the Company is able to control the investee.

The scope of consolidated financial statements shall be determined based on control. It not only includes subsidiaries determined based on voting power (or similar) or other arrangement, but also structured entities under one or several contract arrangements.

Subsidiaries are the entities that controlled by the Company (including enterprise, a divisible part of the investee, and structured entity controlled by the enterprise). A structured entity (sometimes called a Special Purpose Entity) is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity.

3.7.2 Special requirement as the parent company is an investment entity

If the parent company is an investment entity, it should measure its investments in particular subsidiaries as financial assets at fair value through profit or loss instead of consolidating those subsidiaries in its consolidated and separate financial statements. However, as an exception to this requirement, if a subsidiary provides investment-related services or activities to the investment entity, it should be consolidated.

The parent company is defined as investment entity when meets following conditions:

3.7.2.1 Obtains funds from one or more investors for the purpose of providing those investors with investment management services;

3.7.2.2 Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and

3.7.2.3 Measures and evaluates the performance of substantially all of its investments on a fair value basis.

If the parent company becomes an investment entity, it shall cease to consolidate its subsidiaries at the date of the change in status, except for any subsidiary which provides investment-related services or activities to the investment entity shall be continued to be consolidated. The deconsolidation of subsidiaries is accounted for as though the investment entity partially disposed subsidiaries without loss of control.

When the parent company previously classified as an investment entity ceases to be an investment entity, subsidiary that was previously measured at fair value through profit or loss shall be included in the scope of consolidated financial statements at the date of the change in status. The fair value of the subsidiary at the date of change represents the transferred deemed consideration in accordance with the accounting for business combination not under common control.

3.7.3 Method of preparing the consolidated financial statements

The consolidated financial statements shall be prepared by the Company based on the financial statements of the Company and its subsidiaries, and using other related information.

When preparing consolidated financial statements, the Company shall consider the entire group as an accounting entity, adopt uniform accounting policies and apply the requirements of Accounting Standard for Business Enterprises related to recognition, measurement and presentation. The consolidated financial statements shall reflect the overall financial position, operating results and cash flows of the group.

3.7.3.1 Like items of assets, liabilities, equity, income, expenses and cash flows of the parent are combined with those of the subsidiaries.

3.7.3.2 The carrying amount of the parent's investment in each subsidiary is eliminated (off-set) against the parent's portion of equity of each subsidiary.

3.7.3.3 Eliminate the impact of intragroup transactions between the Company and the subsidiaries or between subsidiaries, and when intragroup transactions indicate an impairment of related assets, the losses shall be recognised in full.

3.7.3.4 Make adjustments to special transactions from the perspective of the group.

3.7.4 Method of preparation of the consolidated financial statements when subsidiaries are acquired or disposed in the reporting period

3.7.4.1 Acquisition of subsidiaries or business

Subsidiaries or business acquired through business combination under common control

When preparing consolidated statements of financial position, the opening balance of the consolidated balance sheet shall be adjusted. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Incomes, expenses and profits of the subsidiary incurred from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of profit or loss. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Cash flows from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of cash flows. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Subsidiaries or business acquired through business combination not under common control

When preparing the consolidated statements of financial position, the opening balance of the consolidated statements of financial position shall not be adjusted.

Incomes, expenses and profits of the subsidiary incurred from the acquisition date to the end of the reporting period shall be included into the consolidated statement of profit or loss.

Cash flows from the acquisition date to the end of the reporting period shall be included into the consolidated statement of cash flows.

3.7.4.2 Disposal of subsidiaries or business

When preparing the consolidated statements of financial position, the opening balance of the consolidated statements of financial position shall not be adjusted.

Incomes, expenses and profits incurred from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of profit or loss.

Cash flows from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of cash flows.

3.7.5 Special consideration in consolidation elimination

3.7.5.1 Long-term equity investment held by the subsidiaries to the Company shall be recognised as treasury stock of the Company, which is offset with the owner's equity, represented as "treasury stock" under "owner's equity" in the consolidated statement of financial position.

Long-term equity investment held by subsidiaries between each other is accounted for taking long-term equity investment held by the Company to its subsidiaries as reference. That is, the long-term equity investment is eliminated (off- set) against the portion of the corresponding subsidiary's equity.

3.7.5.2 Due to not belonging to paid-in capital (or share capital) and capital reserve, and being different from retained earnings and undistributed profit, "Specific reserves" and "General risk provision" shall be recovered based on the proportion attributable to owners of the parent company after long-term equity investment to the subsidiaries is eliminated with the subsidiaries' equity.

3.7.5.3 If temporary timing difference between the book value of the assets and liabilities in the consolidated statement of financial position and their tax basis is generated as a result of elimination of unrealized inter-company transaction profit or loss, deferred tax assets of deferred tax liabilities shall be recognised, and income tax expense in the consolidated statement of profit or loss shall be adjusted simultaneously, excluding deferred taxes related to transactions or events directly recognised in owner's equity or business combination.

3.7.5.4 Unrealised inter-company transactions profit or loss generated from the Company

selling assets to its subsidiaries shall be eliminated against “net profit attributed to the owners of the parent company” in full. Unrealized inter-company transactions profit or loss generated from the subsidiaries selling assets to the Company shall be eliminated between “net profit attributed to the owners of the parent company” and “non-controlling interests” pursuant to the proportion of the Company in the related subsidiaries. Unrealized inter-company transactions profit or loss generated from the assets sales between the subsidiaries shall be eliminated between “net profit attributed to the owners of the parent company” and “non-controlling interests” pursuant to the proportion of the Company in the selling subsidiaries.

3.7.5.5 If loss attributed to the minority shareholders of a subsidiary in current period is more than the proportion of non-controlling interest in this subsidiary at the beginning of the period, non-controlling interest is still to be written down.

3.7.6 Accounting for Special Transactions

3.7.6.1 Purchasing of non-controlling interests

Where, the Company purchases non-controlling interests of its subsidiary, in the separate financial statements of the Company, the cost of the long-term equity investment obtained in purchasing non-controlling interests is measured at the fair value of the consideration paid. In the consolidated financial statements, difference between the cost of the long-term equity investment newly obtained in purchasing non-controlling interests and share of the subsidiary’s net assets from the acquisition date or combination date continuingly calculated pursuant to the newly acquired shareholding proportion shall be adjusted into capital reserve (capital premium or share premium). If capital reserve is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn.

3.7.6.2 Gaining control over the subsidiary in stages through multiple transactions

Business combination under common control in stages through multiple transactions

On the combination date, in the separate financial statement, initial cost of the long-term equity investment is determined according to the share of carrying amount of the acquiree’s net assets in the ultimate controlling entity’s consolidated financial statements after combination. The difference between the initial cost of the long-term equity investment and the carrying amount of the long -term investment held prior of control plus book value of additional consideration paid at acquisition date is adjusted into capital reserve (capital

premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be adjusted against surplus reserve and undistributed profit in turn.

In the consolidated financial statements, the assets and liabilities acquired during the combination should be recognized at their carrying amount in the ultimate controlling entity's consolidated financial statements on the combination date unless any adjustment is resulted from the difference in accounting policies. The difference between the carrying amount of the investment held prior of control plus book value of additional consideration paid on the acquisition date and the net assets acquired through the combination is adjusted into capital reserve (capital premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be adjusted against retained earnings.

If the acquiring entity holds equity investment in the acquired entity prior to the combination date and the equity investment is accounted for under the equity method, related profit or loss, other comprehensive income and other changes in equity which have been recognised during the period from the later of the date of the Company obtaining original equity interest and the date of both the acquirer and the acquiree under common control of the same ultimate controlling party to the combination date should be offset against the opening balance of retained earnings at the comparative financial statements period respectively.

Business combination not under common control in stages through multiple transactions

On the consolidation date, in the separate financial statements, the initial cost of long-term equity investment is determined according to the carrying amount of the original long-term investment plus the cost of new investment.

In the consolidated financial statements, the equity interest of the acquired entity held prior to the acquisition date shall be re-measured at its fair value on the acquisition date. Difference between the fair value of the equity interest and its book value is recognised as investment income. The other comprehensive income related to the equity interest held prior to the acquisition date calculated through equity method, should be transferred to current investment income of the acquisition period, excluding other comprehensive income resulted from the remeasurement of the net assets or net liabilities under defined benefit plan. The Company shall disclose acquisition-date fair value of the equity interest held prior to the acquisition date, and the related gains or losses due to the remeasurement based on fair value.

3.7.6.3 Disposal of investment in subsidiaries without a loss of control

For partial disposal of the long-term equity investment in the subsidiaries without a loss of control, when the Company prepares consolidated financial statements, difference between consideration received from the disposal and the corresponding share of subsidiary's net assets cumulatively calculated from the acquisition date or combination date shall be adjusted into capital reserve (capital premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be offset against retained earnings.

3.7.6.4 Disposal of investment in subsidiaries with a loss of control

Disposal through one transaction

If the Company loses control in an investee through partial disposal of the equity investment, when the consolidated financial statements are prepared, the retained equity interest should be re-measured at fair value at the date of loss of control. The difference between i) the fair value of consideration received from the disposal plus non-controlling interest retained; ii) share of the former subsidiary's net assets cumulatively calculated from the acquisition date or combination date according to the original proportion of equity interest, shall be recognised in current investment income when control is lost.

Moreover, other comprehensive income and other changes in equity related to the equity investment in the former subsidiary shall be transferred into current investment income when control is lost, excluding other comprehensive income resulted from the remeasurement of the movement of net assets or net liabilities under defined benefit plan.

Disposal in stages

In the consolidated financial statements, whether the transactions should be accounted for as "a single transaction" needs to be decided firstly.

If the disposal in stages should not be classified as "a single transaction", in the separate financial statements, for transactions prior of the date of loss of control, carrying amount of each disposal of long-term equity investment need to be recognized, and the difference between consideration received and the carrying amount of long-term equity investment corresponding to the equity interest disposed should be recognized in current investment income; in the consolidated financial statements, the disposal transaction should be accounted for according to related policy in "Disposal of long-term equity investment in subsidiaries without a loss of control".

If the disposal in stages should be classified as "a single transaction", these transactions

should be accounted for as a single transaction of disposal of subsidiary resulting in loss of control. In the separate financial statements, for each transaction prior of the date of loss of control, difference between consideration received and the carrying amount of long-term equity investment corresponding to the equity interest disposed should be recognised as other comprehensive income firstly, and transferred to profit or loss as a whole when control is lost; in the consolidated financial statements, for each transaction prior of the date of loss of control, difference between consideration received and proportion of the subsidiary's net assets corresponding to the equity interest disposed should be recognised in profit or loss as a whole when control is lost.

In considering of the terms and conditions of the transactions as well as their economic impact, the presence of one or more of the following indicators may lead to account for multiple transactions as a single transaction:

- The transactions are entered into simultaneously or in contemplation of one another.
- The transactions form a single transaction designed to achieve an overall commercial effect.
- The occurrence of one transaction depends on the occurrence of at least one other transaction.
- One transaction, when considered on its own merits, does not make economic sense, but when considered together with the other transaction or transactions would be considered economically justifiable.

3.7.6.5 Diluting equity share of parent company in its subsidiaries due to additional capital injection by the subsidiaries' minority shareholders.

Other shareholders (minority shareholders) of the subsidiaries inject additional capital in the subsidiaries, which resulted in the dilution of equity interest of parent company in these subsidiaries. In the consolidated financial statements, difference between share of the corresponding subsidiaries' net assets calculated based on the parent's equity interest before and after the capital injection shall be adjusted into capital reserve (capital premium or share premium). If the capital reserve is not enough to absorb the difference, any excess shall be adjusted against retained earnings.

3.8 Classification of Joint Venture Arrangement and Accounting of Joint Operation

The joint venture arrangement refers to an arrangement jointly controlled by two or more parties. The joint venture arrangement of this company is divided into joint operation and joint venture.

3.8.1 Joint Operation

Joint operation refers to a joint venture arrangement in which this company owns the assets related to the arrangement and assumes the liabilities related to the arrangement.

The Company recognizes the following items related to its share of interests in joint operations and conducts accounting treatment in accordance with the provisions of the relevant accounting standards for business enterprises:

3.8.1.1 Recognition of assets held separately and jointly held assets according to their shares;

3.8.1.2 Recognition of liabilities borne separately and jointly liabilities in accordance with their shares;

3.8.1.3 Recognition of income from the sale of its share of the output of the joint operation;

3.8.1.4 Recognition of the income generated by the sale of output from joint operations on share-by-share basis;

3.8.1.5 Recognition of expenses incurred separately and expenses incurred in joint operations according to their share.

3.8.2 Joint Venture

Joint venture refers to a joint arrangement in which the Company has rights only to the net assets of the arrangement.

The Company accounts for its investments in joint ventures in accordance with the provisions of the equity method of accounting relating to long-term equity investments.

3.9 Cash and Cash Equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term (generally within three months of maturity at acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.10 Foreign Currency Transactions and Translation of Foreign Currency Financial

Statements

3.10.1 Determination of the exchange rate for foreign currency transactions

At the time of initial recognition of a foreign currency transaction, the amount in the foreign currency shall be translated into the amount in the functional currency at the spot exchange rate of the transaction date, or at an exchange rate which is determined through a systematic and reasonable method and is approximate to the spot exchange rate of the transaction date (hereinafter referred to as the approximate exchange rate).

3.10.2 Translation of monetary items denominated in foreign currency on the balance sheet date

The foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The balance of exchange arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or prior to the balance sheet date shall be recorded into the profits and losses at the current period. The foreign currency non-monetary items measured at the historical cost shall still be translated at the spot exchange rate on the transaction date; for the foreign currency non-monetary items restated to a fair value measurement, shall be translated into the at the spot exchange rate at the date when the fair value was determined, the difference between the restated functional currency amount and the original functional currency amount shall be recorded into the profits and losses at the current period.

3.10.3 Translation method of foreign currency financial statements

Before translating the financial statements of foreign operations, the accounting period and accounting policy shall be adjusted so as to conform to the Company. The adjusted foreign operation financial statements denominated in foreign currency (other than functional currency) shall be translated in accordance with the following method:

3.10.3.1 The asset and liability items in the statement of financial position shall be translated at the spot exchange rates at the date of that statement of financial position. The owners' equity items except undistributed profit shall be translated at the spot exchange rates when they are incurred.

3.10.3.2 The income and expense items in the statement of profit and other comprehensive income shall be translated at the spot exchange rates or approximate exchange rate at the date of transaction.

3.10.3.3 Foreign currency cash flows and cash flows of foreign subsidiaries shall be translated at the spot exchange rate or approximate exchange rate when the cash flows are incurred. The effect of exchange rate changes on cash is presented separately in the statement of cash flows as an adjustment item.

3.10.3.4 The differences arising from the translation of foreign currency financial statements shall be presented separately as “other comprehensive income” under the owners’ equity items of the consolidated statement of financial position.

When disposing a foreign operation involving loss of control, the cumulative amount of the exchange differences relating to that foreign operation recognised under other comprehensive income in the statement of financial position, shall be reclassified into current profit or loss according to the proportion disposed.

3.11 Financial Instruments

Financial instrument is any contract which gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

3.11.1 Recognition and derecognition of financial instruments

A financial asset or a financial liability should be recognised in the statement of financial position when, and only when, an entity becomes party to the contractual provisions of the instrument.

A financial asset can only be derecognised when meets one of the following conditions:

3.11.1.1 The rights to the contractual cash flows from a financial asset expire

3.11.1.2 The financial asset has been transferred and meets one of the following derecognition conditions:

Financial liabilities (or part thereof) are derecognised only when the liability is extinguished—i.e., when the obligation specified in the contract is discharged or cancelled or expires. An exchange of the Company (borrower) and lender of debt instruments that carry significantly different terms or a substantial modification of the terms of an existing liability are both accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Purchase or sale of financial assets in a regular-way shall be recognised and derecognised using trade date accounting. A regular-way purchase or sale of financial assets is a transaction

under a contract whose terms require delivery of the asset within the time frame established generally by regulations or convention in the market place concerned. Trade date is the date at which the entity commits itself to purchase or sell an asset.

3.11.2 Classification and measurement of financial assets

At initial recognition, the Company classified its financial asset based on both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset: financial asset at amortised cost, financial asset at fair value through profit or loss (FVTPL) and financial asset at fair value through other comprehensive income (FVTOCI). Reclassification of financial assets is permitted if, and only if, the objective of the entity's business model for managing those financial assets changes. In this circumstance, all affected financial assets shall be reclassified on the first day of the first reporting period after the changes in business model; otherwise the financial assets cannot be reclassified after initial recognition.

Financial assets shall be measured at initial recognition at fair value. For financial assets measured at FVTPL, transaction costs are recognised in current profit or loss. For financial assets not measured at FVTPL, transaction costs should be included in the initial measurement. Notes receivable or accounts receivable that arise from sales of goods or rendering of services are initially measured at the transaction price defined in the accounting standard of revenue where the transaction does not include a significant financing component.

Subsequent measurement of financial assets will be based on their categories:

3.11.2.1 Financial asset at amortised cost

The financial asset at amortised cost category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding. These financial assets are subsequently measured at amortised cost by adopting the effective interest rate method. Any gain or loss arising from derecognition according to the amortization under effective interest rate method or impairment are recognised in current profit or loss.

3.11.2.2 Financial asset at fair value through other comprehensive income (FVTOCI)

The financial asset at FVTOCI category of classification applies when both the following

conditions are met: the financial asset is held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principle and interest on the principal amount outstanding. All changes in fair value are recognised in other comprehensive income except for gain or loss arising from impairment or exchange differences, which should be recognised in current profit or loss. At derecognition, cumulative gain or loss previously recognised under OCI is reclassified to current profit or loss. However, interest income calculated based on the effective interest rate is included in current profit or loss.

The Company make an irrevocable decision to designate part of non-trading equity instrument investments as measured through FVTOCI. All changes in fair value are recognised in other comprehensive income except for dividend income recognised in current profit or loss. At derecognition, cumulative gain or loss are reclassified to retained earnings.

3.11.2.3 Financial asset at fair value through profit or loss (FVTPL)

Financial asset except for above mentioned financial asset at amortised cost or financial asset at fair value through other comprehensive income (FVTOCI), should be classified as financial asset at fair value through profit or loss (FVTPL). These financial assets should be subsequently measured at fair value. All the changes in fair value are included in current profit or loss.

3.11.3 Classification and measurement of financial liabilities

The Company classified the financial liabilities as financial liabilities at fair value through profit or loss (FVTPL), loan commitments at a below-market interest rate and financial guarantee contracts and financial asset at amortised cost.

Subsequent measurement of financial assets will be based on the classification:

3.11.3.1 Financial liabilities at fair value through profit or loss (FVTPL)

Held-for-trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated at FVTPL are classified as financial liabilities at FVTP. After initial recognition, any gain or loss (including interest expense) are recognised in current profit or loss except for those hedge accounting is applied. For financial liability that is designated as at FVTPL, changes in the fair value of the financial liability that is attributable to changes in the own credit risk of the issuer shall be presented in other comprehensive

income. At derecognition, cumulative gain or loss previously recognised under OCI is reclassified to retained earnings.

3.11.3.2 Loan commitments and financial guarantee contracts

Loan commitment is a commitment by the Company to provide a loan to customer under specified contract terms. The provision of impairment losses of loan commitments shall be recognised based on expected credit losses model.

Financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts liability shall be subsequently measured at the higher of: The amount of the loss allowance recognised according to the impairment principles of financial instruments; and the amount initially recognised less the cumulative amount of income recognised in accordance with the revenue principles.

3.11.3.3 Financial liabilities at amortised cost

After initial recognition, the Company measured other financial liabilities at amortised cost using the effective interest method.

Except for special situation, financial liabilities and equity instrument should be classified in accordance with the following principles:

3.11.3.3.1 If the Company has no unconditional right to avoid delivering cash or another financial instrument to fulfill a contractual obligation, this contractual obligation meet the definition of financial liabilities. Some financial instruments do not comprise terms and conditions related to obligations of delivering cash or another financial instrument explicitly, they may include contractual obligation indirectly through other terms and conditions.

3.11.3.3.2 If a financial instrument must or may be settled in the Company's own equity instruments, it should be considered that the Company's own equity instruments are alternatives of cash or another financial instrument, or to entitle the holder of the equity instruments to sharing the remaining rights over the net assets of the issuer. If the former is the case, the instrument is a liability of the issuer; otherwise, it is an equity instrument of the issuer. Under some circumstances, it is regulated in the contract that the financial instrument must or may be settled in the Company's own equity instruments, where, amount of contractual rights and obligations are calculated by multiplying the number of the equity

instruments to be available or delivered by its fair value upon settlement. Such contracts shall be classified as financial liabilities, regardless that the amount of contractual rights and liabilities is fixed, or fluctuate totally or partially with variables other than market price of the entity's own equity instruments (such as interest rate, price of some kind of goods or some kind of financial instrument).

3.11.4 Derivatives and embedded derivatives

At initial recognition, derivatives shall be measured at fair value at the date of derivative contracts are signed and subsequently measured at fair value. The derivative with a positive fair value shall be recognized as an asset, and with a negative fair value shall be recognised as a liability.

Gains or losses arising from the changes in fair value of derivatives shall be recognised directly into current profit or loss except for the effective portion of cash flow hedges which shall be recognised in other comprehensive income and reclassified into current profit or loss when the hedged items affect profit or loss.

An embedded derivative is a component of a hybrid contract with a financial asset as a host, the Company shall apply the requirements of financial asset classification to the entire hybrid contract. If a host that is not a financial asset and the hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss, and the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host, and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, the embedded derivative shall be separated from the hybrid instrument and accounted for as a separate derivative instrument. If the Company is unable to measure the fair value of the embedded derivative at the acquisition date or subsequently at the balance sheet date, the entire hybrid contract is designated as financial assets or financial liabilities at fair value through profit or loss.

3.11.5 Impairment of financial instrument

The Company shall recognise a loss allowance based on expected credit losses on a financial asset that is measured at amortised cost, a debt investment at fair value through other comprehensive income, a contract asset, a lease receivable, a loan commitment and a financial guarantee contract.

3.11.5.1 Measurement of expected credit losses

Expected credit losses are the weighted average of credit losses of the financial instruments with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (ie all cash shortfalls), discounted at the original effective interest rate or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or the expected lifetime, if the expected life of a financial instrument is less than 12 months).

At each reporting date, the Company classifies financial instruments into three stages and makes provisions for expected credit losses accordingly. A financial instrument of which the credit risk has not significantly increased since initial recognition is at stage 1. The Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired is at stage 2. The Company shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. A financial instrument is considered to be credit-impaired as at the end of the reporting period is at stage 3. The Company shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date and measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

For financial instrument at stage 1, stage 2 and those have low credit risk, the interest revenue shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset (ie, impairment loss not been deducted). For financial instrument at stage 3, interest revenue shall be calculated by applying the effective interest rate to the amortised cost after deducting of impairment loss.

For notes receivable, accounts receivable and accounts receivable financing, no matter it contains a significant financing component or not, the Company shall measure the loss allowance at an amount equal to the lifetime expected credit losses.

3.11.5.1.1 Receivables

For the notes receivable, accounts receivable, other receivables, accounts receivable financing, and long-term receivables which are demonstrated to be impaired by any objective evidence, or applicable for individual assessment, the Company shall individually assess for impairment and recognize the loss allowance for expected credit losses. If the Company determines that no objective evidence of impairment exists for notes receivable, accounts receivable, other receivables, accounts receivable financing, and long-term receivables, or the expected credit loss of a single financial asset cannot be assessed at reasonable cost, such notes receivable, accounts receivable, other receivables, accounts receivable financing, and long-term receivables shall be divided into several groups based on similar credit risk characteristics and calculate collectively on the expected credit loss. The determination basis of groups is as following:

a. Notes Receivables

For notes receivable classified as portfolios, the Company calculates expected credit losses based on default exposure and expected credit loss rates throughout the life of the Company, considering historical credit loss experience, combined with current conditions and the forecast of the future economic conditions.

Item	Basis for determining the groups
Bank acceptance bill	The acceptor is a bank with less credit risk.
Commercial acceptance bill	According to the credit risk of the acceptor, it should be the same as the portfolios of accounts receivable.

b. Accounts Receivables

For accounts receivables that do not contain significant financing components, the Company measures the loss impairment in accordance with the amount equivalent to the expected credit loss in the whole duration.

For accounts receivables and lease receivables that contain significant financing components,

the Company continuously chooses to measure the loss impairment in accordance with the amount equivalent to the expected credit loss in the whole duration.

Other than the accounts receivable whose credit risk is assessed individually, the other accounts receivables are grouped based on their credit risk characteristics:

Group	Basis for determining the groups
Aging of Accounts Receivables	This group uses the accounts receivables aging as the credit risk characteristics.
Related parties	Related party relationships (Unless there is evidence that a credit loss may occur).

c. Other Receivables

The Company assesses whether the credit risk of other receivables has significantly increased since initial recognition, and utilizes the amount equivalent to the expected credit loss in the next 12 months or the whole duration to measures the impairment loss accordingly. Besides the other receivables that have individually assessed credit risk, the rest of the other receivables are classified into different groups based on their credit risk characteristics:

Group	Basis for determining the groups
Deposit guarantee	This group of receivables includes deposit receivables, advances on behalf of others and quality guarantee deposits to be collected in daily activities.
Export tax refund	This group is the declared export tax refund funds that have not been received.
Open credits	This group uses the age of accounts receivable as the credit risk characteristics.
Related parties	Related party relationships (Unless there is evidence that a credit loss may occur)

The Company's aging calculation method based on the combination of aging recognition credit risk characteristics:

The aging of accounts receivables for the portfolio of credit risk features recognized by aging is calculated as follows:

Aging	Accrual ratio (%)
Not overdue	0.50
1-30 days overdue	4.50
31-60 days overdue	20.00
61-90 days overdue	45.00

Aging	Accrual ratio (%)
More than 90 days overdue	100.00

The aging of other receivables for the portfolio of credit risk features recognized by aging is calculated as follows:

Aging	Accrual ratio (%)
1-90 days	0.00
90-180 days	10.00
180-270 days	30.00
270-360 days	50.00
More than one year	100.00

3.11.5.1.2 Debt investment and other debt investment

For debt investment and other debt investment, the Company shall calculate the expected credit loss through the default exposure and the 12-month or lifetime expected credit loss rate based on the nature of the investment, counterparty and the type of risk exposure.

3.11.5.2 Low credit risk

If the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

3.11.5.3 Significant increase in credit risk

The Company shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition, using the change in the risk of a default occurring over the expected life of the financial instrument, through the comparison of the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

To make that assessment, the Company shall consider reasonable and supportable information, that is available without undue cost or effort, and that is indicative of significant increases in credit risk since initial recognition, including forward-looking information. The information considered by the Company are as following:

- Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception
- Existing or forecast adverse change in the business, financial or economic conditions of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;
- An actual or expected significant change in the operating results of the borrower; An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise influence the probability of a default occurring;
- Significant change that are expected to reduce the borrower's economic incentive to make scheduled contractual payments;
- Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
- Significant changes in the expected performance and behavior of the borrower;
- Contractual payments are more than 30 days past due.

Depending on the nature of the financial instruments, the Company shall assess whether the credit risk has increased significantly since initial recognition on an individual financial instrument or a group of financial instruments. When assessed based on a group of financial instruments, the Company can group financial instruments on the basis of shared credit risk characteristics, for example, past due information and credit risk rating.

Generally, the Company shall determine the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Company can only rebut this presumption if the Company has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the

contractual payments are more than 30 days past due.

3.11.5.4 Credit-impaired financial asset

The Company shall assess at each reporting date whether the credit impairment has occurred for financial asset at amortised cost and debt investment at fair value through other comprehensive income. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidences that a financial asset is credit-impaired include observable data about the following events:

Significant financial difficulty of the issuer or the borrower; a breach of contract, such as a default or past due event; the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

3.11.5.5 Presentation of impairment of expected credit loss

In order to reflect the changes of credit risk of financial instrument since initial recognition, the Company shall at each reporting date remeasure the expected credit loss and recognise in profit or loss, as an impairment gain or loss, the amount of expected credit losses addition (or reversal). For financial asset at amortised cost, the loss allowance shall reduce the carrying amount of the financial asset in the statement of financial position; for debt investment at fair value through other comprehensive income, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

3.11.5.6 Write-off

The Company shall directly reduce the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the contractual cash flow of a financial asset in its entirety or a portion thereof. Such write-off constitutes a derecognition of the financial asset. This circumstance usually occurs when the Company determines that the debtor has no assets or sources of income that could generate sufficient cash flow to repay the write-off amount.

Recovery of financial asset written off shall be recognised in profit or loss as reversal of impairment loss.

3.11.6 Transfer of financial assets

Transfer of financial assets refers to following two situations:

- Transfers the contractual rights to receive the cash flows of the financial asset;
- Transfers the entire or a part of a financial asset and retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

3.11.6.1 Derecognition of transferred assets

If the Company transfers substantially all the risks and rewards of ownership of the financial asset, or neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset, the financial asset shall be derecognised.

Whether the Company has retained control of the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the Company has not retained control.

The Company judges whether the transfer of financial asset qualifies for derecognition based on the substance of the transfer.

If the transfer of financial asset qualifies for derecognition in its entirety, the difference between the following shall be recognised in profit or loss:

- The carrying amount of transferred financial asset;
- The sum of consideration received and the part derecognised of the cumulative changes in fair value previously recognised in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of *the Accounting Standards for Business Enterprises - Recognition and Measurement of Financial Instruments*).

If the transferred asset is a part of a larger financial asset and the part transferred qualifies for derecognition, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognised (For this purpose, a retained servicing asset

shall be treated as a part that continues to be recognised) and the part that is derecognised, based on the relative fair values of those parts on the date of the transfer. The difference between following two amounts shall be recognised in profit or loss:

- The carrying amount (measured at the date of derecognition) allocated to the part derecognised;
- The sum of the consideration received for the part derecognised and part derecognised of the cumulative changes in fair value previously recognised in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of the *Accounting Standards for Business Enterprises - Recognition and Measurement of Financial Instruments*).

3.11.6.2 Continuing involvement in transferred assets

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the Company shall continue to recognise the transferred asset to the extent of its continuing involvement and also recognise an associated liability.

The extent of the Company's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset

3.11.6.3 Continue to recognise the transferred assets

If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company shall continue to recognise the transferred asset in its entirety and the consideration received shall be recognised as a financial liability.

The financial asset and the associated financial liability shall not be offset. In subsequent accounting period, the Company shall continuously recognise any income (gain) arising from the transferred asset and any expense (loss) incurred on the associated liability.

3.11.7 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities shall be presented separately in the statement of financial position and shall not be offset. When meets the following conditions, financial assets and financial liabilities shall be offset and the net amount presented in the statement of financial position:

The Company currently has a legally enforceable right to set off the recognised amounts; The Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the Company shall not offset the transferred asset and the associated liability.

3.11.8 Determination of fair value of financial instruments

Determination of financial assets and financial liabilities please refer to Note 3.12

3.12 Fair Value Measurement

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company determines fair value of the related assets and liabilities based on market value in the principal market, or in the absence of a principal market, in the most advantageous market price for the related asset or liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The principal market is the market in which transactions for an asset or liability take place with the greatest volume and frequency. The most advantageous market is the market which maximizes the value that could be received from selling the asset and minimizes the value which is needed to be paid in order to transfer a liability, considering the effect of transport costs and transaction costs both.

If the active market of the financial asset or financial liability exists, the Company shall measure the fair value using the quoted price in the active market. If the active market of the financial instrument is not available, the Company shall measure the fair value using valuation techniques.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3.12.1 Valuation techniques

The Company uses valuation techniques that are appropriate in the circumstances and for

which sufficient data are available to measure fair value, including the market approach, the income approach and the cost approach. The Company shall use valuation techniques consistent with one or more of those approaches to measure fair value. If multiple valuation techniques are used to measure fair value, the results shall be evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is the point within that range that is most representative of fair value in the circumstances.

When using the valuation technique, the Company shall give the priority to relevant observable inputs. The unobservable inputs can only be used when relevant observable inputs is not available or practically would not be obtained. Observable inputs refer to the information which is available from market and reflects the assumptions that market participants would use when pricing the asset or liability. Unobservable Inputs refer to the information which is not available from market and it has to be developed using the best information available in the circumstances from the assumptions that market participants would use when pricing the asset or liability.

3.12.2 Fair value hierarchy

To Company establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to Level 1 inputs and second to the Level 2 inputs and the lowest priority to Level 3 inputs. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

3.13 Inventories

3.13.1 Classification of inventories

Inventories are finished goods or products held for sale in the ordinary course of business, in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process or the rendering of services, including raw materials, work in progress, homemade semi-finished products, goods in stock, low-value consumables and goods in transit etc.

3.13.2 Measurement method of cost of inventories sold or used

The cost of inventories used or sold is determined on the weighted average basis.

3.13.3 Inventory system

The perpetual inventory system is adopted. The inventories should be counted at least once a year, and surplus or losses of inventory stocktaking shall be included in current profit and loss.

3.13.4 Recognition standards and accrual methods of inventory impairment allowance

Inventories are stated at the lower of cost and net realizable value. The excess of cost over net realizable value of the inventories is recognised as provision for impairment of inventory, and recognised in current profit or loss.

Net realizable value of the inventory should be determined on the basis of reliable evidence obtained, and factors such as purpose of holding the inventory and impact of post balance sheet event shall be considered.

3.13.4.1 In normal operation process, finished goods, products and materials for direct sale, their net realizable values are determined at estimated selling prices less estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated based on contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices. Net realizable value of materials held for sale shall be measured based on market price.

3.13.4.2 For materials in stock need to be processed, in the ordinary course of production and business, net realisable value is determined at the estimated selling price less the estimated costs of completion, the estimated selling expenses and relevant taxes. If the net realisable value of the finished products produced by such materials is higher than the cost, the materials shall be measured at cost; if a decline in the price of materials indicates that the cost of the finished products exceeds its net realisable value, the materials are measured at net realisable value and differences shall be recognised at the provision for impairment.

3.13.4.3 The company generally makes provision for inventory impairment based on an individual basis. For inventories with large quantity and low unit price, the provisions for inventory impairment are determined on a category basis. Provision for impairment in the value of inventories is made for inventories held in stock for more than 180 days based on the estimated realisable value of inventories sold by material category group.

3.13.4.4 If any factor rendering write-downs of the inventories has been eliminated at the

reporting date, the amounts written down are recovered and reversed to the extent of the inventory impairment, which has been provided for. The reversal shall be included in profit or loss.

3.13.5 Amortisation method of low-value consumables

Low-value consumables: One-off writing off method is adopted

Package material: One-off writing off method is adopted

3.14 Contract Assets and Contract Liabilities

The Company shall present contract assets or contract liabilities in the statement of financial position, depending on the relationship between the Company's satisfying a performance obligation and the customer's payment. A contract asset shall be presented if the Company has the right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time. A contract liability shall be presented if the Company has the obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from the customer.

Method of determination and accounting for expected credit loss for contract assets please refer to Note 3.11.

Contract assets and contract liabilities shall be presented separately in the statement of financial position. The contract asset and contract liability for the same contract shall be presented on a net basis. A net balance shall be listed in the item of "Contract assets" or "Other non-current assets" according to its liquidity; a credit balance shall be listed in the item of "Contract liabilities" or "Other non-current liabilities" according to its liquidity. Contract assets and contract liabilities for different contracts cannot be offset.

3.15 Contract costs

Contract costs include costs to fulfill a contract and the costs to obtain a contract.

The Company shall recognise an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

3.15.1 the costs relate directly to a contract or to an anticipated contract, including: direct labour, direct materials, manufacturing costs (or similar costs), costs that are explicitly

chargeable to the customer under the contract and other costs that are incurred only because an entity entered into the contract;

3.15.2 the costs enhance resources of the Company that will be used in satisfying performance obligations in the future; and

3.15.3 the costs are expected to be recovered.

The incremental costs of obtaining a contract shall be recognised as an asset if the Company expects to recover them.

An asset related to contract costs shall be amortised on a systematic basis that is consistent with the revenue recognition of the goods or services to which the asset relates. The Company recognises the contract acquisition costs as an expense when incurred if the amortisation period of the asset that the Company otherwise would have recognised is one year or less.

The Company shall accrue the provision for impairment, recognise an impairment loss in profit or loss to the extent that the carrying amount of an asset related to the contract cost exceeds the difference of below two items, and further consider whether the estimated liability related to the onerous contract needs to be accrued:

3.15.3.1 the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates; less

3.15.3.2 the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

The Company shall recognise in profit or loss a reversal of some or all of an impairment loss previously recognised when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised previously.

Providing that the costs to fulfil a contract satisfy the requirement to be recognised as an asset, the Company shall present them in the account “Inventory” if the contract has an original expected duration of one year (or a normal operating cycle) or less, or in the account “Other non-current assets” if the contract has an original expected duration of more than one year (or a normal operating cycle).

Providing that the costs to obtain a contract satisfy the requirement to be recognised as an asset, the Company shall present them in the account “Other current asset” if the contract has

an original expected duration of one year (or a normal operating cycle) or less, or in the account “Other non-current assets” if the contract has an original expected duration of more than one year (or a normal operating cycle).

3.16 Long-term Equity Investments

Long-term equity investments refer to equity investments where an investor has control of, or significant influence over, an investee, as well as equity investments in joint ventures. Associates of the Company are those entities over which the Company has significant influence.

3.16.1 Determination basis of joint control or significant influence over the investee

Joint control is the relevant agreed sharing of control over an arrangement, and the arranged relevant activity must be decided under unanimous consent of the parties sharing control. In assessing whether the Company has joint control of an arrangement, the Company shall assess first whether all the parties, or a group of the parties, control the arrangement. When all the parties, or a group of the parties, considered collectively, are able to direct the activities of the arrangement, the parties control the arrangement collectively. Then the Company shall assess whether decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement. If two or more groups of the parties could control the arrangement collectively, it shall not be assessed as have joint control of the arrangement. When assessing the joint control, the protective rights are not considered.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. In determination of significant influence over an investee, the Company should consider not only the existing voting rights directly or indirectly held but also the effect of potential voting rights held by the Company and other entities that could be currently exercised or converted, including the effect of share warrants, share options and convertible corporate bonds that issued by the investee and could be converted in current period.

If the Company holds, directly or indirectly 20% or more but less than 50% of the voting power of the investee, it is presumed that the Company has significant influence of the investee, unless it can be clearly demonstrated that in such circumstance, the Company cannot participate in the decision-making in the production and operating of the investee.

3.16.2 Determination of initial investment cost

3.16.2.1 Long-term equity investments generated in business combinations

For a business combination involving enterprises under common control, if the Company makes payment in cash, transfers non-cash assets or bears liabilities as the consideration for the business combination, the share of carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party is recognised as the initial cost of the long-term equity investment on the combination date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed shall be adjusted against the capital reserve; if capital reserve is not enough to be offset, undistributed profit shall be offset in turn.

For a business combination involving enterprises under common control, if the Company issues equity securities as the consideration for the business combination, the share of carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party is recognised as the initial cost of the long-term equity investment on the combination date. The total par value of the shares issued is recognised as the share capital. The difference between the initial investment cost and the carrying amount of the total par value of the shares issued shall be adjusted against the capital reserve; if capital reserve is not enough to be offset, undistributed profit shall be offset in turn.

For business combination not under common control, the assets paid, liabilities incurred or assumed and the fair value of equity securities issued to obtain the control of the acquiree at the acquisition date shall be determined as the cost of the business combination and recognised as the initial cost of the long-term equity investment. The audit, legal, valuation and advisory fees, other intermediary fees, and other relevant general administrative costs incurred for the business combination, shall be recognised in profit or loss as incurred.

3.16.2.2 Long-term equity investments acquired not through the business combination, the investment cost shall be determined based on the following requirements:

For long-term equity investments acquired by payments in cash, the initial cost is the actually paid purchase cost, including the expenses, taxes and other necessary expenditures directly related to the acquisition of long-term equity investments.

For long-term equity investments acquired through issuance of equity securities, the initial cost is the fair value of the issued equity securities.

For the long-term equity investments obtained through exchange of non-monetary assets, if the exchange has commercial substance, and the fair values of assets traded out and traded in can be measured reliably, the initial cost of long-term equity investment traded in with non-monetary assets are determined based on the fair values of the assets traded out together with relevant taxes. Difference between fair value and book value of the assets traded out is recorded in current profit or loss. If the exchange of non-monetary assets does not meet the above criterion, the book value of the assets traded out and relevant taxes are recognised as the initial investment cost.

For long-term equity investment acquired through debt restructuring, the initial cost is determined based on the fair value of the equity obtained and the difference between initial investment cost and carrying amount of debts shall be recorded in current profit or loss.

3.16.3 Subsequent measurement and recognition of profit or loss

Long-term equity investment to an entity over which the Company has ability of control shall be accounted for at cost method. Long-term equity investment to a joint venture or an associate shall be accounted for at equity method.

3.16.3.1 Cost method

For Long-term equity investment at cost method, cost of the long-term equity investment shall be adjusted when additional amount is invested or a part of it is withdrawn. The Company recognises its share of cash dividends or profits which have been declared to distribute by the investee as current investment income.

3.16.3.2 Equity method

If the initial cost of the investment is in excess of the share of the fair value of the net identifiable assets in the investee at the date of investment, the difference shall not be adjusted to the initial cost of long-term equity investment; if the initial cost of the investment is in short of the share of the fair value of the net identifiable assets in the investee at the date investment, the difference shall be included in the current profit or loss and the initial cost of the long-term equity investment shall be adjusted accordingly.

The Company recognises the share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the share of any

profit or cash dividends declared to distribute by the investee. The investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, shall be recognised in the investor's equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly. The Company recognises its share of the investee's net profits or losses after making appropriate adjustments of investee's net profit based on the fair values of the investee's identifiable net assets at the investment date. If the accounting policy and accounting period adopted by the investee is not in consistency with the Company, the financial statements of the investee shall be adjusted according to the Company's accounting policies and accounting period, based on which, investment income or loss and other comprehensive income, etc., shall be adjusted. The unrealized profits or losses resulting from inter-company transactions between the company and its associate or joint venture are eliminated in proportion to the company's equity interest in the investee, based on which investment income or losses shall be recognised. Any losses resulting from inter-company transactions between the investor and the investee, which belong to asset impairment, shall be recognised in full.

Where the Company obtains the power of joint control or significant influence, but not control, over the investee, due to additional investment or other reason, the relevant long-term equity investment shall be accounted for by using the equity method, initial cost of which shall be the fair value of the original investment plus the additional investment. Where the original investment is classified as other equity investment, difference between its fair value and the carrying value, in addition to the cumulative changes in fair value previously recorded in other comprehensive income, shall be recognised into retained earnings of the period of using equity method.

If the Company loses the joint control or significant influence of the investee for some reasons such as disposal of equity investment, the retained interest shall be measured at fair value and the difference between the carrying amount and the fair value at the date of loss the joint control or significant influence shall be recognised in profit or loss. When the Company discontinues the use of the equity method, the Company shall account for all amounts previously recognised in other comprehensive income under equity method in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities.

3.16.4 Impairment testing and provision for impairment loss

For investment in subsidiaries, associates or a joint venture, provision for impairment loss please refer to Note 3.22.

3.17 Investment Properties

3.17.1 Classification of investment properties

Investment properties are properties to earn rentals or for capital appreciation or both, including:

3.17.1.1 Land use right leased out

3.17.1.2 Land held for transfer upon appreciation

3.17.1.3 Buildings leased out

3.17.2 The measurement model of investment property

The Company adopts the cost model for subsequent measurement of investment properties. Refer to Note 3.22 for provision for impairment.

The Company calculates the depreciation or amortisation based on the net amount of investment property cost less the accumulated impairment and the net residual value using straight-line method. Investment property is depreciated or amortised in accordance with the policy consistent with that of buildings or land use rights.

3.18 Fixed Assets

Fixed assets refer to the tangible assets with higher unit price held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one year.

3.18.1 Recognition criteria of fixed assets

Fixed assets will only be recognised at the actual cost paid when obtaining as all the following criteria are satisfied:

3.18.1.1 It is probable that the economic benefits relating to the fixed assets will flow into the Company;

3.18.1.2 The costs of the fixed assets can be measured reliably.

Subsequent expenditure for fixed assets shall be recorded in cost of fixed assets, if recognition criteria of fixed assets are satisfied, otherwise the expenditure shall be recorded in current profit or loss when incurred.

3.18.2 Depreciation methods of fixed assets

The Company begins to depreciate the fixed asset from the next month after it is available for intended use using the straight-line-method. The estimated useful life and annual depreciation rates which are determined according to the categories, estimated economic useful lives, and estimated net residual rates of fixed assets are listed as followings:

Category	Depreciation method	Residual rates (%)	Estimated useful life (year)	Annual depreciation rates (%)
Buildings and constructions	Straight-line method	7.00-10.00	20	4.50-4.65
Machinery equipment	Straight-line method	0.00	5-15	6.67-20.00
Electrical equipment, Model, and other	Straight-line method	0.00	5-6	16.67-20.00
Vehicles	Straight-line method	0.00	6	16.67
Improvement expenditure of leased fixed assets	Straight-line method	0.00	Amortisation shall be made according to the shorter of benefit period and lease period	

For the fixed assets with impairment provided, the impairment provision should be excluded from the cost when calculating depreciation.

At the end of reporting period, the Company shall review the useful life, estimated net residual value and depreciation method of the fixed assets. Estimated useful life of the fixed assets shall be adjusted if it is changed compared to the original estimation.

3.19 Construction in Progress

3.19.1 Classification of construction in progress

Construction in progress is measured on an individual project basis.

3.19.2 Recognition criteria and timing of transfer from construction in progress to fixed assets

The initial book values of the fixed assets are stated at total expenditures incurred before they are ready for their intended use, including construction costs, original price of machinery equipment, other necessary expenses incurred to bring the construction in progress to get ready for its intended use and borrowing costs of the specific loan for the construction or the proportion of the general loan used for the constructions incurred before they are ready for

their intended use. The construction in progress shall be transferred to fixed asset when the installation or construction is ready for the intended use. For construction in progress that has been ready for their intended use but relevant budgets for the completion of projects have not been completed, the estimated values of project budgets, prices, or actual costs should be included in the costs of relevant fixed assets, and depreciation should be provided according to relevant policies of the Company when the fixed assets are ready for intended use. After the completion of budgets needed for the completion of projects, the estimated values should be substituted by actual costs, but depreciation already provided is not adjusted.

3.20 Borrowing Costs

3.20.1 Recognition criteria and period for capitalization of borrowing costs

The Company shall capitalize the borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets when meet the following conditions:

3.20.1.1 Expenditures for the asset are being incurred;

3.20.1.2 Borrowing costs are being incurred, and;

3.20.1.3 Acquisition, construction or production activities that are necessary to prepare the assets for their intended use or sale are in progress.

Other borrowing cost, discounts or premiums on borrowings and exchange differences on foreign currency borrowings shall be recognized into current profit or loss when incurred.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and the interruption is for a continuous period of more than 3 months.

Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale. The expenditure incurred subsequently shall be recognised as expenses when incurred.

3.20.2 Capitalization rate and measurement of capitalized amounts of borrowing costs

When funds are borrowed specifically for purchase, construction or manufacturing of assets eligible for capitalization, the Company shall determine the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any interest income on bank deposit or investment income on the temporary investment of those borrowings.

Where funds allocated for purchase, construction or manufacturing of assets eligible for capitalization are part of a general borrowing, the eligible amounts are determined by the weighted-average of the cumulative capital expenditures in excess of the specific borrowing multiplied by the general borrowing capitalization rate. The capitalisation rate will be the weighted average of the borrowing costs applicable to the general borrowing.

3.21 Intangible Assets

3.21.1 Measurement method of intangible assets

Intangible assets are recognised at actual cost at acquisition.

3.21.2 The useful life and amortisation of intangible assets

3.21.2.1 The estimated useful lives of the intangible assets with finite useful lives are as follows:

Category	Estimated useful life	Basis
Land use right	50 years	Legal right of use
Software	5 years	The service life is determined by reference to the period that can bring economic benefits to the Company

For intangible assets with finite useful life, the estimated useful life and amortisation method are reviewed annually at the end of each reporting period and adjusted when necessary. No change has incurred in current year in the estimated useful life and amortisation method upon review.

3.21.2.2 Assets of which the period to bring economic benefits to the Company are unforeseeable are regarded as intangible assets with indefinite useful lives. The Company reassesses the useful lives of those assets at every year end. If the useful lives of those assets are still indefinite, impairment test should be performed on those assets at the balance sheet date.

3.21.2.3 Amortisation of the intangible assets

For intangible assets with finite useful lives, their useful lives should be determined upon their acquisition and systematically amortised on a straight-line basis over the useful life. The amortisation amount shall be recognised into current profit or loss according to the beneficial items. The amount to be amortised is cost deducting residual value. For intangible assets which has impaired, the cumulative impairment provision shall be deducted as well. The

residual value of an intangible asset with a finite useful life shall be assumed to be zero unless: there is a commitment by a third party to purchase the asset at the end of its useful life; or there is an active market for the asset and residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life.

Intangible assets with indefinite useful lives shall not be amortised. The Company reassesses the useful lives of those assets at every year end. If there is evidence to indicate that the useful lives of those assets become finite, the useful lives shall be estimated and the intangible assets shall be amortised systematically and reasonably within the estimated useful lives.

3.21.3 Scope of Research and Development(R&D) expenditure Classification

The Company classifies all costs directly related to the conduct of research and development activities as research and development expenses, including research and development employee compensation, depreciation and amortisation expenses, testing expenses, maintenance expenses, patent fees and other expenses.

3.21.4 Criteria of classifying expenditures on internal research and development projects into research phase and development phase

3.21.4.1 Preparation activities related to materials and other relevant aspects undertaken by the Company for the purpose of further development shall be treated as research phase. Expenditures incurred during the research phase of internal research and development projects shall be recognised in profit or loss when incurred.

3.21.4.2 Development activities after the research phase of the Company shall be treated as development phase.

3.21.5 Criteria for capitalization of qualifying expenditures during the development phase

Expenditures arising from development phase on internal research and development projects shall be recognised as intangible assets only if all of the following conditions have been met:

3.21.4.1 Technical feasibility of completing the intangible assets so that they will be available for use or sale;

3.21.4.2 Its intention to complete the intangible asset and use or sell it;

3.21.4.3 The method that the intangible assets generate economic benefits, including the Company can demonstrate the existence of a market for the output of the intangible assets or

the intangible assets themselves or, if it is to be used internally, the usefulness of the intangible assets;

3.21.4.4 The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

3.21.4.5 Its ability to measure reliably the expenditure attributable to the intangible asset.

3.22 Impairment of Long-Term Assets

Impairment loss of long-term equity investment in subsidiaries, joint ventures and associates, investment properties subsequently measured at cost, fixed assets, constructions in progress, right-of-use assets, intangible assets, etc. (excluding inventories, investment properties measured at fair value, deferred tax assets, financial assets), shall be determined according to following method:

The Company shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company shall estimate the recoverable amount of the asset and test for impairment. Irrespective of whether there is any indication of impairment, the Company shall test for impairment of goodwill acquired in a business combination, intangible assets with an indefinite useful life or intangible assets not yet available for use annually.

The recoverable amounts of the long-term assets are the higher of their fair values less costs to dispose and the present values of the estimated future cash flows of the long-term assets. The Company estimate the recoverable amounts on an individual basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the groups of assets that the individual asset belongs to. Identification of a group of asset is based on whether the cash inflows from it are largely independent of the cash inflows from other assets or groups of assets.

If, and only if, the recoverable amount of an asset or a group of assets is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount and the provision for impairment loss shall be recognised accordingly.

The mentioned impairment loss will not be reversed in subsequent accounting period once it had been recognised.

3.23 Long-term Deferred Expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortized over current and subsequent periods with the amortization period exceeding one year.

Long-term deferred expenses are amortized on a straight-line basis during the benefit period.

3.24 Employee Benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include 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.

According to liquidity, employee benefits are presented in the statement of financial position as “Employee benefits payable” and “Long-term employee benefits payable”.

3.24.1 Short-term employee benefits

3.24.1.1 Employee basic salary (salary, bonus, allowance, subsidy)

The Company recognises, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as a liability, with a corresponding charge to current profit except for those recognised as capital expenditure based on the requirement of accounting standards.

3.24.1.2 Employee welfare

The Company shall recognise the employee welfare based on actual amount when incurred into current profit or loss or related capital expenditure. Employee welfare shall be measured at fair value as it is a non-monetary benefit.

3.24.1.3 Social insurance such as medical insurance, work injury insurance and maternity insurance, housing funds, labor union fund and employee education fund

Payments made by the Company of social insurance for employees, such as medical insurance, work injury insurance and maternity insurance, payments of housing funds, and labor union fund and employee education fund accrued in accordance with relevant requirements, in the accounting period in which employees provide services, is calculated according to required accrual bases and accrual ratio in determining the amount of employee benefits and the related liabilities, which shall be recognised in current profit or loss or the cost of relevant asset.

3.24.1.4 Short-term paid absences

The company shall recognise the related employee benefits arising from accumulating paid absences when the employees render service that increases their entitlement to future paid absences. The additional payable amounts shall be measured at the expected additional payments as a result of the unused entitlement that has accumulated. The Company shall recognise relevant employee benefit of non-accumulating paid absences when the absences actually occurred.

3.24.1.5 Short-term profit-sharing plan

The Company shall recognise the related employee benefits payable under a profit-sharing plan when all of the following conditions are satisfied:

- The Company has a present legal or constructive obligation to make such payments as a result of past events; and
- A reliable estimate of the amounts of employee benefits obligation arising from the profit-sharing plan can be made.

3.24.2 Post-employment benefits

3.24.2.1 Defined contribution plans

The Company shall recognise, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the current profit or loss or the cost of a relevant asset.

When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, they shall be discounted using relevant discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined contribution obligations) to measure employee benefits payable.

3.24.2.2 Defined benefit plan

The present value of defined benefit obligation and current service costs

Based on the expected accumulative welfare unit method, the Company shall make estimates about demographic variables and financial variables in adopting the unbiased and consistent actuarial assumptions and measure defined benefit obligation, and determine the obligation period. The Company shall discount the obligation arising from defined benefit plan using

relevant discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined benefit obligations) in order to determine the present value of the defined benefit obligation and the current service cost.

The net defined benefit liability or asset

The net defined benefit liability (asset) is the deficit or surplus recognised as the present value of the defined benefit obligation less the fair value of plan assets (if any).

When the Company has a surplus in a defined benefit plan, it shall measure the net defined benefit asset at the lower of the surplus in the defined benefit plan and the asset ceiling.

The amount recognised in the cost of asset or current profit or loss

Service cost comprises current service cost, past service cost and any gain or loss on settlement. Other service cost shall be recognised in profit or loss unless accounting standards require or allow the inclusion of current service cost within the cost of assets.

Net interest on the net defined benefit liability (asset) comprising interest income on plan assets, interest cost on the defined benefit obligation and interest on the effect of the asset ceiling, shall be included in profit or loss.

The amount recognised in other comprehensive income

Changes in the net liability or asset of the defined benefit plan resulting from the remeasurements including:

- Actuarial gains and losses, the changes in the present value of the defined benefit obligation resulting from experience adjustments or the effects of changes in actuarial assumptions;
- Return on plan assets, excluding amounts included in net interest on the net defined benefit liability or asset;
- Any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Remeasurements of the net defined benefit liability (asset) recognised in other comprehensive income shall not be reclassified to profit or loss in a subsequent period. However, the Company may transfer those amounts recognised in other comprehensive income within equity.

3.24.3 Termination benefits

The Company providing termination benefits to employees shall recognise an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss of the reporting period, at the earlier of the following dates:

3.24.3.1 When the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal.

3.24.3.2 When the Company recognises costs or expenses related to a restructuring that involves the payment of termination benefits.

If the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, the Company shall discount the termination benefits using relevant discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined benefit obligations) to measure the employee benefits.

3.24.4 Other long-term employee benefits

3.24.4.1 Meet the conditions of the defined contribution plan

When other long-term employee benefits provided by the Company to the employees satisfies the conditions for classifying as a defined contribution plan, all those benefits payable shall be accounted for as employee benefits payable at their discounted value.

3.24.4.2 Meet the conditions of the defined benefit plan

At the end of the reporting period, the Company recognised the cost of employee benefit from other long-term employee benefits as the following components:

- Service costs;
- Net interest cost for net liability or asset of other long-term employee benefits
- Changes resulting from the remeasurements of the net liability or asset of other long-term employee benefits

In order to simplify the accounting treatment, the net amount of above items shall be recognised in profit or loss or relevant cost of assets.

3.25 Estimated Liabilities

3.25.1 Recognition criteria of estimated liabilities

The Company recognises the estimated liabilities when obligations related to contingencies satisfy all the following conditions:

3.25.1.1 That obligation is a current obligation of the Company;

3.25.1.2 It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation; and

3.25.1.3 The amount of the obligation can be measured reliably.

3.25.2 Measurement method of estimated liabilities

The estimated liabilities of the Company are initially measured at the best estimate of expenses required for the performance of relevant present obligations. The Company, when determining the best estimate, has had a comprehensive consideration of risks with respect to contingencies, uncertainties and the time value of money. The carrying amount of the estimated liabilities shall be reviewed at the end of every reporting period. If conclusive evidences indicate that the carrying amount fails to be the best estimate of the estimated liabilities, the carrying amount shall be adjusted based on the updated best estimate.

3.26 Revenue recognition principle and measurement

3.26.1 General Principle

Revenue is defined as the gross inflow of economic benefits arising in the course of the ordinary activities of the Company when those inflows result in the increases in shareholders' equity, other than increases relating to contributions from shareholders.

The Company shall recognise revenue when it satisfies a performance obligation in the contract as the customer obtains control of a good or service. Control of a good or service refers to the ability to direct the use of, and obtain substantially all of the remaining economic benefits from, the good or service.

When the contract has two or more obligation performances, the Company shall allocate the transaction price to each performance obligation in proportion to a relative stand-alone selling price at contract inception of the promised good or service underlying each performance obligation in the contract and recognize revenue based on the transaction price allocated to each performance obligation.

The transaction price refers to the amount of consideration that the Company is expected to be entitled to receive due to the transfer of goods or services to customers, excluding payments

collected on behalf of third parties. When determining the transaction price of the contract, if the contract includes a variable consideration, the Company shall determine the best estimate of the variable consideration based on the expected value or the most likely amount and include in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. If there is a significant financing component in the contract, the Company will determine the transaction price based on the amount payable in cash when the customer obtains the control right of the commodity. The difference between the transaction price and the contract consideration will be amortised by the effective interest method during the contract period. If the interval between the control right transfer and the customer's payment is less than one year, the company will not consider the financing component.

The Company satisfies a performance obligation over time, if one of the following criteria is met; otherwise a performance obligation is satisfied at a point in time:

3.26.1.1 The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;

3.26.1.2 The Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced;

3.26.1.3 The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For each performance obligation satisfied over time, the Company shall recognise revenue over time by measuring the progress towards complete satisfaction of that performance obligation, unless those progress cannot be reasonably measured. The Company measures the progress of a performance obligation for the service rendered using input methods (or output methods). In some circumstances, the Company cannot be able to reasonably measure the progress of a performance obligation, but the Company expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Company shall recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress of the performance obligation.

The Company shall recognise revenue at the point in which a customer obtains control of a promised good or service if a performance obligation is satisfied at a point in time. To

determine the point in time at which a customer obtains control of a promised good or service, the Company shall consider indicators of the transfer of control, which include, but are not limited to, the followings:

- (i) The Company has a present right to payment for the good or service – a customer is presently obliged to pay for the good or service;
- (ii) The Company has transferred legal title of an asset to a customer - the customer has legal title to the asset;
- (iii) The Company has transferred physical possession of an asset to a customer - the customer has physical possession of the asset;
- (iv) The Company has transferred the significant risks and rewards of ownership of the asset to a customer - the customer has the significant risks and rewards of ownership of the asset;
- (v) The customer has accepted the goods, etc.

3.26.2 Specific methods

The specific methods of the Company's revenue recognition are as follows:

The sales contract between the Company and the customer includes the performance obligation of transferring the goods, which belongs to the performance obligation at a certain point in time.

Recognition of domestic sales product revenue must meet the following conditions: the Company has delivered the products to the customer according to the contract and the customer has accepted the products; the payment has been recovered or the receipt of payment has been obtained, and the relevant economic benefits are likely to flow in; the main risks and rewards of the ownership of the goods have been transferred, and the legal ownership of the goods has been transferred.

Recognition of exporting revenue must meet the following conditions: The Company recognizes revenue for exporting goods based on the sales contracts or sales orders, regardless of the sales model adopted. For sales model of FOB, the revenue is recognised after the products are shipped and the customs declaration and export formalities are handled; For sales model of FCA, the revenue is recognised when products are delivered to the carrier designated by the buyer

Treatment of sales return: according to the general rules of international trade, the adoption of

FOB and CIF settlement indicates that the buyer has accepted the purchased goods at the place of shipment, and the relevant risks have been undertaken by the buyer after the acceptance and shipment. Therefore, the Company does not make provision for the above matters separately, but directly records them into the profits and losses in the current period.

Processing of product claims: the estimated claim expense rate is calculated based on the actual claim amount in the past two years (excluding special claims) as a percentage of the annual sales revenue, and accrued at period end based on the current sales revenue and the estimated claim expense rate to recognize the claim expenses for products sold in the current period.

3.26.2 Service contract

The performance obligation of the service contract between the Company and the customer. Since the customer obtains and consumes the economic benefits brought by the Company's performance at the same time as the Company fulfills the contract, the Company recognises it as a performance obligation performed within a certain period of time, and amortized equally during the service provision period.

3.26.3 Construction contract

For the performance obligation of the construction contract between the Company and the customer, since the customer can control the goods under construction in the process of the Company's performance, the Company takes it as the performance obligation to perform in a certain period of time, and recognizes the income according to the performance progress, except that the performance progress cannot be reasonably determined. The Company determines the progress of the performance of providing services in accordance with the output method. The progress of the performance shall be determined according to the proportion of the completed contract workload to the expected total contract workload. On the balance sheet date, the Company re-estimates the progress of completed performance or completed services to reflect the changes in performance.

3.27 Government Grants

3.27.1 Recognition of government grants

A government grant shall not be recognised until there is reasonable assurance that:

3.27.1.1 The Company will comply with the conditions attaching to them; and

3.27.1.2 The grants will be received.

3.27.2 Measurement of government grants

Monetary grants from the government shall be measured at amount received or receivable, and non-monetary grants from the government shall be measured at their fair value or at a nominal value of RMB 1.00 when reliable fair value is not available.

3.27.3 Accounting for government grants

3.27.3.1 Government grants related to assets

Government grants pertinent to assets mean the government grants that are obtained by the Company used for purchase or construction, or forming the long-term assets by other ways. The government subsidies related to assets offset the book value of related assets,. Grants measured at their nominal value shall be directly recognised in profit or loss of the period when the grants are received. When the relevant assets are sold, transferred, written off or damaged before the assets are terminated, the remaining deferred income shall be transferred into profit or loss of the period of disposing relevant assets.

3.27.3.2 Government grants related to income

Government grants not related to assets are classified as government grants related to income. Government grants related to income are accounted for in accordance with the following criteria:

If the government grants related to income are used to compensate the enterprise's relevant expenses or losses in future periods, such government grants shall be recognised as deferred income and included into profit or loss in the same period as the relevant expenses or losses are recognised;

If the government grants related to income are used to compensate the enterprise's relevant expenses or losses incurred, such government grants are directly recognised into current profit or loss (or write down related expenses).

For government grants comprised of part related to assets as well as part related to income, each part is accounted for separately; if it is difficult to identify different parts, the government grants are accounted for as government grants related to income as a whole.

Government grants related to daily operation activities are recognised in other income in accordance with the nature of the activities, and government grants irrelevant to daily operation activities are recognised in non-operating income.

The treasury allocates the subsidized interest rate funds directly to the Company, and the

Company reduces the corresponding subsidized interest by the relevant borrowing costs.

3.27.3.3 Repayment of the government grants

Repayment of the government grants shall be recorded by increasing the carrying amount of the asset if the book value of the asset has been written down, or reducing the balance of relevant deferred income if deferred income balance exists, any excess will be recognised into current profit or loss; or directly recognised into current profit or loss for other circumstances.

3.28 Deferred Tax Assets and Deferred Tax Liabilities

Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base at the balance sheet date. The Company recognise and measure the effect of taxable temporary differences and deductible temporary differences on income tax as deferred tax liabilities or deferred tax assets using liability method. Deferred tax assets and deferred tax liabilities shall not be discounted.

3.28.1 Recognition of deferred tax assets

Deferred tax assets should be recognised for deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits can be utilised at the tax rates that are expected to apply to the period when the asset is realised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- Is not a business combination; and
- At the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

The Company shall recognise a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, associates and joint ventures, only to the extent that, it is probable that:

- The temporary difference will reverse in the foreseeable future; and
- Taxable profit will be available against which the deductible temporary difference can be utilised.

At the end of each reporting period, if there is sufficient evidence that it is probable that

taxable profit will be available against which the deductible temporary difference can be utilized, the Company recognises a previously unrecognised deferred tax asset.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. The Company shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

3.28.2 Recognition of deferred tax liabilities

A deferred tax liability shall be recognised for all taxable temporary differences at the tax rate that are expected to apply to the period when the liability is settled.

3.28.2.1 No deferred tax liability shall be recognised for taxable temporary differences arising from:

- The initial recognition of goodwill; or
- The initial recognition of an asset or liability in a transaction which: is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

3.28.2.2 An entity shall recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, except to the extent that both of the following conditions are satisfied:

- The Company is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future.

3.28.3 Recognition of deferred tax liabilities or assets involved in special transactions or events

3.28.3.1 Deferred tax liabilities or assets related to business combination

For the taxable temporary difference or deductible temporary difference arising from a business combination not under common control, a deferred tax liability or a deferred tax asset shall be recognised, and simultaneously, goodwill recognised in the business combination shall be adjusted based on relevant deferred tax expense (income).

3.28.3.2 Items directly recognised in equity

Current tax and deferred tax related to items that are recognised directly in equity shall be recognised in equity. Such items include: other comprehensive income generated from fair value fluctuation of other debt investments; an adjustment to the opening balance of retained earnings resulting from either a change in accounting policy that is applied retrospectively or the correction of a prior period (significant) error; amounts arising on initial recognition of the equity component of a compound financial instrument that contains both liability and equity component.

3.28.3.3 Unused tax losses and unused tax credits

Unused tax losses and unused tax credits generated from daily operation of the Company itself

Deductible loss refers to the loss calculated and permitted according to the requirement of tax law that can be offset against taxable income in future periods. The criteria for recognising deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognising deferred tax assets arising from deductible temporary differences. The Company recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the Company. Income taxes in current profit or loss shall be deducted as well.

Unused tax losses and unused tax credits arising from a business combination

Under a business combination, the acquiree's deductible temporary differences which do not satisfy the criteria at the acquisition date for recognition of deferred tax asset shall not be recognised. Within 12 months after the acquisition date, if new information regarding the facts and circumstances exists at the acquisition date and the economic benefit of the acquiree's deductible temporary differences at the acquisition is expected to be realised, the Company shall recognise acquired deferred tax benefits and reduce the carrying amount of any goodwill related to this acquisition. If goodwill is reduced to zero, any remaining deferred tax benefits shall be recognised in profit or loss. All other acquired deferred tax benefits realised shall be recognised in profit or loss.

3.28.3.4 Temporary difference generated in consolidation elimination

When preparing consolidated financial statements, if temporary difference between carrying value of the assets and liabilities in the consolidated financial statements and their taxable

bases is generated from elimination of inter-company unrealized profit or loss, deferred tax assets or deferred tax liabilities shall be recognised in the consolidated financial statements, and income taxes expense in current profit or loss shall be adjusted as well except for deferred tax related to transactions or events recognised directly in equity and business combination.

3.28.3.5 Share-based payment settled by equity

If tax authority permits tax deduction that relates to share-based payment, during the period in which the expenses are recognised according to the accounting standards, the Company estimates the tax base in accordance with available information at the end of the accounting period and the temporary difference arising from it. Deferred tax shall be recognised when criteria of recognition are satisfied. If the amount of estimated future tax deduction exceeds the amount of the cumulative expenses related to share-based payment recognised according to the accounting standards, the tax effect of the excess amount shall be recognised directly in equity.

3.28.4 The basis for presentation of deferred tax assets and deferred tax liabilities on a net way

Deferred tax assets and deferred tax liabilities are presented net of offsets when all the following conditions are met:

The Company has a legal right to settle current income tax assets and current income tax liabilities on a net basis;

Deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity or on different taxable entities, but in each future period in which deferred tax assets and deferred tax liabilities of significance are reversed, the taxable entities involved intend to settle current income tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.29 Leases

3.29.1 Identifying a lease

At inception of a contract, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company shall assess whether, throughout the period of use, the customer has the

right to obtain substantially all of the economic benefits from use of the identified asset and to direct the use of the identified asset.

3.29.2 Identifying a separate lease component

When a contract includes more than one separate lease components, the Company shall separate components of the contract and account for each lease component separately. The right to use an underlying asset is a separate lease component if both conditions have been satisfied: (i) the lessee can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the lessee; (ii) the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

3.29.3 The Company as a lessee

At the commencement date, the Company identifies the lease that has a lease term of 12 months or less and does not contain a purchase option as a short-term lease. A lease qualifies as a lease of a low-value asset if the nature of the asset is such that, when new, the asset is typically of low value. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all short-term leases and for lease which the underlying asset is of low value, the Company shall recognise the lease payments associated with those leases as cost of relevant asset or expenses in current profit or loss on a straight-line basis method over the lease term.

Except for the election of simple treatment as short-term lease or lease of a low-value asset as mentioned above, at the commencement date, the Company shall recognise a right-of-use asset and a lease liability.

3.29.3.1 Right-of-use asset

A right-of-use asset is an asset that represents a lessee's right to use an underlying asset for the lease term.

At the commencement date, the Company shall initially measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;

- Any initial direct costs incurred by the lessee; and
- An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Company recognises and measures the cost in accordance with the recognition criteria and measurement method for estimated liabilities, details please refer to Notes 3.25. Those costs incurred to produce inventories shall be included in the cost of inventories.

The right-of-use asset shall be depreciated according to the categories using straight-line method (or units of production method, double declining balance method and sum of the years digit method). If it is reasonably certain that the ownership of the underlying asset shall be transferred to the lessee by the end of the lease term, the depreciation rate shall be determined based on the classification of the right-of-use asset and estimated residual value rate from the commencement date to the end of the useful life of the underlying asset. Otherwise, the depreciation rate shall be determined based on the classification of the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The depreciation method, estimated useful life, residual rates and annual depreciation rates which are determined according to the categories of right-of-use asset are listed as followings:

Category	Depreciation method	Estimated useful life (year)	Residual rates (%)	Annual depreciation rates (%)
Buildings and constructions	straight-line basis	Lease period	-	-

3.29.3.2 Lease liability

At the commencement date, the lease liability shall be measured at the present value of the lease payments that are not paid at that date. The lease payments included in the measurement of the lease liability comprise the following 5 items:

- Fixed payments and in-substance fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option;

- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease;
- Amounts expected to be payable by the lessee under residual value guarantees.

In order to calculate the present value of the lease payments, interest rate implicit in the lease shall be used as the discount rate. If that rate cannot be readily determined, the Company shall use the incremental borrowing rate. The difference between the lease payments and its present value shall be recognised as unrecognised financing charges, calculated bases on the discount rate of the present value of the lease payments in each period within the lease term and recorded as interest expense in current profit or loss. Variable lease payments not included in the measurement of lease liabilities shall be recognised in current profit or loss when incurred.

After the commencement date, the Company shall remeasure the lease liability based on the revised present value of the lease payments and adjust the carrying amount of the right-of-use asset if there is a change in the in-substance fixed payments, or change in the amounts expected to be payable under a residual value guarantee, or change in an index or a rate used to determine lease payments, or change in the assessment or exercising of an option to purchase the underlying asset, or an option to extend or terminate the lease.

3.29.4 The Company as a lessor

At the commencement date, the Company shall classify a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, otherwise it shall be classified as an operating lease.

3.29.4.1 Operating leases

The Company shall recognise lease payments from operating leases as income on a straight-line basis / units of production method (or other systematic and rational basis) over the term of the relevant lease and the initial direct costs incurred in obtaining an operating lease shall be capitalised and recognised as an expense over the lease term on the same basis as the lease income. The Company shall recognise the variable lease payments relating to the operating lease but not included in the measurement of the lease receivables into current profit or loss when incurred.

3.29.4.2 Finance leases

At the commencement date, the Company shall recognise the lease receivables at an amount equal to the net investment in the lease (the sum of the present value of the unguaranteed

residual values and the lease payment that are not received at the commencement date discounted at the interest rate implicit in the lease) and derecognise the asset relating to the finance lease. The Company shall recognise interest income using the interest rate implicit in the lease over the lease term.

The Company shall recognise the variable lease payments relating to the finance lease but not included in the measurement of the net investment in the lease into current profit or loss when incurred.

3.29.5 Lease modifications

3.29.5.1 A lease modification accounted for as a separate lease

The Company shall account for a modification to a lease as a separate lease, if both:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope.

3.29.5.2 A lease modification not accounted for as a separate lease

The Company as a lessee

At the effective date of the lease modification, the Company shall redetermine the lease term of the modified lease and remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

The Company shall account for the remeasurement of the lease liability by:

- Decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease or shorten the lease term. The Company shall recognise in profit or loss any gain or loss relating to the partial or full termination of the lease.
- Making a corresponding adjustment to the carrying amount of the right-of-use asset for all other lease modifications.

The Company as a lessor

The Company shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For a modification to a finance lease that is not accounted for as a separate lease, the Company shall account for the modification as follows:

- If the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Company shall account for the lease modification as a new lease from the effective date of the modification and measure the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification;
- If the lease would have been classified as a finance lease had the modification been in effect at the inception date, the Company shall account for the lease modification according to the requirements in the modification or renegotiation of the contract.

3.30 Changes in Significant Accounting Policies and Accounting Estimates

3.30.1 Significant changes in accounting polices

Implementation of Enterprise Accounting Standard Interpretation No. 16, "Accounting for Deferred Taxes on Assets and Liabilities Arising from a Single Transaction to Which the Initial Recognition Exemption Does Not Apply"

On 30 November 2022, the Ministry of Finance ("MOF") issued "Interpretation No. 16 of the Accounting Standards for Business Enterprises" ("ASBE") (Caikuai [2022] No. 31, hereinafter referred to as "Interpretation No. 16"), of which "Accounting for Deferred Taxes on Assets and Liabilities Arising from a Single Transaction to which the Initial Recognition Exemption Does Not Apply" came into effect on 1 January 2023, and the implementation of this provision of the interpretation of Interpretation No. 16 did not have any material effect on the Company's financial statements for the reporting period.

3.30.2 Significant changes in accounting estimates

The Company has no significant changes in accounting estimates for the reporting period.

4. TAXATION

4.1 Major Categories of Tax and Tax Rates Applicable to the Company

Categories of tax	Basis of tax assessment	Tax rate
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Categories of tax	Basis of tax assessment	Tax rate
Value added tax (VAT)	Calculates output tax based on the tax rate of taxable income, and calculates the value-added tax based on the difference after deducting the deductible input tax in the current period	0%、1%、5%、6%、9%、11%、13%
Urban maintenance and construction tax	Payable turnover tax, tax exemption	7%、5%
Educational surcharge	Payable turnover tax, tax exemption	3%
Local education surcharge	Payable turnover tax, tax exemption	2%
Enterprise income tax	Taxable profits	25%、22%、20%、15%

4.2 Tax rates of income tax of different subsidiaries are stated as below:

4.2.1 TsannKuen (Zhangzhou) Enterprise Co., Ltd. (hereafter, TKL)

Categories of tax	Basis of tax assessment	Tax rate
Value added tax	Calculates output tax based on the tax rate of taxable income, and calculates the value-added tax based on the difference after deducting the deductible input tax in the current period	0%、5%、6%、9%、13%
Urban maintenance and construction tax	Payable turnover tax, tax exemption	5%
Educational surcharge	Payable turnover tax, tax exemption	3%
Local education surcharge	Payable turnover tax, tax exemption	2%
Enterprise income tax	Taxable profits	15%

4.2.2 TsannKuen China (Shanghai) Enterprise Co., Ltd. (hereafter, TKS)

Categories of tax	Basis of tax assessment	Tax rate
Value added tax	Calculates output tax based on the tax rate of taxable income, and calculates the value-added tax based on the difference after deducting the deductible input tax in the current period	5%、9%、13%
Urban maintenance and construction tax	Payable turnover tax, tax exemption	5%
Educational surcharge	Payable turnover tax, tax exemption	3%
Local education surcharge	Payable turnover tax, tax exemption	2%

Categories of tax	Basis of tax assessment	Tax rate
Enterprise income tax	Taxable profits	25%

4.2.3 Xiamen TsannKuen Property Service Co., Ltd. (hereafter, TKW)

Categories of tax	Basis of tax assessment	Tax rate
Value added tax	Calculates output tax based on the tax rate of taxable income, and calculates the value-added tax based on the difference after deducting the deductible input tax in the current period	1%、5%
Enterprise income tax	Taxable profits	20%

4.2.4 Pt.Star Comgistic Indonesia

Categories of tax	Basis of tax assessment	Tax rate
Value added tax	Calculates output tax based on the tax rate of taxable income, and calculates the value-added tax based on the difference after deducting the deductible input tax in the current period	11%
Enterprise income tax	Taxable profits	22%

4.3 Preferential tax policy

(1) According to the principle of “The Second Batch of High-tech Enterprise Filing List of Fujian Province's Accreditation Organisations for 2023 Accreditation Reporting”, TKL was identified as Fujian Province High-tech Enterprise, and the certification was valid for 3 years (Certification No. GR202335003031), in accordance with the Enterprise Income Tax Law of the People's Republic of China, the Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China and other relevant provisions, the income tax rate of Tsann Kuen (Zhangzhou) Enterprise Co., Ltd. enjoys a 10% reduction for three years from 2023, which the income tax rate is 15%.

(2) According to “the Announcement on Further Implementation of Preferential Policies on Income Tax for Small and Micro Enterprises” (Announcement No. 13 of 2022 by the Ministry of Finance and the State Administration of Taxation), during the period from 1 January 2022 to 31 December 2024, the portion of the annual taxable income of small and micro enterprises over RMB1 million but not exceeding RMB3 million will be deducted from

the taxable income by 25%, and the enterprise income tax will be payable at a tax rate of 20%. According to the Announcement on Preferential Policies on Income Tax for Small and Micro Enterprises and Individual Industrial and Commercial Households (Announcement No. 6 of 2023 of the Ministry of Finance and the State Administration of Taxation), during the period from 1 January 2023 to 31 December 2024, the portion of the annual taxable income of a small and micro-enterprise that is not more than 1 million yuan will be deducted from the taxable income by 25% and will be subject to an enterprise income tax at a tax rate of 20%. TKW, a subsidiary of the Company, is entitled to the above tax incentives.

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Cash and Cash Equivalents

Items	31 December 2023	31 December 2022
Cash on hand	810,688.40	843,413.66
Cash in bank	560,871,966.69	574,436,355.52
Other monetary funds	5,479,921.68	1,588,060.59
Total	567,162,576.77	576,867,829.77
Including: The total amount deposited overseas	33,298,617.03	45,070,898.68

Among the other monetary funds, CNY 5,352,305.24 represents the margin deposited by the Tsann Kuen (Zhangzhou) Enterprise Co., Ltd. for the opening of the letter of credit, CNY 127,616.44 is the balance of the company's Alipay account. In addition, there are no funds other than the deposit for letter of credit in the monetary funds at the end of the period that have restrictions on use and potential recovery risks due to mortgages, pledges or freezes.

5.2 Held-for-trading financial assets

Items	31 December 2023	31 December 2022
Financial assets measured at fair value through Profit or Loss	470,009,033.34	569,493,788.89
Including: Derivative financial assets	432,800.00	1,138,900.00
Structured Deposit Investment	469,576,233.34	568,354,888.89
Total	470,009,033.34	569,493,788.89

5.3 Accounts Receivables

5.3.1 Accounts receivable by aging

Aging	31 December 2023	31 December 2022
Within 1 year	199,933,855.42	97,042,217.74
Including: Within 90 days	184,755,154.07	92,464,137.64
91 days to 180 days	15,178,641.95	4,291,123.54
181 days to 270 days	4.80	286,956.56
271 days to 365 days	54.60	
1 year to 2 years	20,000.00	9,677.56
2 years to 3 years	9,677.56	110,740.52
Over 3 years	115,740.52	5,000.00
Subtotal	200,079,273.50	97,167,635.82
Less: provision for bad debt	3,123,053.38	1,216,752.94
Total	196,956,220.12	95,950,882.88

5.3.2 Accounts receivable by bad debt provision method

Category	31 December 2023				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognized individually					
Provision for bad debt recognized collectively	200,079,273.50	100.00	3,123,053.38	1.56	196,956,220.12
Including: Portfolio by age	199,353,223.66	99.64	3,123,053.38	1.57	196,230,170.28
Portfolio by related parties	726,049.84	0.36			726,049.84
Total	200,079,273.50	100.00	3,123,053.38	1.56	196,956,220.12

Category	31 December 2022				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	

Category	31 December 2022				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognized individually					
Provision for bad debt recognized collectively	97,167,635.82	100.00	1,216,752.94	1.25	95,950,882.88
Including: Portfolio by age	96,070,918.17	98.87	1,216,752.94	1.27	94,854,165.23
Portfolio by related parties	1,096,717.65	1.13			1,096,717.65
Total	97,167,635.82	100.00	1,216,752.94	1.25	95,950,882.88

Specific instructions for provision for bad debts:

① At 31 December 2023, accounts receivable prepared for bad debts were accrued on an ageing basis

Aging	31 December 2023			31 December 2022		
	Book balance	Provision for bad debt	Bad debt ration (%)	Book balance	Provision for bad debt	Bad debt ration (%)
Not overdue	173,313,895.66	866,569.51	0.50	88,212,429.63	441,062.13	0.50
Overdue 1 - 30 days	22,200,028.43	999,001.31	4.50	6,748,662.10	303,689.81	4.50
Overdue 31 - 60 days	1,954,882.39	390,976.48	20.00	797,281.80	159,456.36	20.00
Overdue 61 - 90 days	1,850,747.41	832,836.31	45.00			
Overdue more than 90 days	33,669.77	33,669.77	100.00	312,544.64	312,544.64	100.00
Total	199,353,223.66	3,123,053.38	1.57	96,070,918.17	1,216,752.94	1.27

② As at 31 December 2023, accounts receivable provided for bad debts were accrued on a

related party basis

Aging	31 December 2023			31 December 2022		
	Book balance	Provision for bad debt	Bad debt ration (%)	Book balance	Provision for bad debt	Bad debt ration (%)
Portfolio by related parties	726,049.84			1,096,717.65		
Total	726,049.84			1,096,717.65		

See Note 3.11 for the recognition criteria and instructions for the provision for bad debts by groups.

5.3.3 Changes of provision for bad debt during the reporting period

Category	31 December 2022	Changes during the reporting period				31 December 2023
		Provision	Recovery or reversal	Write-off	Other	
Provision for bad debt by group	1,216,752.94	3,016,195.73	1,116,984.56		7,089.27	3,123,053.38
Total	1,216,752.94	3,016,195.73	1,116,984.56		7,089.27	3,123,053.38

5.3.4 Top five of closing balances of customers

The total amount of the top five customers with largest accounts receivables balances at year end is CNY 163,409,393.81, accounting for 81.67% of the total amount of accounts receivable at the end of the year, and the total amount of bad debt provision at the end of the year is CNY 1,675,384.31.

5.4 Advances to Suppliers

5.4.1 Advances to suppliers by aging

Aging	31 December 2023		31 December 2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	4,551,467.78	100.00	4,050,633.59	100.00
Total	4,551,467.78	100.00	4,050,633.59	100.00

5.4.2 Top five of closing balances of suppliers

The total amount of the top five suppliers with the largest prepaid amounts at the end of the

year is CNY 1,425,730.47, accounting for 31.32% of the total amount of the prepayment at the end of the year.

5.5 Other Receivables

5.5.1 Other receivables by category

Items	31 December 2023	31 December 2022
Interest receivable		
Dividend receivable		
Other receivables	23,318,410.66	15,425,312.61
Total	23,318,410.66	15,425,312.61

5.5.2 Other Receivables

5.5.2.1 Other receivables by aging

Aging	31 December 2023	31 December 2022
Within 1 year	22,529,217.76	14,220,711.94
Including: Within 90 days	22,335,217.72	14,054,615.52
91 days to 180 days	102,300.00	125,742.31
181 days to 270 days	10,000.00	30,000.00
271 days to 365 days	81,700.04	10,354.11
1 year to 2 years	141,700.00	325,368.70
2 years to 3 years		15,000.00
3 years to 4 years		
4 years to 5 years		50,000.00
Over 5 years	1,111,395.56	1,167,252.13
Subtotal	23,782,313.32	15,778,332.77
Less: provision for bad debt	463,902.66	353,020.16
Total	23,318,410.66	15,425,312.61

5.5.2.2 Other receivables by nature

Nature	31 December 2023	31 December 2022
Export tax refund	15,000,000.00	8,000,401.16

Nature	31 December 2023	31 December 2022
Other current balances	7,504,920.31	6,301,879.48
Deposit	1,277,393.01	1,476,052.13
Subtotal	23,782,313.32	15,778,332.77
Less: Provision for bad debt	463,902.66	353,020.16
Total	23,318,410.66	15,425,312.61

5.5.2.3 Other receivables by bad debt provision method

A. On 31 December 2023, provision for bad debt recognized based on three stages model

Stages	Book balance	Provision for bad debt	Carrying amount
Stage 1	23,455,890.68	137,480.02	23,318,410.66
Stage 2			
Stage 3	326,422.64	326,422.64	
Total	23,782,313.32	463,902.66	23,318,410.66

On 31 December 2023, provision for bad debt at stage 1:

Category	Book balance	Provision ratio (%)	Provision for bad debt	Carrying amount	Reason
Provision for bad debt recognized individually					
Provision for bad debt recognized by portfolio	23,455,890.68	0.59	137,480.02	23,318,410.66	Credit risk has not increased significantly
1. Export tax refund	15,000,000.00			15,000,000.00	Credit risk has not increased significantly
2. Other current account	7,178,497.67	1.92	137,480.02	7,041,017.65	Credit risk has not increased significantly
3. Deposit	1,277,393.01			1,277,393.01	Credit risk has not increased significantly
Total	23,455,890.68	0.59	137,480.02	23,318,410.66	

As at 31 December 2023, the Company had no provision for bad debts in Stage 2.

As at 31 December 2023, provision for bad debt at stage 3:

Category	Book balance	Provision ratio (%)	Provision for bad debt	Carrying amount	Reason
Provision for bad debt recognized individually	326,422.64	100.00	326,422.64		The financial situation of the trading partner has deteriorated and the amount is expected to be unrecoverable
Provision for bad debt recognized by portfolio					
Total	326,422.64	100.00	326,422.64		

B. On 31 December 2022, provision for bad debt recognized based on three stages model

Stages	Book balance	Provision for bad debt	Carrying amount
Stage 1	15,778,332.77	353,020.16	15,425,312.61
Stage 2			
Stage 3			
Total	15,778,332.77	353,020.16	15,425,312.61

On 31 December 2022, provision for bad debt at stage 1:

Category	Book balance	Provision ratio (%)	Provision for bad debt	Carrying amount	Reason
Provision for bad debt recognized individually					
Provision for bad debt recognized by portfolio	15,778,332.77	2.24	353,020.16	15,425,312.61	
1. Export tax refund	8,000,401.16			8,000,401.16	Credit risk has not increased significantly
2. Other current account	6,301,879.48	5.60	353,020.16	5,948,859.32	Credit risk has not increased significantly
3. Deposit	1,476,052.13			1,476,052.13	Credit risk has not increased significantly
Total	15,778,332.77	2.24	353,020.16	15,425,312.61	

As at 31 December 2022, the Company had no provision for bad debts in Stage 2.

As at 31 December 2022, the Company had no provision for bad debts in Stage 3.

The basis for the provision for bad debts in the current period is:

See Note 3.11 for the recognition criteria and instructions for the provision for bad debts by

groups.

5.5.4.4 Changes of provision for bad debt during the reporting period

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss for the next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (Credit impairment has occurred)	
Closing balance as of 12/31/2022	353,020.16			353,020.16
Carrying amount of other receivables in current period on 12/31/2022	—	—	—	—
--Turn to stage 2				
--Turn to stage 3				
--Turn back to stage 2				
--Turn back to stage 1				
Recognition			326,422.64	326,422.64
Reversal	215,540.14			215,540.14
Used				
Written off				
Other movements				
Closing balance as of 31/12/2023	137,480.02		326,422.64	463,902.66

5.5.4.5 Top five closing balances by entity

Entity name	Nature	Balance at 31 December 2023	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Zhangzhou Taiwan investment zone State Administration of	Export tax refund	15,000,000.00	1- 90 days	63.07	

Entity name	Nature	Balance at 31 December 2023	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Taxation					
State Grid Fujian Longhai Power Supply Co., Ltd	Accounts payable and receivable	3,954,686.41	1- 90 days	16.63	
China Export & Credit Insurance Corporation Fujian Branch	Deposit	648,450.00	Over 5 years	2.73	
PT.PLN (PERSERO)	Deposit	412,943.01	Over 5 years	1.74	
Guangdong Songqing Intelligent Technology Co., Ltd	Accounts payable and receivable	326,422.64	1- 90 days	1.37	326,422.64
Total		20,342,502.06		85.54	326,422.64

5.6 Inventories

5.6.1 Inventories by category

Items	31 December 2023			31 December 2022		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Raw materials	81,685,745.08	10,419,316.94	71,266,428.14	81,697,745.57	10,439,601.05	71,258,144.52
Work in process	22,218,317.04		22,218,317.04	5,826,097.72		5,826,097.72
Self-manufactured semi-finished goods	31,940,139.03	3,414,119.26	28,526,019.77	25,687,483.15	2,723,371.49	22,964,111.66
Finished goods	75,637,116.35	6,103,155.87	69,533,960.48	87,375,174.01	9,397,802.00	77,977,372.01
Low-value consumables	508,994.84		508,994.84	566,890.42		566,890.42
Materials in	355,613.55		355,613.55	1,472,812.16		1,472,812.16

Items	31 December 2023			31 December 2022		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
transit						
Total	212,345,925.89	19,936,592.07	192,409,333.82	202,626,203.03	22,560,774.54	180,065,428.49

5.6.2 Provision for impairment

Item	31 December 2022	Increase in current year		Decrease in current year		31 December 2023
		Accrual	Impact of changes in exchange rates	Recovered or Written-off	Other	
Raw materials	10,439,601.05	2,511,570.29	33,044.57	2,564,898.97		10,419,316.94
Self-manufactured semi-finished goods	2,723,371.49	690,747.77				3,414,119.26
Goods in store	9,397,802.00	2,970,368.43	6,443.51	6,271,458.07		6,103,155.87
Total	22,560,774.54	6,172,686.49	39,488.08	8,836,357.04		19,936,592.07

Note: The criteria for making provision for the decline in value of inventories on a portfolio basis are set out in Note 3.13.

5.7 Other Current Assets

Item	31 December 2023	31 December 2022
Reclassification of VAT debit balances, etc.	16,539,595.69	11,522,932.71
Financial investment	443,538,927.34	417,328,986.66
Total	460,078,523.03	428,851,919.37

5.8 Debt Investment

5.8.1 Situation of debt investment

Item	31 December 2023			31 December 2022		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount

Item	31 December 2023			31 December 2022		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Large certificate of deposit	100,076,779.20		100,076,779.20			
Subtotal	100,076,779.20		100,076,779.20			
Less: Debt investments due within one year						
Total	100,076,779.20		100,076,779.20			

5.8.2 Significant debt investments at the end of the period

Item	31 December 2023				
	Face value	Coupon rate	Effective rate	Expiry date	Overdue principal
Xiamen Bank Large Certificates of Deposit	50,000,000.00	3.30%	3.30%	2026/12/21	
	50,000,000.00	3.30%	3.30%	2026/12/26	
Total	100,000,000.00	—	—	—	

5.9 Other Equity Instrument Investment

Item	31 December 2023	31 December 2022
Non-trading investments in equity instruments	40,000.00	40,000.00
Total	40,000.00	40,000.00

5.10 Investment Properties

5.10.1 Investment properties accounted for using cost model

Items	Building and plants	Land use rights	Total
Initial cost:			
1. Balance on 31 December 2022	65,737,686.21	29,260,577.51	94,998,263.72
2. Increase during the period			
(1) Acquisition			
(2) Transfer from fixed assets			
3. Decrease during the period			
(1) Disposal			
(2) Other transferred out			
4. Balance on 31 December 2023	65,737,686.21	29,260,577.51	94,998,263.72
Accumulated depreciation and amortization:			

Items	Building and plants	Land use rights	Total
1. Balance on 31 December 2022	59,065,304.18	16,784,761.24	75,850,065.42
2. Increase during the period	61,777.32	622,111.80	683,889.12
(1) Accrual or amortization	61,777.32	622,111.80	683,889.12
(2) Transfer from fixed assets			
3. Decrease during the period			
(1) Disposal			
(2) Other transferred out			
4. Balance on 31 December 2023	59,127,081.50	17,406,873.04	76,533,954.54
Provision for impairment:			
1. Balance on 31 December 2022			
2. Increase during the period			
(1) Accrual			
(2) Other			
3. Decrease during the period			
(1) Disposal			
(2) Other transferred out			
4. Balance on 31 December 2023			
Carrying amount:			
1. Balance on 31 December 2023	6,610,604.71	11,853,704.47	18,464,309.18
2. Balance on 31 December 2022	6,672,382.03	12,475,816.27	19,148,198.30

5.10.2 Investment properties without certificate of title

Item	Carrying amount	Reason
Lvyuan three country villa	710,583.91	

Note: Lvyuan three country villa is the houses with limited property rights purchased by the TsannKuen China (Shanghai) Enterprise Co., Ltd. which is the subsidiary of the Company from Shanghai Lvsheng Real State Development Co., Ltd. in 1999. In January 2006, Shanghai Lvsheng Real State Development Co., Ltd. and Shanghai Jiading district, Huangdu town Lvyuan community residents' committees issued the certificate jointly to prove the right of this property belongs to TsannKuen China (Shanghai) Enterprise Co., Ltd.

5.11 Fixed Assets

5.11.1 Fixed assets by category

Items	31 December 2023	31 December 2022
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Items	31 December 2023	31 December 2022
Fixed assets	157,096,267.26	147,946,111.81
Disposal of fixed assets		
Total	157,096,267.26	147,946,111.81

5.11.2 Fixed assets

5.11.2.1 General information of fixed assets

Items	Houses and buildings	Machinery	Electronic devices, modules and others	Vehicles	Improvement expense of leased fixed assets	Total
Initial cost:						
1. Balance on 31 December 2022	103,409,644.08	177,943,487.51	810,401,422.35	19,232,932.59	49,787,095.13	1,160,774,581.66
2. Increase during the period	780,336.35	20,090,905.45	25,742,060.64	494,950.11	136,683.95	47,244,936.50
(1) Acquisition		3,332.51	261,546.28			264,878.79
(2) Transfer from construction in progress		19,470,106.39	24,877,529.60	435,645.86		44,783,209.85
(3) Impact of changes in exchange rates	780,336.35	617,466.55	602,984.76	59,295.25	136,683.95	2,196,766.86
3. Decrease during the period		48,463,134.36	4,724,078.18	3,588,399.31	30,703,590.46	87,479,202.31
(1) Disposal		48,463,134.36	4,724,078.18	3,588,399.31	30,703,590.46	87,479,202.31
(2) Impact of changes in exchange rate						
4. Balance on 31 December 2023	104,189,980.43	149,571,258.60	831,419,404.81	16,139,483.39	19,220,188.62	1,120,540,315.85
Accumulated depreciation:						
1. Balance on 31 December 2022	62,230,094.09	102,710,195.32	740,635,516.97	17,816,288.03	49,033,472.80	972,425,567.21
2. Increase during the reporting period	3,740,709.65	8,592,168.06	21,801,893.37	817,445.74	306,701.28	35,258,918.10
(1) Provision	3,442,722.38	8,163,142.45	21,330,780.51	763,718.59	180,537.12	33,880,901.05
(2) Other						
(3) Impact of changes in exchange rate	297,987.27	429,025.61	471,112.86	53,727.15	126,164.16	1,378,017.05
3. Decrease during the period		31,109,746.03	3,253,474.84	3,588,399.31	30,676,208.58	68,627,828.76
(1) Disposal		31,109,746.03	3,253,474.84	3,588,399.31	30,676,208.58	68,627,828.76
(2) Impact of changes in exchange rate						

Items	Houses and buildings	Machinery	Electronic devices, modules and others	Vehicles	Improvement expense of leased fixed assets	Total
4. Balance on 31 December 2023	65,970,803.74	80,192,617.35	759,183,935.50	15,045,334.46	18,663,965.50	939,056,656.55
Provision for impairment:						
1. Balance on 31 December 2022		21,850,745.19	18,505,584.03	8,319.24	38,254.18	40,402,902.64
2. Increase during the period		383,111.70	548,025.23	95.39	184.50	931,416.82
(1) Provision		318,175.47	510,802.09			828,977.56
(2) Impact of changes in exchange rate		64,936.23	37,223.14	95.39	184.50	102,439.26
3. Decrease during the period		16,810,839.91	108,705.63		27,381.88	16,946,927.42
(1) Disposal		16,810,839.91	108,705.63		27,381.88	16,946,927.42
(2) Impact of changes in exchange rate						
4. Balance on 31 December 2023		5,423,016.98	18,944,903.63	8,414.63	11,056.80	24,387,392.04
Carrying amount:						
1. Balance on 31 December 2023	38,219,176.69	63,955,624.27	53,290,565.68	1,085,734.30	545,166.32	157,096,267.26
2. Balance on 31 December 2022	41,179,549.99	53,382,547.00	51,260,321.35	1,408,325.32	715,368.15	147,946,111.81

5.11.2.2 Idle fixed assets

Item	Initial cost	Accumulated depreciation	Provision for impairment	Carrying amount	Note
Temporarily idle assets	4,511,276.15	3,185,973.23	1,325,302.92		
Total	4,511,276.15	3,185,973.23	1,325,302.92		

5.11.2.3 Fixed assets without certificate of title

Item	Carrying amount on 31 December 2023	Reason
Lvyuan three country villa	129,197.08	
Jingying garden	86,638.00	Legal procedures in process
Total	215,835.08	

5.12 Construction in Progress

5.12.1 Construction in progress by category

Items	31 December 2023	31 December 2022
Construction in progress	1,773,322.12	2,656,954.05
Total	1,773,322.12	2,656,954.05

5.12.2 Construction in progress

Items	31 December 2023			31 December 2022		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Sporadic project	868,012.40		868,012.40	772,770.46		772,770.46
Equipment to be inspected	905,309.72		905,309.72	1,884,183.59		1,884,183.59
Total	1,773,322.12		1,773,322.12	2,656,954.05		2,656,954.05

5.13 Right-of-use Assets

Item	Houses and buildings	Total
Initial cost:		
1. Balance on 31 December 2022	560,915,515.04	560,915,515.04
2. Increase during the reporting period		

Item	Houses and buildings	Total
3. Decrease during the reporting period	152,180,078.48	152,180,078.48
4. Impact of changes in exchange rates		
5. Balance on 31 December 2023	408,735,436.56	408,735,436.56
Accumulated depreciation:		
1. Balance on 31 December 2022	35,278,378.20	35,278,378.20
2. Increase during the reporting period	16,461,393.00	16,461,393.00
2.1 Accrual	16,461,393.00	16,461,393.00
3. Decrease during the reporting period	11,568,326.32	11,568,326.32
3.1 Disposal	11,568,326.32	11,568,326.32
3.2 Impact of changes in exchange rates		
4. Balance on 31 December 2023	40,171,444.88	40,171,444.88
Provision for impairment:		
1. Balance on 31 December 2022		
2. Increase during the period		
3. Decrease during the reporting period		
4. Balance on 31 December 2023		
Carrying amount:		
1. Carrying amount on 31 December 2023	368,563,991.68	368,563,991.68
2. Carrying amount on 31 December 2022	525,637,136.84	525,637,136.84

5.14 Intangible Assets

Items	Land use rights	Software	Total
Initial cost:			
1. Balance on 31 December 2022	18,877,216.55	53,703,759.54	72,580,976.09
2. Increase during the period	473,845.95	111,731.85	585,577.80
(1) Acquisition		111,731.85	111,731.85
(2) Transfer from construction in progress			
(3) Impact of changes in exchange rates	473,845.95		473,845.95

Items	Land use rights	Software	Total
3. Decrease during the reporting period	45,533.01		45,533.01
(1) Disposal			
(2) Impact of changes in exchange rates	45,533.01		45,533.01
4. Balance on 31 December 2023	19,305,529.49	53,815,491.39	73,121,020.88
Accumulated amortization:			
1. Balance on 31 December 2022	6,151,357.80	48,460,729.89	54,612,087.69
2. Increase during the period	762,912.52	4,263,028.86	5,025,941.38
(1) Accrual	639,685.46	4,263,028.86	4,902,714.32
(2) Impact of changes in exchange rates	123,227.06		123,227.06
3. Decrease during the period			
(1) Disposal			
(2) Impact of changes in exchange rates			
4. Balance on 31 December 2023	6,914,270.32	52,723,758.75	59,638,029.07
Provision for impairment:			
1. Balance on 31 December 2022			
2. Increase during the period			
(1) Accrual			
(2) Impact of changes in exchange rates			
3. Decrease during the period			
(1) Disposal			
(2) Impact of changes in exchange rates			
4. Balance on 31 December 2023			
Carrying amount:			
1. Carrying amount on 31 December 2023	12,391,259.17	1,091,732.64	13,482,991.81
2. Carrying amount on 31 December 2022	12,725,858.75	5,243,029.65	17,968,888.40

5.15 Long-term Deferred Expenses

Items	31 December 2022	Increase during the reporting period	Decrease during the reporting period		31 December 2023
			Amortization	Other decrease	
Houses and buildings renovation expenses	8,931,746.98	3,084,091.89	3,383,739.86	907,773.33	7,724,325.68
Telecommunications project expenses	14,306.74	49,056.60	16,885.96		46,477.38
Total	8,946,053.72	3,133,148.49	3,400,625.82	907,773.33	7,770,803.06

5.16 Deferred Tax Assets and Deferred Tax Liabilities

5.16.1 Deferred tax assets before offsetting

Items	31 December 2023		31 December 2022	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	34,434,912.22	5,425,006.11	54,779,559.38	9,123,516.27
Provision for credit impairment	2,471,988.41	374,128.32	1,350,615.63	219,481.38
Unrealized intragroup profit	334,417.48	83,604.37	360,395.40	90,098.85
Accrued expenses	8,611,855.82	1,368,648.92	8,960,731.00	1,444,532.40
Lease liabilities	393,053,473.02	58,958,020.95	18,670,852.22	2,800,627.82
Total	438,906,646.95	66,209,408.67	84,122,153.63	13,678,256.72

5.16.2 Deferred tax liabilities before offsetting

Items	31 December 2023		31 December 2022	
	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities
Policy relocation			84,032,696.08	21,008,174.02
Financial assets held for trading	2,258,216.67	338,732.50	4,493,788.89	750,939.17

Items	31 December 2023		31 December 2022	
	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities
Depreciation of fixed assets accelerates	14,675,125.02	2,201,268.75	16,491,554.88	2,473,733.23
Right-of-use Assets	368,563,991.68	55,284,598.75		
Total	385,497,333.37	57,824,600.00	105,018,039.85	24,232,846.42

5.16.3 Deferred tax assets or liabilities on a net basis after elimination

Item	The amount of deferred tax assets and liabilities offset on 31 December 2023	Balance after offsetting on 31 December 2023	The amount of deferred tax assets and liabilities offset on 31 December 2022	Balance after offsetting on 31 December 2022
Deferred tax assets	-57,824,600.00	8,384,808.67		13,678,256.72
Deferred tax liabilities	-57,824,600.00			24,232,846.42

5.16.4 Unrecognized deferred tax assets

Items	31 December 2023	31 December 2022
Provision for asset impairment	9,889,071.89	8,184,117.80
Provision for credit impairment	1,114,967.63	219,157.47
Accrued expenses	10,070,400.14	7,015,412.51
Payroll liability	2,025,286.49	11,247,362.19
Undistributed deficit	42,007,659.51	70,208,609.05
Total	65,107,385.66	96,874,659.02

5.16.5 Deductible losses not recognised as deferred tax assets will expire in the following periods:

Year	31 December 2023	31 December 2022	Note
Year 2023	15,495,274.18	15,495,274.18	
Year 2024	14,343,181.96	14,387,986.24	
Year 2025		1,829,557.47	
Year 2026		7,540,562.18	

Year	31 December 2023	31 December 2022	Note
Year 2027	6,631,108.51	18,753,466.44	
Year 2028 to 2033	5,538,094.86	12,201,762.54	
Total	42,007,659.51	70,208,609.05	

5.17 Other Non-current Assets

Items	31 December 2023	31 December 2022
Prepaid mold fee		11,500.00
Prepaid equipment fee	136,429.00	802,012.56
Total	136,429.00	813,512.56

5.18 Assets with restricted ownership or right of use

Items	Carrying amount (2023/12/31)	Reasons
Monetary funds	5,352,305.24	Letter of credit margin
Total	5,352,305.24	/

Items	Carrying amount (2022/12/31)	Reasons
Monetary funds	1,356,175.95	Letter of credit margin
Total	1,356,175.95	/

5.19 Notes Payable

Type	31 December 2023	31 December 2022
Bank acceptance bills	9,137,361.03	2,630,056.46
Total	9,137,361.03	2,630,056.46

5.20 Accounts Payable

Items	31 December 2023	31 December 2022
Within 1 year	486,454,528.92	392,695,758.24
Over 1 year	5,420,389.52	6,259,391.99
Total	491,874,918.44	398,955,150.23

5.21 Advance Received

Items	31 December 2023	31 December 2022
Within 1 year	2,506,352.46	4,555,321.32
Over 1 year	117,915.81	3,325,097.52
Total	2,624,268.27	7,880,418.84

5.22 Contract Liabilities

Item	31 December 2023	31 December 2022
Advance from merchandise	16,485,904.83	21,522,608.04
Total	16,485,904.83	21,522,608.04

5.23 Employee Benefits Payable**5.23.1 Details of employee benefits payable**

Item	31 December 2022	Increase during the reporting period	Decrease during the reporting period	Impact of changes in exchange rate	31 December 2023
1. Short-term employee benefits	41,875,000.77	274,852,608.74	267,663,484.51	35,261.69	49,099,386.69
2. Post-employment benefits-defined contribution plans	72,198.61	15,889,678.81	15,953,669.49	1,036.35	9,244.28
3. Termination benefits		137,770.06	137,770.06		
4. Other benefits due within one year					
Total	41,947,199.38	290,880,057.61	283,754,924.06	36,298.04	49,108,630.97

5.23.2 Details of short-term employee benefits

Item	31 December 2022	Increase during the reporting period	Decrease during the reporting period	Impact of changes in exchange rate	31 December 2023
1. Salaries, bonuses, allowances and	28,306,162.35	235,849,539.53	230,856,809.57	35,036.18	33,333,928.49

Item	31 December 2022	Increase during the reporting period	Decrease during the reporting period	Impact of changes in exchange rate	31 December 2023
subsidies					
2. Employee benefits		17,108,085.45	17,108,085.45		
3. Social insurance	20,381.60	11,165,413.89	11,179,972.56	225.51	6,048.44
Including: (1) Health insurance	6,931.52	8,510,812.57	8,512,081.40	2.95	5,665.64
(2) Work-related injury insurance	13,450.08	2,044,171.15	2,057,460.99	222.56	382.80
(3) Birth insurance		610,430.17	610,430.17		-
4. Housing accumulation fund	11,252,090.19	7,726,382.81	5,702,018.32		13,276,454.68
5. Labour union funds and employee education funds		520,231.98	520,231.98		
6. Short-term absence pay	2,296,366.63	2,482,955.08	2,296,366.63		2,482,955.08
Total	41,875,000.77	274,852,608.74	267,663,484.51	35,261.69	49,099,386.69

5.23.3 Details of defined contribution plans

Item	31 December 2022	Increase during the reporting period	Decrease during the reporting period	Impact of changes in exchange rate	31 December 2023
Post-employment benefits					
1. Basic endowment insurance	71,856.51	15,492,085.84	15,556,008.92	1,036.35	8,969.78
2. Unemployment	342.10	397,592.97	397,660.57		274.50

Item	31 December 2022	Increase during the reporting period	Decrease during the reporting period	Impact of changes in exchange rate	31 December 2023
Post-employment benefits insurance					
Total	72,198.61	15,889,678.81	15,953,669.49	1,036.35	9,244.28

5.24 Taxes Payable

Item	31 December 2023	31 December 2022
Enterprise income tax	54,382,240.91	35,271,667.38
Other	1,722,378.93	1,573,439.94
Value added tax (VAT)	894,039.02	1,286,227.97
Individual income tax	561,566.16	556,713.88
City construction tax	422,008.28	376,322.10
Educational surcharge	422,008.28	362,185.92
Total	58,404,241.58	39,426,557.19

5.25 Other Payables

5.25.1 Other payables by category

Item	31 December 2023	31 December 2022
Interest payable		
Dividend payable		
Other payable	35,202,629.21	36,311,863.30
Total	35,202,629.21	36,311,863.30

5.25.2 Other payables

5.25.2.1 Other payables by ageing

Item	31 December 2023	31 December 2022
Within 1 year	22,733,597.34	23,690,913.19
Over 1 year	12,469,031.87	12,620,950.11

Item	31 December 2023	31 December 2022
Total	35,202,629.21	36,311,863.30

5.25.2.2 Other payables by nature

Item	31 December 2023	31 December 2022
Accrued expenses	18,682,255.96	15,976,143.51
Security deposit	11,267,553.12	13,859,235.05
Current payments and others	5,252,820.13	6,476,484.74
Total	35,202,629.21	36,311,863.30

5.26 Non-current liabilities due within one year

Item	31 December 2023	31 December 2022
Lease liabilities due within one year	883,368.79	9,494,026.90
Total	883,368.79	9,494,026.90

5.27 Lease liabilities

Item	31 December 2023	31 December 2022
Lease payments	711,067,541.70	995,018,122.73
Less: unrecognized financing charges	318,014,068.68	450,673,567.38
Subtotal	393,053,473.02	544,344,555.35
Less: Lease liabilities due within one year	883,368.79	9,494,026.90
Total	392,170,104.23	534,850,528.45

5.28 Estimated liabilities

Project	31 December 2023	31 December 2022	Reasons
Pending litigation		480,930.00	
Total		480,930.00	

5.29 Share Capital

Item	31 December	Changes during the reporting period (+,-)	31 December
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		New issues	Bonus issues	Capitalization of reserves	Other	Subtotal	
Number of total shares	185,391,680.00						185,391,680.00

5.30 Capital Reserves

Item	31 December 2022	Increase during the reporting period	Decrease during the reporting period	31 December 2023
Capital premium (share premium)	210,045,659.80			210,045,659.80
Other capital reserves	86,763,305.99			86,763,305.99
Total	296,808,965.79			296,808,965.79

5.31 Other Comprehensive Income

Item	31 December 2022	Current year						31 December 2023
		Amount for the year before tax	Less: previously recognized in other comprehensive income transferred into profit or loss	Less: previously recognized in other comprehensive income transferred into retained earnings	Less: Income tax expense	After tax attributable to the parent company	After tax attributable to minority shareholders	
1. Other comprehensive income will not be reclassified to profit or loss	41,036.56							41,036.56
Including: Remeasurement of changes in defined benefit plans	41,036.56							41,036.56
Other comprehensive income that cannot be converted into profit or loss under the equity method								
Fair value changes of investments in other equity instruments								
Fair value changes of the enterprise's own credit risk								
2. Items will be reclassified to profit or loss	8,089,858.52	2,794,877.91				2,096,158.43	698,719.48	10,186,016.95
Including: Other comprehensive income will be reclassified into profit or loss under equity method								
Fair value changes of other debt investments								
The amount of financial assets that are reclassified into other comprehensive income								
Other credit impairment provisions for debt investments								
Cash flow hedging reserves								

Item	31 December 2022	Current year						31 December 2023
		Amount for the year before tax	Less: previously recognized in other comprehensive income transferred into profit or loss	Less: previously recognized in other comprehensive income transferred into retained earnings	Less: Income tax expense	After tax attributable to the parent company	After tax attributable to minority shareholders	
Exchange differences on translating foreign operations	8,089,858.52	2,794,877.91				2,096,158.43	698,719.48	10,186,016.95
Total	8,130,895.08	2,794,877.91				2,096,158.43	698,719.48	10,227,053.51

5.32 Surplus Reserves

Item	31 December 2022	Increase during the reporting period	Decrease during the reporting period	31 December 2023
Statutory surplus reserves	68,925,849.64	6,575,638.72		75,501,488.36
Total	68,925,849.64	6,575,638.72		75,501,488.36

The increase in surplus reserve in the current period is due to the withdrawal of the statutory surplus reserve fund by the Company at 10% of the net profit of the current period in accordance with the relevant provisions of the Company Law and the articles of association of the Company.

5.33 Retained Earnings

Item	2023	2022
Balance at the end of last period before adjustments	481,265,907.40	413,076,375.98
Adjustments for the opening balance (increase /(decrease))		
Balance at the beginning of the reporting period after adjustments	481,265,907.40	413,076,375.98
Add: net profit attributable to owners of the parent company for the reporting period	87,937,274.86	94,283,302.93
Less: appropriation to statutory surplus reserves	6,575,638.72	7,554,603.51
Appropriation to discretionary surplus reserves		
Provision for general risk reserves		
Payment of ordinary share dividends	55,617,504.00	18,539,168.00
Payment of ordinary share dividends		
Retained Earnings at the end of this period	507,010,039.53	481,265,907.40

5.34 Revenue and Cost of Sales

Item	2023		2022	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	1,416,916,663.23	1,200,616,079.86	1,500,156,144.12	1,280,524,186.68
Other activities	78,716,142.18	21,724,636.16	84,111,384.96	25,490,844.72

Item	2023		2022	
	Revenue	Costs of sales	Revenue	Costs of sales
Total	1,495,632,805.41	1,222,340,716.02	1,584,267,529.08	1,306,015,031.40

5.34.1 Revenue from principal activities (by industry or business)

Industry (business)	2023		2022	
	Revenue	Costs of sales	Revenue	Costs of sales
Household appliances industry	1,416,916,663.23	1,200,616,079.86	1,500,156,144.12	1,280,524,186.68
Total	1,416,916,663.23	1,200,616,079.86	1,500,156,144.12	1,280,524,186.68

5.34.2 Revenue from principal activities (by product)

Product	2023		2022	
	Revenue	Costs of sales	Revenue	Costs of sales
Catering and Cooking	876,649,556.62	740,036,637.13	944,835,478.47	808,741,287.29
Home helper	423,317,994.57	367,608,077.02	366,208,675.06	319,155,173.77
Tea/Coffee makers	107,759,750.66	87,621,207.90	169,414,501.98	140,499,683.64
Other	9,189,361.38	5,350,157.81	19,697,488.61	12,128,041.98
Total	1,416,916,663.23	1,200,616,079.86	1,500,156,144.12	1,280,524,186.68

5.34.3 Revenue from principal activities (by region)

Region	2023		2022	
	Revenue	Costs of sales	Revenue	Costs of sales
America	644,953,338.13	551,073,582.25	622,677,921.09	537,370,246.55
Europe	433,422,726.13	362,539,500.90	419,003,051.04	349,905,513.15
Asia	298,574,813.83	255,338,601.14	386,542,095.31	334,436,478.07
Africa	20,888,061.42	16,172,452.85	35,772,966.67	28,464,470.69
Australia	19,077,723.72	15,491,942.72	36,160,110.01	30,347,478.22
Total	1,416,916,663.23	1,200,616,079.86	1,500,156,144.12	1,280,524,186.68

5.35 Taxes and Surcharges

Item	2023	2022
Property tax	2,685,209.67	2,184,363.22
City construction tax	2,225,762.25	2,400,175.74
Educational surcharge	2,163,111.65	2,341,816.56
Stamp duty	903,975.01	825,856.56
Town land use tax	392,026.92	440,317.41
Other	12,674.06	14,555.81
Total	8,382,759.56	8,207,085.30

5.36 Selling and Distribution Expenses

Item	2023	2022
Employee remunerations	15,245,952.54	13,569,924.31
Other expenses	3,906,950.26	3,335,639.23
Advertisements charges and sales promotion	3,334,290.34	1,452,784.28
Sales commission and after sales service fees	3,182,961.16	2,418,261.29
Claims experiment expenses	1,202,860.43	1,043,138.90
Travel expenses	707,164.48	761,211.78
Administrative expenses	124,214.30	113,848.66
Rental expenses	23,145.36	23,461.14
Total	27,727,538.87	22,718,269.59

5.37 General and Administrative Expenses

Item	2023	2022
Employee remunerations	39,253,705.13	38,756,709.78
Depreciation and amortization	12,083,209.71	12,360,833.24
Other	6,958,953.98	5,042,835.94
Travel expenses	4,371,053.55	3,813,708.03
Maintenance expenses	2,362,890.23	4,443,704.91
Insurance expenses	1,902,441.69	2,285,813.04
Consultant fees	2,906,196.95	4,053,590.78

Item	2023	2022
Administrative expenses	1,417,789.04	963,568.28
Rental expenses	306,928.42	209,563.01
Total	71,563,168.70	71,930,327.01

5.38 Research and Development Expenses

Item	2023	2022
Employee remunerations	42,032,420.62	41,658,361.64
Depreciation and amortization	7,105,995.06	8,494,707.66
Test expenses	5,092,211.99	3,426,697.09
Others	2,513,252.06	2,586,006.14
Maintenance expenses	1,824,488.02	3,217,804.82
Certification expenses	1,445,855.18	1,021,969.20
Patent expenses	440,114.68	1,027,477.20
Travel expenses	438,539.83	408,579.37
Consultant fees	268,309.50	30,681.29
Rental expenses	41,113.84	49,805.57
Total	61,202,300.78	61,922,089.98

5.39 Finance Expenses

Item	2023	2022
Interest expenses	26,125,546.52	28,205,548.36
Including: interest expense on lease liabilities	20,342,871.33	24,915,064.28
Less: Interest income	5,259,411.72	6,913,345.47
Net interest expenses	20,866,134.80	21,292,202.89
Foreign exchange losses	-1,658,341.14	-21,831,663.76
Bank charges and others	821,181.54	929,571.75
Total	20,028,975.20	390,110.88

5.40 Other Income

Item	2023	2022	Related to assets /income
1. Government grant recognized in other income	3,727,263.16	7,993,459.91	
Including: Government grant related to deferred income			Related to income
Government grant related to deferred income			Related to income
Government grant directly recognised in current profit or loss	3,727,263.16	7,993,459.91	Related to income
2. Others related to daily operation activities and recognized in other income		5,901.34	
Including: Charges of withholding individual income tax			
Additional deduction of input tax		5,901.34	
Total	3,727,263.16	7,999,361.25	

5.41 Investment Income

Item	2023	2022
Investment income from the disposal of long-term equity	128,459.45	
Investment income earned during the holding period of a trading financial asset	20,640,166.64	16,222,024.54
Investment income from the disposal of trading financial assets	-1,038,850.00	-4,069,250.00
Other current assets' investment and wealth management	14,513,094.28	13,773,139.76
Total	34,242,870.37	25,925,914.30

5.42 Gains on Changes in Fair Values

Sources of gains on changes in fair value	2023	2022
Held-for-trading financial assets	-1,484,755.55	-1,227,238.89
Including: Changes in fair value of derivatives	-706,100.00	-3,013,100.00
Financial products	-778,655.55	1,785,861.11
Total	-1,484,755.55	-1,227,238.89

5.43 Impairment Loss of Credit

Item	2023	2022
Bad debt of accounts receivables	-1,899,211.17	1,969,870.20
Bad debt of other receivables	-110,882.50	-85,975.67
Total	-2,010,093.67	1,883,894.53

5.44 Impairment Loss of Assets

Item	2023	2022
Impairment of inventories	-6,172,686.49	-11,264,767.54
Impairment of fixed assets	-828,977.57	-1,106,898.76
Total	-7,001,664.06	-12,371,666.30

5.45 Gains from Disposal of Assets

Item	2023	2022
Income from the disposal of fixed assets	2,628,054.68	742,730.95
Income from the disposal related to the right-of-use assets	9,609,202.66	
Total	12,237,257.34	742,730.95

5.46 Non-operating Income

Item	2023	2022	Recognized in current extraordinary gains and losses
Other	6,015,235.74	3,161,103.92	6,015,235.74
Total	6,015,235.74	3,161,103.92	6,015,235.74

5.47 Non-operating Expenses

Item	2023	2022	Recognized in current extraordinary gains and losses
Loss from damage or scrapping of non-current assets	41,357.59	12,015.10	41,357.59
Including: loss from scrapping of fixed assets	41,357.59	12,015.10	41,357.59
Donations	500,000.00	29,765.53	500,000.00
Penalty and late payment		9,000.00	

Item	2023	2022	Recognized in current extraordinary gains and losses
Other		54,170.89	
Total	541,357.59	104,951.52	541,357.59

5.48 Income Tax Expenses

5.48.1 Details of income tax expenses

Item	2023	2022
Current tax expenses	31,708,533.44	12,135,450.91
Deferred tax expenses	-18,939,398.37	1,309,605.93
Total	12,769,135.07	13,445,056.84

5.48.2 Reconciliation of accounting profit and income tax expenses

Item	2023	2022
Profit before tax	129,572,102.02	139,093,763.16
Income tax expense at the statutory /applicable tax rate	32,393,025.51	34,773,440.79
Effect of different tax rate of subsidiaries	-25,057,991.77	-12,848,881.94
Adjustments of impact from prior period income tax	-124,467.18	3,368.83
Effect of income that is exempt from taxation		-559,083.05
Effect of non-deductible costs, expenses or losses	580,624.18	291,085.80
Effect of previously unrecognized deductible losses recognized as deferred tax assets	-783.41	-648,800.85
Effect of deductible temporary differences and deductible losses not recognized as deferred tax assets	10,983,042.08	1,535,695.73
R&D expenses plus deduction	-6,004,314.34	-6,621,141.17
Depreciation of fixed assets (accelerates)		-2,480,627.30
Income tax expenses	12,769,135.07	13,445,056.84

5.49 Other Comprehensive Income

For details of the other comprehensive income and related tax effect, transfer to profit or loss and adjustment of other comprehensive income, refer to Note 5.31 Other Comprehensive

Income.

5.50 Notes to the Statement of Cash Flow

5.50.1 Cash relating to operating activities

Other cash received relating to operating activities

Item	2023	2022
Government grants	3,727,263.16	7,993,459.91
Interest income	5,259,411.72	6,822,525.97
Rent income	56,631,989.37	61,897,576.19
Funds in current account and others	56,934,936.96	13,556,436.17
Total	122,553,601.21	90,269,998.24

Other cash payments relating to operating activities

Item	2023	2022
Penalties and donations	500,000.00	38,765.53
Bank charges	821,182.07	929,571.75
Sales expenses, general and administrative expenses, and research and development expenses paid by cash	41,164,217.42	35,773,564.34
Current accounts and others	57,815,182.38	27,846,448.66
Total	100,300,581.87	64,588,350.28

5.50.2 Cash relating to investing activities

Other cash received relating to investing activities

Item	2023	2022
A term deposit deposited with a financial institution to earn interest income at maturity	497,935,690.70	483,165,710.00
Total	497,935,690.70	483,165,710.00

Other cash payments relating to investing activities

Item	2023	2022
A term deposit deposited with a financial institution for earning	518,774,200.00	624,630,729.27

Item	2023	2022
interest income		
Total	518,774,200.00	624,630,729.27

5.50.3 Cash relating to financing activities

Other cash received relating to financing activities

Item	2023	2022
Letter of credit margin	8,193,634.09	10,734,861.05
Total	8,193,634.09	10,734,861.05

Other cash payments relating to financing activities

Item	2023	2022
Lease payments of right-of-use assets	20,505,225.48	34,451,792.72
Letter of credit deposit	12,189,762.85	8,835,738.83
Return of investment		616,979.16
Total	32,694,988.33	43,904,510.71

Changes in liabilities arising from financing activities

Item	31 December 2022	Increase during the reporting period		Decrease during the reporting period		31 December 2023
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Lease liabilities (including those due within one year)	544,344,555.35			20,505,225.48	130,785,856.85	393,053,473.02
Short-term borrowing		21,539,400.00		21,539,400.00		
Total	544,344,555.35	21,539,400.00		42,044,625.48	130,785,856.85	393,053,473.02

5.51 Supplementary Information to the Statement of Cash Flows

5.51.1 Supplementary information to the statement of cash flows

Supplementary information	2023	2022
1. Adjustments of net profit to cash flows from operating activities:		
Net profit	116,802,966.95	125,648,706.32
Add: Provisions for impairment of assets	7,001,664.06	12,371,666.30

Supplementary information	2023	2022
Impairment loss of credit	2,010,093.67	-1,883,894.53
Depreciation of fixed assets, investment real estate, oil and gas assets, productive biological assets	35,942,807.22	37,488,119.50
Depreciation of right-of-use assets	16,461,393.00	18,581,182.05
Amortisation of intangible assets	5,025,941.38	6,972,612.50
Amortisation of long-term deferred expenses	3,400,625.82	3,932,957.60
Gain on disposal of fixed assets, intangible assets, and other long-term assets (Gain expressed with “-”)	-12,237,257.34	-742,730.95
Loss on scrapping of fixed assets (Gain expressed with “-”)	41,357.59	12,015.10
Loss on changes in fair value (Gain expressed with “-”)	1,484,755.55	1,227,238.89
Financial expense (Income expressed with “-”)	26,779,027.17	18,181,928.86
Investment loss (Income expressed with “-”)	-34,242,870.37	-25,925,914.30
Decreases in deferred tax assets (Increase expressed with “-”)	5,293,448.05	-976,426.19
Increases in deferred tax liabilities (Decrease expressed with “-”)	-24,232,846.42	2,286,032.12
Decrease in inventories (Increase expressed with “-”)	-18,556,079.89	60,939,374.72
Decrease in operating receivables (Increase expressed with “-”)	-115,854,307.61	169,748,051.83
Increases in operating payables (Decrease expressed with “-”)	107,925,216.78	-263,085,310.56
Other		
Net cash flows from operating activities	123,045,935.61	164,775,609.26
2. Significant activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Leased assets (except for simplified processing)		
3. Net increases in cash and cash equivalents:		
Cash at the end of the reporting period	561,810,271.53	575,511,653.82
Less: Cash at the beginning of the reporting period	575,511,653.82	770,851,173.58
Add: Cash equivalents at the end of the reporting period		

Supplementary information	2023	2022
Less: Cash equivalents at the beginning of the reporting period		
Net increase in cash and cash equivalents	-13,701,382.29	-195,339,519.76

5.51.2 The components of cash and cash equivalents

Item	31 December 2023	31 December 2022
1. Cash	561,810,271.53	575,511,653.82
Including: Cash on hand	810,688.40	843,413.66
Cash in bank available for immediate use	560,871,966.69	574,436,355.52
Other monetary funds available for immediate use	127,616.44	231,884.64
Deposit in the central banks available for immediate use		
Deposit in peer firms		
Loan to peer firms		
2. Cash equivalents		
Including: Bond investments maturing within three months		
3. Cash and cash equivalents at the end of the reporting period	561,810,271.53	575,511,653.82
Including: Using restricted cash and cash equivalents by the parent company or intra-group subsidiary		

5.51.3 Monetary funds that are not cash and cash equivalents

Item	2023	2022	Reasons
Letter of credit margin	5,352,305.24	1,356,175.95	Not withdrawable at any time
Total	5,352,305.24	1,356,175.95	

5.52 Foreign Currency Monetary Items

5.52.1 Details for foreign currency monetary items:

Item	Carrying amount in foreign currency on 31 December 2023	Exchange rate	Carrying amount in CNY on 31 December 2023
Cash and cash equivalents			126,432,534.81
Including: USD	17,344,056.91	7.0827	122,842,751.88
JPY	57,287,799.62	0.050213	2,876,592.28

Item	Carrying amount in foreign currency on 31 December 2023	Exchange rate	Carrying amount in CNY on 31 December 2023
EUR	38,572.70	7.8592	303,150.56
HKD	102,814.22	0.9062	93,170.25
GBP	9,419.63	9.0411	85,163.82
IDR	500,093,139.52	0.00046	230,042.84
HUF	81,016.00	0.020529	1,663.18
Accounts receivables			202,329,483.53
Including: USD	27,951,411.06	7.0827	197,971,459.11
JPY	78,939,560.00	0.050213	3,963,792.13
IDR	857,026,721.00	0.00046	394,232.29
Accounts payables			66,103,441.28
Including: USD	9,252,423.79	7.0827	65,532,141.98
EUR	39,716.40	7.8592	312,139.13
IDR	380,376,292.45	0.00046	174,973.09
HKD	20,585.70	0.9062	18,654.76
JPY	1,305,086.70	0.050213	65,532.32
Other receivables			534,297.53
Including: USD	5,762.77	7.0827	40,815.97
IDR	1,072,786,000.00	0.00046	493,481.56
Other payables			1,158,796.87
Including: USD	121,466.45	7.0827	860,310.43
IDR	475,782,910.13	0.00046	218,860.14
HKD	57,603.30	0.9062	52,200.11
JPY	546,197.00	0.050213	27,426.19

5.52.2 Description of overseas business entities

Name of the overseas operating entity: Pt.Star Comgistic Indonesia

Main business area: Indonesia

Accounting standard currency: US dollars

5.53 Lease

5.53.1 The Company as the lessee

Current profit and loss and cash flow related to the lease

Project	2023
Short-term lease expenses included in the profit and loss of the current period	441,127.08
Lease expense of low-value assets included in current period (except short-term lease)	
Interest expense of the lease liability	20,342,871.33
Variable lease payments not included in the measurement of lease liabilities as included in current profits and losses	
Income obtained from the sublease of the use right assets	40,933,338.90
Total cash outflow related to leasing	20,505,225.48

5.53.2 The company shall be the lessor

5.53.2.1 Operation lease

Lease income

Project	2023
Lease income	15,698,650.47
Including: income related to variable lease payments not included in the measurement of lease receipts	

6. R&D expenditures (Research and Development)

Item	2023	2022
Employee remunerations	42,032,420.62	41,658,361.64
Depreciation and amortization	7,105,995.06	8,494,707.66
Test expenses	5,092,211.99	3,426,697.09
Others	2,513,252.06	2,586,006.14
Maintenance expenses	1,824,488.02	3,217,804.82
Certification expenses	1,445,855.18	1,021,969.20
Travel expenses	438,539.83	408,579.37
Patent expenses	440,114.68	1,027,477.20
Consultant fees	268,309.50	30,681.29

Item	2023	2022
Rental expenses	41,113.84	49,805.57
Total	61,202,300.78	61,922,089.98
Including: Expense recognition	61,202,300.78	61,922,089.98
Capitalization		

7. CHANGES IN THE SCOPE OF CONSOLIDATION

7.1 Other reasons for change of consolidated scope

In June 2023, the Company cancelled its subsidiary, Tsannkuen Edge Intelligence Co., Ltd. (TKEI). From the date of completion of the cancellation, Tsannkuen Edge Intelligence Co., Ltd. (TKEI) will no longer be included in the scope of consolidated statements.

8. INTERESTS IN OTHER ENTITIES

8.1 Interests in Subsidiaries

8.1.1 Composition of corporate group

Name of subsidiary	Abbreviation	Principal place of business	Registered City	Nature of business	Percentage of equity interests by the Company (%)		Methods of acquisition
					Direct	Indirect	
Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	TKL	Zhangzhou	Zhangzhou	Manufactures home electronic appliance	75.00		Acquired through establishment
Tsann Kuen China (Shanghai) Enterprise Co., Ltd.	TKS	Shanghai	Shanghai	Manufactures home electronic appliance		46.875	Acquired through business combination under common control
Xiamen Tsannkuen Property Services Co., Ltd.	TKW	Xiamen	Xiamen	Property services	100.00		Acquired through establishment
East Sino Development Limited	East Sino	Hong Kong	Hong Kong	Investment, Trading		75.00	Acquired through business combination under common control
Pt.Star Comgistic Indonesia	SCI	Indonesia	Indonesia	Manufactures home electronic appliance		75.00	Acquired through business combination under common control
Pt.Star Comgistic Property Development Indonesia	SCPDI	Indonesia	Indonesia	Real estate development		75.00	Acquired through establishment

Name of subsidiary	Abbreviation	Principal place of business	Registered City	Nature of business	Percentage of equity interests by the Company (%)		Methods of acquisition
					Direct	Indirect	
Orient Star Investments Limited	OSI	Hong Kong	Hong Kong	Investment, Trading		75.00	Acquired through business combination not under common control
Tsannkuen Edge Intelligence Co., Ltd.	TKEI	Taiwan	Taiwan	Industrial design		75.00	Acquired through business combination under common control

Note: In June 2023, the Company cancelled its subsidiary, Tsannkuen Edge Intelligence Co., Ltd. (TKEI).

8.1.2 Significant non-wholly owned subsidiaries

Name of subsidiary	Shareholding ratio of non-controlling interests	Profit or loss attributable to non-controlling interests during the reporting period	Dividends declared to distribute to non-controlling interests during the reporting period	Non-controlling interests at the end of the reporting period
Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	25.00%	18,310,960.08	19,405,233.49	342,188,926.77

8.1.3 Main financial information of significant non-wholly owned subsidiaries

Name of subsidiary	31 December 2023					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	1,509,634,463.61	820,943,048.06	2,330,577,511.67	569,651,700.35	392,170,104.23	961,821,804.58

(Continued)

Name of subsidiary	31 December 2022					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	1,482,227,964.03	928,152,276.64	2,410,380,240.67	498,883,526.15	538,363,953.77	1,037,247,479.92

Name of subsidiary	2023			
	Revenue	Net profit/(loss)	Total comprehensive income	Net cash flows from operating activities
Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	1,352,725,459.57	73,243,840.32		151,454,516.12

(Continued)

Name of subsidiary	2022			
	Revenue	Net profit/(loss)	Total comprehensive income	Net cash flows from operating activities
Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	1,422,956,876.66	86,245,437.76		191,129,189.64

9. Government Grants

Item in P&L statement	2023	2022
Other earnings	3,727,263.16	7,999,361.25
Total	3,727,263.16	7,999,361.25

10. RISKS RELATED TO FINANCIAL INSTRUMENTS

Risks related to the financial instruments of the Company arise from the recognition of various financial assets and financial liabilities during its operation, including credit risk, liquidity risk and market risk.

Management of the Company is responsible for determining risk management objectives and policies related to financial instruments. Operational management is responsible for the daily risk management through functional departments (e.g. credit management department of the Company reviews each credit sale). Internal audit department is responsible for the daily supervision of implementation of the risk management policies and procedures, and report their findings to the audit committee in a timely manner.

Overall risk management objective of the Company is to establish risk management policies to minimize the risks without unduly affecting the competitiveness and resilience of the Company.

10.1 Credit Risk

Credit risk is the risk of one party of the financial instrument face to a financial loss because the other party of the financial instrument fails to fulfill its obligation. The credit risk of the Company is related to cash and equivalent, accounts receivables, other receivables and debt investments, etc. Credit risk of these financial assets is derived from the counterparty's breach of contract. The maximum risk exposure is equal to the carrying amount of these financial instruments.

Cash and cash equivalent of the Company has lower credit risk, as they are mainly deposited in such financial institutions as commercial bank, of which the Company thinks with higher reputation and financial position.

For accounts receivables, other receivables and debt investments, the Company establishes related policies to control their credit risk exposure. The Company assesses credit capability

of its customers and determines their credit terms based on their financial position, possibility of the guarantee from third party, credit record and other factors (such as current market status, etc.). The Company monitors its customers' credit record periodically, and for those customers with poor credit record, the Company will take measures such as written call, shortening or cancelling their credit terms so as to ensure the overall credit risk of the Company is controllable.

10.1.1 Determination of significant increases in credit risk

The Company assesses at each reporting date as to whether the credit risk on financial instruments has increased significantly since initial recognition. When the Company determines whether the credit risk has increased significantly since initial recognition, it considers based on reasonable and supportable information that is available without undue cost or effort, including quantitative and qualitative analysis of historical information, external credit ratings and forward-looking information. The Company determines the changes in the risk of a default occurring over the expected life of the financial instrument through comparing the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition based on individual financial instrument or a group of financial instruments with the similar credit risk characteristics.

When met one or more of the following quantitative or qualitative criteria, the Company determines that the credit risk on financial instruments has increased significantly: the quantitative criteria applied mainly because as at the reporting date, the increase in the probability of default occurring over the lifetime is more than a certain percentage since the initial recognition; the qualitative criteria applied if the debtor has adverse changes in business and economic conditions, early warning list of customer, and etc.

10.1.2 Definition of credit-impaired financial assets

The criteria adopted by the Company for determination of credit impairment are consistent with internal credit risk management objectives of relevant financial instruments in considering both quantitative and qualitative indicators.

When the Company assesses whether the debtor has incurred the credit impairment, the main factors considered are as following: Significant financial difficulty of the issuer or the

borrower; a breach of contract, e.g., default or past-due event; a lender having granted a concession to the borrower for economic or contractual reasons relating to the borrower's financial difficulty that the lender would not otherwise consider; the probability that the borrower will enter bankruptcy or other financial re-organisation; the disappearance of an active market for the financial asset because of financial difficulties of the issuer or the borrower; the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

10.1.3 The parameter of expected credit loss measurement

The company measures impairment provision for different assets with the expected credit loss of 12-month or the lifetime based on whether there has been a significant increase in credit risk or credit impairment has occurred. The key parameters for expected credit loss measurement include default probability, default loss rate and default risk exposure. The Company sets up the model of default probability, default loss rate and default risk exposure in considering the quantitative analysis of historical statistics (such as counterparties' ratings, guarantee method and collateral type, repayment method, etc.) and forward-looking information.

Relevant definitions are as following:

Default probability refers to the probability of the debtor will fail to discharge the repayment obligation over the next 12 months or the entire remaining lifetime;

Default loss rate refers to the Company's expectation of the loss degree of default risk exposure. The default loss rate varies depending on the type of counterparty, recourse method and priority, and the collateral. The default loss rate is the percentage of the risk exposure loss when default has occurred and it is calculated over the next 12 months or the entire lifetime;

The default risk exposure refers to the amount that the company should be repaid when default has occurred in the next 12 months or the entire lifetime. Both the assessment of significant increase in credit risk of forward-looking information and the calculation of expected credit losses involve forward-looking information. Through historical data analysis, the Company identifies key economic indicators that have impact on the credit risk and expected credit losses for each business.

The maximum exposure to credit risk of the Company is the carrying amount of each

financial asset in the statement of financial position. The Company does not provide any other guarantees that may expose the Company to credit risk.

For the accounts receivable of the Company, the amount of top five clients represents 81.67% of the total (31 December 2022: 67.79%); for the other receivables, the amount of the top five entities represents 84.84% of the total (31 December 2022: 62.85%).

10.2 Liquidity Risk

Liquidity risk is the risk of shortage of funds when fulfilling the obligation of settlement by delivering cash or other financial assets. The Company is responsible for the capital management of all of its subsidiaries, including short-term investment of cash surplus and dealing with forecasted cash demand by raising loans. The Company's policy is to monitor the demand for short-term and long-term floating capital and whether the requirement of loan contracts is satisfied so as to ensure to maintain adequate cash and cash equivalents.

10.3 Market Risk

10.3.1 Foreign currency risk

The main exchange rate risk of the Company comes from the foreign currency assets and liabilities held by the Company and its subsidiaries that are not denominated in its functional currency. The Company bears the foreign exchange risk primarily concerned with USD, JPY, IDR, EUR, HKD and NTD. Three of the Company's subsidiaries use foreign currencies for purchasing and sales, including SCI uses USD for purchasing and sales, SCPDI uses IDR for purchasing and sales. Other than the three subsidiaries mentioned above, other major business activities of the Company are priced and settled in CNY.

10.3.1.1 As of December 31, 2023, the main foreign exchange exposure of the Company's foreign currency assets and liabilities are as follows (For presentation purpose, the exposures are presented in CNY and transferred at the spot rate of the balance sheet date):

Items	31 December 2023	31 December 2022
Cash and cash equivalent	126,432,534.81	180,922,873.80
Accounts receivable	202,329,483.53	96,920,556.63
Other receivables	534,297.53	567,689.72
Accounts payable	66,103,441.28	45,588,213.27
Other payables	1,158,796.87	3,077,517.25

The Company continuously monitors the volume of foreign currency transactions and foreign currency assets and liabilities to minimize the foreign currency risk. The Group purchases foreign currency forward contracts to reduce the foreign exchange risk, and foreign currency forward contracts shall be based on the amount of foreign currency assets.

10.3.2 Interest rate risk

Interest rate risk of the Company primarily arises from its long-term interest-bearing debts, such as long-term loans and bonds payables, etc. Financial liabilities with floating interest rate make the Company subject to cash flow interest rate risk, and financial liabilities with fixed interest rate make the Company subject to fair value interest rate risk. The Company determines the relative proportion of the fixed interest contracts and floating interest contracts based on the current market environment.

Finance department of the Company's headquarter monitors interest rate of the group continuously. Increase of the interest rate will result in the increase of the cost of new interest-bearing debts and the interest expense of the unpaid interest-bearing debts with floating rate, and subsequently lead to significant negative impact on the financial performance of the Company. The management makes adjustment in accordance with the update market condition in a timely manner.

11. FAIR VALUE DISCLOSURES

The inputs used in the fair value measurement in its entirety are to be classified in the level of the hierarchy in which the lowest level input that is significant to the measurement is classified.

- Level 1: Inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: Inputs for the assets or liabilities (other than those included in Level 1) that are either directly or indirectly observable.
- Level 3: Inputs are unobservable inputs for the assets or liabilities

11.1 Assets and Liabilities Measured at Fair Value at 31 December 2023

Items	Fair value at 31 December 2023			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
(a) Held-for-trading financial assets		470,009,033.34		470,009,033.34

Items	Fair value at 31 December 2023			
	Level 1	Level 2	Level 3	Total
(i) Financial assets at fair value through profit or loss		470,009,033.34		470,009,033.34
Debt instruments		469,576,233.34		469,576,233.34
Equity instruments				
Derivatives		432,800.00		432,800.00
(ii) Financial assets at fair value through profit or loss				
Debt instruments				
Equity instruments				
Derivatives		40,000.00		40,000.00
(b) Investments in other equity instruments		470,049,033.34		470,049,033.34
Total assets measured at fair value on a recurring basis				
Total liabilities measured at fair value on a recurring basis				

11.2 Determination for the Quoted Prices of Fair Value Measurement in Level 2 on a Recurring or Nonrecurring Basis

The fair value measurement of derivative financial assets is based on the valuation provided by the bank for the outstanding forward foreign exchange on the balance sheet date; The fair value of debt instrument investment is measured on the basis of the principal of the structural deposit that is not due on the balance sheet date and the interest rate agreed with the bank.

12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Recognition criteria for related parties: one party controls, jointly controls or exerts significant influence on the other party, and two or more parties are controlled and jointly controlled by one party constitute related parties.

12.1 General Information of the Parent Company

Name of the parent	Registered address	Nature of the business	Registered capital	Percentage of equity interests in the Company (%)	Voting rights in the Company (%)

Name of the parent	Registered address	Nature of the business	Registered capital	Percentage of equity interests in the Company (%)	Voting rights in the Company (%)
STAR COMGISTIC CAPITAL CO., LTD.	Taiwan (China)	Manufactures and sales electrical equipment	NTD 3,000,000,000.00	42.90	44.68

Note: The ultimate controlling party of the Company is STAR COMGISTIC CAPITAL CO., LTD.

12.2 General Information of Subsidiaries

Details of the subsidiaries please refer to Notes 8 INTERESTS IN OTHER ENTITIES.

12.3 Other Related Parties of the Company

Name	Relationship with the Company
Thermaster Electronic (Xiamen) Ltd.	The company is directly controlled by the key management and closed family members
Tsann Kuen Enterprise Co., Ltd.	Same actual controller

12.4 Related Party Transactions

12.4.1 Purchases or sales of goods, rendering or receiving of services

Purchases of goods, receiving of services:

Related parties	Nature of the transaction(s)	2023	2022
Thermaster Electronic (Xiamen) Ltd.	Purchase of goods	27,803,373.75	25,501,621.08
Total		27,803,373.75	25,501,621.08

Sales of goods and rendering of services:

Related parties	Nature of the transaction(s)	2023	2022
STAR COMGISTIC CAPITAL CO., LTD.	Sales of goods	2,899,791.41	8,717,630.50
Thermaster Electronic (Xiamen) Ltd.	Sales of goods	1,231.55	29,129.50

Related parties	Nature of the transaction(s)	2023	2022
Total		2,901,022.96	8,746,760.00

12.4.2 Leases

The Company as lessee:

The lessor	Type of assets	2023				
		Rental charges for short term leases and leases of low value assets processed on a simplified basis	Variable lease payments not included in the measurement of lease liabilities	Rental payments	Interest expense on lease liabilities assumed	Increase in right-of-use assets
STAR COMGISTIC CAPITAL CO., LTD.	Property					

(Continued)

The lessor	Type of assets	2022				
		Rental charges for short term leases and leases of low value assets processed on a simplified basis	Variable lease payments not included in the measurement of lease liabilities	Rental payments	Interest expense on lease liabilities assumed	Increase in right-of-use assets
STAR COMGISTIC CAPITAL CO., LTD.	Property			586,752.71	39,146.36	-3,209,286.63

12.4.3 Transfers of assets and debt restructuring

Related parties	Nature of the transaction(s)	2023	2022
Tsann Kuen Enterprise Co., Ltd.	Sale of fixed assets		15,580.58
STAR COMGISTIC CAPITAL CO., LTD.	Sale of fixed assets		35,949.98
Thermaster Electronic (Xiamen) Ltd.	Purchase of fixed assets	200,884.95	79,646.02
Total		200,884.95	131,176.58

12.4.4 Key management personnel compensation

Unit: Ten thousand yuan

Item	2023	2022
Key management personnel compensation	415.34	411.30

12.4.5 Other related parties transactions

Related parties	Nature of the transaction(s)	2023	2022
STAR COMGISTIC CAPITAL CO., LTD.	Quality claim payment	4,293.24	32,196.78
STAR COMGISTIC CAPITAL CO., LTD.	Accept service		104,743.56
Tsann Kuen Enterprise Co., Ltd.	Accept labor service		40,260.53
Tsann Kuen (Japan) Electric Co., Ltd.	Accept labor service	1,462,091.65	
Total		1,466,384.89	177,200.87

12.5 Receivables and Payables with Related Parties

12.5.1 Receivables

Items	Related parties	31 December 2023		31 December 2022	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	STAR COMGISTIC CAPITAL CO., LTD.	726,049.84		1,096,717.65	
Total		726,049.84		1,096,717.65	

12.5.2 Payables

Items	Related parties	31 December 2023	31 December 2022
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Items	Related parties	31 December 2023	31 December 2022
Accounts payable	Thermaster Electronic (Xiamen) Ltd.	7,328,112.41	5,955,654.84
Total		7,328,112.41	5,955,654.84

13. COMMITMENTS AND CONTINGENCIES

13.1 Significant Commitments

As at 31 December 2023, the Company has no significant commitments need to be disclosed.

13.2 Contingencies

Significant contingencies existing at the balance sheet date:

As of 31st December 2023, The Company has no significant contingencies need to be disclosed.

14. Events after the balance sheet date

14.1 Profit Distribution

On 9 March 2024, the first Board Meeting of 2024 held by the Company reviewed and approved the profit distribution plan for 2023. Based on the total share capital of 185,391,680 shares as at the end of 2023, cash dividend of CNY2.50 per 10 shares will be distributed to all shareholders of the Company (tax included). The profit for distribution of the Company is CNY 46,347,920.00 The proposal still needs to be approved by the shareholders' general meeting of the Company.

14.2 Other events after the balance sheet date

Until 9 March 2024 (Report date approved by the Board of Directors), the Company has no other events after the reporting period need to be disclosed.

15. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

15.1 Accounts Receivable

15.1.1 Accounts receivable by aging

Aging	31 December 2023	31 December 2022
Within 1 year	1,460,836.35	240,067.21
Including: 1 – 90 days	1,460,719.66	219,897.21

Aging	31 December 2023	31 December 2022
91 – 180 days	57.29	20,170.00
181 – 270 days	4.80	
271 – 365 days	54.60	
1-2 years	20,000.00	9,677.56
2-3 years	9,677.56	110,740.52
Over 3 years	115,740.52	5,000.00
Subtotal	1,606,254.43	365,485.29
Less: Provision for bad debt	33,300.55	31,981.50
Total	1,572,953.88	333,503.79

15.1.2 Accounts receivable by bad debt provision method

Category	31 December 2023				Carrying amount
	Book balance		Provision for bad debt		
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognised individually					
Provision for bad debt recognised collectively	1,606,254.43	100.00	33,300.55	2.07	1,572,953.88
Including: Portfolio by age	1,577,938.02	98.24	33,300.55	2.11	1,544,637.47
Portfolio by related parties	28,316.41	1.76			28,316.41
Total	1,606,254.43	100.00	33,300.55	2.07	1,572,953.88

(Continued)

Category	31 December 2022				Carrying amount
	Book balance		Provision for bad debt		
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognised individually					

Category	31 December 2022				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognised collectively	365,485.29	100.00	31,981.50	8.75	333,503.79
Including: Portfolio by age	365,485.29	100.00	31,981.50	8.75	333,503.79
Portfolio by related parties					
Total	365,485.29	100.00	31,981.50	8.75	333,503.79

Specific instructions for provision for bad debts:

As of 31 December 2023, accounts receivable with bad debt provision recognised collectively by aging

Aging	31 December 2023			31 December 2022		
	Book balance	Provision for bad debt	Provision ratio (%)	Book balance	Provision for bad debt	Provision ratio (%)
Not overdue	1,552,309.24	7,761.55	0.50	294,654.84	1,473.27	0.50
Overdue 1 – 30 days	94.01	4.23	4.50	26,634.37	1,198.55	4.50
Overdue 31 – 60 days				18,608.00	3,721.60	20.00
Overdue 61 – 90 days						
Overdue more than 90 days	25,534.77	25,534.77	100.00	25,588.08	25,588.08	100.00
Total	1,577,938.02	33,300.55	2.11	365,485.29	31,981.50	8.75

See Note 3.11 for the recognition criteria and instructions for the provision for bad debts by groups.

15.1.3 Changes of provision for bad debt during the reporting period

Category	31 December 2022	Changes during the reporting period			31 December 2023
		Provision	Recovery or reversal	Write-off and others	
Provision for bad debt recognised collectively	31,981.50	39,318.33	37,999.28		33,300.55
Total	31,981.50	39,318.33	37,999.28		33,300.55

15.1.4 Top five closing balances by entity at the reporting date

Entity name	Balance at 31 December 2023	Proportion of the balance to the total accounts receivable (%)	Provision for bad debt
Walmart (China) Investment Co., Ltd	1,383,546.24	86.13	6,917.73
Electrolux (China) Electric Co., Ltd. Shanghai Branch	100,000.00	6.23	500.00
Haoyigou Family Shopping Ltd	50,573.00	3.15	252.87
TsannKuen (Zhangzhou) Enterprise Co., Ltd.	28,316.41	1.76	
Suning Procurement Center of SUNING.COMCO.,LTD.	20,418.08	1.27	20,418.08
Total	1,582,853.73	98.54	28,088.68

15.2 Other Receivables**15.2.1 Other receivables by category**

Items	31 December 2023	31 December 2022
Interest receivable		
Dividend receivable		
Other receivables	3,673,370.28	3,268,524.27
Total	3,673,370.28	3,268,524.27

15.2.2 Other Receivables**15.2.2.1 Other receivables by aging**

Aging	31 December 2023	31 December 2022
Within 1 year	3,593,370.28	3,230,581.33
Including: 1 – 90 days	3,592,370.28	3,121,427.22
91 – 180 days	500.00	68,800.00
181 – 270 days		30,000.00
271 – 365 days	500.00	10,354.11
1-2 years	30,000.00	124,851.70

Aging	31 December 2023	31 December 2022
2-3 years		
Over 3 years	50,000.00	50,000.00
Subtotal	3,673,370.28	3,405,433.03
Less: Provision for bad debt		136,908.76
Total	3,673,370.28	3,268,524.27

15.2.4.2 Other receivables by nature

Nature	31 December 2023	31 December 2022
Deposit	136,000.00	308,800.00
Due from related parties	1,427,011.05	1,476,761.65
Other current balances	2,110,359.23	1,619,871.38
Subtotal	3,673,370.28	3,405,433.03
Less: Provision for bad debt		136,908.76
Total	3,673,370.28	3,268,524.27

15.2.4.3 Other receivables by bad debt provision method

A. As at 31 December 2023, provision for bad debt of other receivable recognised based on three stages model:

On December 31,2023, the Company had no bad debt provision in Stage 1.

On December 31,2023, the Company had no bad debt provision in Stage 2.

On December 31,2023, the Company had no bad debt provision in Stage 3.

B. As of 31 December 2022, provision for bad debt recognised based on three stages model:

Stages	Book balance	Provision for bad debt	Carrying amount
Stage 1	3,405,433.03	136,908.76	3,268,524.27
Stage 2			
Stage 3			
Total	3,405,433.03	136,908.76	3,268,524.27

As at 31 December 2022, provision for bad debt at stage 1:

Category	Book balance	12-month expected credit losses rate (%)	Provision for bad debt	Carrying amount	Reason
Provision for bad debt recognised individually					
Provision for bad debt recognised collectively	3,405,433.03	4.02	136,908.76	3,268,524.27	
Deposit	308,800.00			308,800.00	
Due from related parties	1,476,761.65			1,476,761.65	
Other current balances	1,619,871.38	8.45	136,908.76	1,482,962.62	
Total	3,405,433.03	4.02	136,908.76	3,268,524.27	

On December 31,2022, the Company had no bad debt provision in Stage 2.

On December 31,2022, the Company had no bad debt provision in Stage 3.

Basis for the amount of bad debt provisions for the current period:

Note 3.11 for the recognition criteria and instructions for the provision for bad debts by groups.

15.2.4.4 Changes of provision for bad debt during the reporting period

Provision for loss allowance	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses (not credit-impaired)	Lifetime expected credit losses (credit-impaired)	
Balance at 31 December 2022	136,908.76			136,908.76
Balance at 31 December 2022 recognised in the reporting period	—	—	—	—
Transfer to stage 2				
Transfer to stage 3				
Transfer back to stage 2				
Transfer back to stage 1				
Provision				

Provision for loss allowance	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses (not credit-impaired)	Lifetime expected credit losses (credit-impaired)	
Recovery	136,908.76			136,908.76
Reversal				
Write-off				
Other changes				
Balance on 31 December 2023				

15.2.4.5 Other receivables of the top five ending balances collected by the debtor party

Entity name	Nature	Balance as of 31 December 2023	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
TsannKuen (Zhangzhou) Enterprise Co., Ltd.(TKL)	Related party	1,427,011.05	Within 90 days	38.85	
Tmall supply and marketing platform	Deposit	50,000.00	Within 90 days	1.36	
Xiamen TsannKuen Flagship Store Alipay	Deposit	50,000.00	Over 5 years	1.36	
Xiamen Yishan Sports Technology Co., Ltd	Current balances	31,370.10	Within 90 days	0.85	
Tesla Motors Sales & Service (Xiamen) Co., Ltd	Current balances	26,766.83	Within 90 days	0.73	
Total		1,585,147.98		43.15	

15.3 Long-term Equity Investments

15.3.1 Situation of long-term equity investments

Items	31 December 2023			31 December 2022		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Subsidiaries	923,414,701.56		923,414,701.56	923,414,701.56		923,414,701.56
Total	923,414,701.56		923,414,701.56	923,414,701.56		923,414,701.56

15.3.2 Investments in subsidiaries

Investees	31 December 2022	Increase during the reporting period	Decrease during the reporting period	31 December 2023	Provision for impairment during the reporting period	Provision for impairment at 31 December 2022
TsannKuen (Zhangzhou) Enterprise Co., Ltd. (TKL)	921,914,701.56			921,914,701.56		
Xiamen Tsannkuen Property Services Co., Ltd. (TKW)	1,500,000.00			1,500,000.00		
Total	923,414,701.56			923,414,701.56		

15.4 Revenue and Cost of Sales

Items	2023		2022	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	5,453,342.54	3,965,398.07	5,021,963.53	3,493,646.19
Other activities	54,211,098.37	32,942,805.50	47,512,766.51	31,448,216.35
Total	59,664,440.91	36,908,203.57	52,534,730.04	34,941,862.54

15.5 Investment Income

Items	2023	2022
Investment income from long-term equity investments under cost method	58,215,670.49	69,465,344.64
Total	58,215,670.49	69,465,344.64

16. SUPPLEMENTARY INFORMATION

16.1 Extraordinary Gains or Losses

Items	2023	Description
Losses on disposal of non-current assets, including the write-off portion of the provision for impairment of assets	12,195,899.75	
Government grants included in the current profit or loss, except for government subsidies that are closely related to the company's normal business operations, comply with national policies and regulations, are enjoyed in accordance with the determined standards, and have a continuous impact on the company's profit and loss	3,727,263.16	
In addition to the effective hedging business related to the normal operation of the company, the fair value change gains and losses arising from the holding of financial assets and financial liabilities by non-financial enterprises and the gains and losses arising from the disposal of financial assets and financial liabilities	18,116,561.09	
Other non-operating income and expenses other than those listed above	5,515,235.74	
Other profit or loss items that meet the definition of non-recurring profit or loss	128,459.45	
Total non-recurring profit or loss	39,683,419.19	
Less: The income tax impact of non-recurring gains and losses	6,566,012.29	

Items	2023	Description
Net non-recurring gains or losses	33,117,406.90	
Less: Net non-recurring gains or losses attributable to minority shareholders	9,385,520.75	
Net non-recurring gains or losses attributable to common shareholders of the Company	23,731,886.15	

16.2 Return on Net Assets and Earnings Per Share ('EPS')

16.2.1 2023

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic	Diluted
Net profit attributable to ordinary shareholders	8.35	0.47	0.47
Net profit attributable to ordinary shareholders after extraordinary gains and losses	6.10	0.35	0.35

16.2.2 2022

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic	Diluted
Net profit attributable to ordinary shareholders	9.46	0.51	0.51
Net profit attributable to ordinary shareholders after extraordinary gains and losses	7.34	0.39	0.39

Name of the Company: Tsann Kuen (China) Enterprise Co., Ltd.

Date: 9 March 2024