

TSANN KUEN (CHINA) ENTERPRISE CO., LTD.
2022 ANNUAL REPORT

March 2023

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 RMB3.0 (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.
South Port Electronics, TKN	Refers to	Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd.
STD	Refers to	Shanghai Canxing Trading 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.tw		
Email address	mm_sun@tkl.tsannkuen.com		

II. Contact us

	Board Secretary	Securities Representative
Name	Sun Meimei	Dong Yuanyuan
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III. About information disclosure and where this Report is placed

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

	Province
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IV. Changes in the registered information

Credibility 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, Guo Chunlin, Li Chunyuan

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

	2022	2021	Increase/decrease of current year over last year (%)	2020
Operating revenue (RMB Yuan)	1,584,267,529.08	2,347,280,300.56	-32.51	2,144,181,738.33
Net profit attributable to shareholders of the Company (RMB Yuan)	94,283,302.93	122,249,955.82	-22.88	139,522,190.75
Net profit attributable to shareholders of the Company before extraordinary gains and losses (RMB Yuan)	73,172,417.28	86,639,602.54	-15.54	94,686,086.28
Net cash flows from operating activities (RMB Yuan)	164,775,609.26	148,525,571.88	10.94	315,271,083.24
Basic EPS (RMB Yuan/share)	0.51	0.66	-22.73	0.75
Diluted EPS (RMB Yuan/share)	0.51	0.66	-22.73	0.75
Weighted average ROE (%)	9.46	13.47	-4.01	17.34
	As at 31 Dec. 2022	As at 31 Dec. 2021	Increase/decrease of current year-end than last year-end (%)	As at 31 Dec. 2020
Total assets (RMB Yuan)	2,607,540,908.00	2,785,902,354.47	-6.40	2,408,046,446.78

Net assets attributable to shareholders of the Company (RMB Yuan)	1,040,523,297.91	956,326,734.42	8.80	864,030,127.11
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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)	0.51

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	428,568,462.60	439,723,790.76	405,227,088.15	310,748,187.57
Net profit attributable to shareholders of the Company	12,759,686.99	26,869,586.61	27,985,838.30	26,668,191.03

	Q1	Q2	Q3	Q4
Net profit attributable to shareholders of the Company before extraordinary gains and losses	3,456,701.69	25,934,963.76	24,602,410.77	19,178,341.06
Net cash flows from operating activities	15,190,356.22	38,238,560.50	-7,543,998.34	118,890,690.88

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	2022	2021	2020	Note
Gain/loss on the disposal of non-current assets (including the offset part of the asset impairment provisions)	730,715.85	2,101,750.59	195,318.03	
Tax rebates, reductions or exemptions due to approval beyond authority or the lack of official approval documents				
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	7,993,459.91	4,786,030.51	6,241,497.95	
Capital occupation charges on non-financial enterprises that are recorded into current gains and losses				
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				
Gain/loss on non-monetary asset swap				
Gain/loss on entrusting others with investments or asset management				
Asset impairment provisions due to acts of God such as natural disasters				
Gain/loss on debt restructuring				
Expenses on business reorganization, such as expenses on staff arrangements, integration, etc.				
Gain/loss on the part over the fair value due to transactions with distinctly unfair prices				
Current net gains and losses of subsidiaries acquired in business combination under the same control from period-begin to combination date				
Gain/loss on contingent events irrelevant to the				

Item	2022	2021	2020	Note
Company's normal business				
Gains and losses on change in fair value from tradable financial assets and tradable financial liabilities, as well as investment income from disposal of tradable financial assets and tradable financial liabilities and financial assets available for sales except for effective hedging related with normal businesses of the Company	24,698,675.41	48,392,884.92	61,211,756.54	Mainly gains on forward forex contracts sold, gains on changes in fair value and income from investments in financial products, accrued interest for time deposits
Impairment provision reversal of accounts receivable on which the impairment test is carried out separately				
Gain/loss on entrustment loans				
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				
Effect on current gains/losses when a one-off adjustment is made to current gains/losses according to requirements of taxation, accounting and other relevant laws and regulations				
Custody fee income when entrusted with operation				
Non-operating income and expense other than the above	3,068,167.50	4,876,463.40	4,668,961.96	
Other gain and loss items that meet the definition of an extraordinary gain/loss	5,901.34			
Less: Income tax effects	6,436,822.09	10,199,627.23	11,395,313.47	
Minority interests effects (after tax)	8,949,212.27	14,347,148.91	16,086,116.54	
Total	21,110,885.65	35,610,353.28	44,836,104.47	

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 2022, the post COVID-19 epidemic period, together with the situation of the war between Russia and Ukraine, has had a huge impact on the global economy. The high prices of industrial raw materials, the currency exchange rate fluctuations, and the turbulence in the global shipping markets has brought many uncertainties to the development of enterprises, slowing 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

Developing, manufacturing household appliances, electronics, light industrial products, modern office supplies. Design and manufacture of molds associated with these products in domestic and international sales of the company's products and after-sales service. Wholesale and retail household appliances, electronic products, electrical equipment, office supplies, kitchen utensils, pre-packaged food (limited to branches), import and export related business and provide after-sales service (the above description do not involve state trading commodity goods, involving quota license management products are according to the relevant provisions of the State for the regulations application). No material changes occurred to the business model of the Company in the reporting period.

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.

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 43 patents in R&D, including 29 invention patents, 10 utility model patents and 4 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 RMB1,584 million, decreasing 32.51% from last year; the profit before tax of the Company amounted to RMB139 million, decreasing 24.53% from last year; the net profit attributable to shareholders of the Company amounted to RMB94.2833 million, decreasing 22.88% from last year; and the basic earnings per share of the Company is RMB0.51, RMB0.15 lower than that of last year.

The main reason for the change in the above indicators is the recession of the global consumer market, the lack of purchasing power, and the unsatisfactory consumption of customer inventory. Orders have gradually fallen since the first half of the year. Under the general downturn of the consumption environment, the company will continue to expand the momentum of order receiving to increase revenue and profit through close interaction with customers and innovative research and development.

2. Revenues and costs**(1) Breakdown of operating revenues**

Unit: RMB Yuan

Item	2022		2021		+/-%
	Amount	In total operating revenues (%)	Amount	In total operating revenues (%)	
By segments					
Small home appliance manufacturing	1,500,156,144.12	94.69	2,267,468,882.08	96.60	-33.84
Other services	84,111,384.96	5.31	79,811,418.48	3.40	5.39
Total	1,584,267,529.08	100.00	2,347,280,300.56	100.00	-32.51
By products					
Cooking utensils	944,835,478.47	59.64	1,593,009,945.48	67.87	-40.69
Everyday home appliances	366,208,675.06	23.12	453,992,911.28	19.34	-19.34
Tea and coffee makers	169,414,501.98	10.69	207,555,003.70	8.84	-18.38
Other products	19,697,488.61	1.24	12,911,021.62	0.55	52.56
Other services	84,111,384.96	5.31	79,811,418.48	3.40	5.39
Total	1,584,267,529.08	100.00	2,347,280,300.56	100.00	-32.51
By areas					
Australia	36,160,110.01	2.28	72,781,067.49	3.10	-50.32
Africa	35,772,966.67	2.26	17,004,158.12	0.72	110.38
America	622,677,921.09	39.30	1,212,559,936.12	51.66	-48.65
Europe	419,003,051.04	26.45	535,993,134.94	22.84	-21.83
Asia	470,653,480.27	29.71	508,942,003.89	21.68	-7.52
Total	1,584,267,529.08	100.00	2,347,280,300.56	100.00	-32.51

(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 appliance manufacturing	1,500,156,144.12	1,280,524,186.68	14.64	-33.84	-35.62	2.36

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
Other services	84,111,384.96	25,490,844.72	69.69	5.39	-3.21	2.69
Total	1,584,267,529.08	1,306,015,031.40	17.56	-32.51	-35.20	3.42
By products						
Cooking utensils	944,835,478.47	808,741,287.29	14.40	-40.69	-41.70	1.48
Everyday home appliances	366,208,675.06	319,155,173.77	12.85	-19.34	-22.72	3.82
Tea and Coffee makers	169,414,501.98	140,499,683.64	17.07	-18.38	-22.41	4.32
Other products	19,697,488.61	12,128,041.98	38.43	52.56	54.65	-0.83
Other services	84,111,384.96	25,490,844.72	69.69	5.39	-3.21	2.69
Total	1,584,267,529.08	1,306,015,031.40	17.56	-32.51	-35.20	3.42
By areas						
Australia	36,160,110.01	30,347,478.22	16.07	-50.32	-51.19	1.50
Africa	35,772,966.67	28,464,470.69	20.43	110.38	96.30	5.70
America	622,677,921.09	537,370,246.55	13.70	-48.65	-49.45	1.36
Europe	419,003,051.04	349,905,513.15	16.49	-21.83	-25.87	4.55
Asia	470,653,480.27	359,927,322.79	23.53	-7.52	-10.86	2.87
Total	1,584,267,529.08	1,306,015,031.40	17.56	-32.51	-35.20	3.42

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	2022	2021	YoY +/-%
Small home appliance manufacturing	Sales volume	Unit	15,716,824	28,765,567	-45.36
	Output	Unit	15,977,286	27,666,083	-42.25

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

Applicable Inapplicable

The 45.36% decrease in sales volume and 42.25% decrease in production volume compared to the same period were mainly due to the decrease in orders during the period.

(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

Segment	Item	2022		2021		YoY +/-%
		Amount	In total cost of sales (%)	Amount	In total cost of sales (%)	
Small home appliance manufacturing	Raw materials	901,964,809.18	69.06	1,426,141,784.42	70.76	-36.75
	Third-party processing	155,970,727.76	11.95	258,607,931.55	12.83	-39.69
	Labor cost	102,620,452.58	7.86	147,780,952.25	7.33	-30.56
	Manufacturing expenses	56,709,145.31	4.34	79,140,555.95	3.93	-28.34
	Transportation cost	14,422,508.75	1.10	32,107,163.63	1.59	-55.08
	Other	48,836,543.10	3.74	45,315,411.61	2.25	7.77
Other	Other	25,490,844.72	1.95	26,336,497.02	1.31	-3.21
Total		1,306,015,031.40	100.00	2,015,430,296.43	100.00	-35.20

(6) Whether there were changes of the consolidation scope during the reporting period

Yes No

In March 2022, the Company cancelled its subsidiary Shanghai Canxing Trading Co. Ltd., which was no longer included in the scope of consolidated financial statements from the date of cancellation.

In July 2022, the Company cancelled its subsidiary Zhangzhou Tsann Kuen Nangang Electric Co. Ltd., which was no longer included in the scope of consolidated financial statements from the date of cancellation.

(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)	1,023,761,601.30
Ratio of the total sales of the top 5 customers to the annual total sales (%)	68.24
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	282,213,419.32	18.81
2	2	253,985,117.27	16.93
3	3	190,964,290.44	12.73
4	4	165,041,909.12	11.00
5	5	131,556,865.15	8.77
Total		1,023,761,601.30	68.24

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)	145,818,380.99
Ratio of the total purchase from the top 5 suppliers to the annual total purchase (%)	14.70
Ratio of the total purchase from related parties among the top 5 suppliers to the annual total purchase (%)	2.57

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	48,044,102.99	4.85
2	2	25,922,302.26	2.61
3	3	25,501,621.08	2.57
4	4	23,827,662.47	2.40
5	5	22,522,692.19	2.27
Total		145,818,380.99	14.70

Notes of the other situation of the major suppliers

 Applicable Inapplicable**3. Expenses**

Unit: RMB Yuan

Item	2022	2021	YoY +/- (%)	Notes of the significant changes
Selling expenses	22,718,269.59	21,045,003.77	7.95	
Administrative expenses	71,930,327.01	73,921,676.82	-2.69	
Finance costs	390,110.88	30,632,346.78	-98.73	Mainly as a result of gain on foreign exchange in the period.
R&D expenses	61,922,089.98	64,037,360.74	-3.30	

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	Develop products that meet the requirements of smart home and low-carbon environmental protection, and develop personal life and healthy disinfection and sterilization products for the prevalence of COVID-19	ongoing	Expand market share, improve company revenue and profit	Expand market share, improve company revenue and profit

R&D personnel of the Company

	2022	2021	+/- (%)
Number of the R&D personnel (person)	341	372	-8.33
Ratio to the R&D personnel (%)	10.79	10.39	0.40
Educational background of the R&D personnel			
Doctor	-	-	-
Master	2	7	-71.43
Bachelor	69	78	-11.54
College graduates	120	117	2.56
Below college	150	170	-11.76
Age structure of the R&D personnel			
Below 30	114	110	3.64
30~40	105	145	-27.59
Above 40	122	117	4.27

R&D investment of the Company

	2022	2021	+/- (%)
Investment amount of the R&D (RMB Yuan)	61,922,089.98	64,037,360.74	-3.30
Ratio of the R&D investment to the operating revenue (%)	3.91	2.73	1.18
Amount of the capitalized R&D investment (RMB Yuan)	-	-	-
Ratio of the capitalized R&D investment to the R&D investment	-	-	-

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	2022	2021	+/- (%)
Subtotal of cash inflows from operating activities	1,909,382,845.61	2,710,559,994.89	-29.56
Subtotal of Cash outflows for operating activities	1,744,607,236.35	2,562,034,423.01	-31.91
Net cash flows from operating activities	164,775,609.26	148,525,571.88	10.94
Subtotal of cash inflows from investing activities	1,184,676,439.46	1,134,254,708.37	4.45
Subtotal of cash outflows from investing activities	1,473,142,410.58	1,095,898,953.14	34.42
Net cash flows from investing activities	-288,465,971.12	38,355,755.23	-852.08
Subtotal of cash inflows from financing activities	223,150,697.05	160,367,803.06	39.15
Subtotal of cash outflows from financing activities	301,304,952.16	247,309,107.89	21.83
Net cash flows from financing activities	-78,154,255.11	-86,941,304.83	-10.11
Net increase of cash and cash equivalents	-195,339,519.76	98,049,966.90	-299.22

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

Applicable Inapplicable

Net cash flow from investment activities: mainly due to the increase in investment in financial products and fixed deposits in the current 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	25,925,914.30	18.64	Income from settled forward forex contracts and financial products, as well as accrued interest on term deposits	Not
Gain from changes in fair value	-1,227,238.89	-0.88	Assessed losses on forward forex contracts	Not
Loss on credit impairment	1,883,894.53	1.35	Withdrawal or reversal of impairment allowances for accounts receivable	Not
Loss on asset impairment	-12,371,666.30	-8.89	Increase in inventory valuation allowances and fixed asset impairment allowances	Not
Gain on disposal of assets	742,730.95	0.53	Income from disposal of fixed assets	Not
Non-operating income	3,161,103.92	2.27	Receipt of compensation for patent infringement, compensation from customer for cancellation of order, and overdue payments that the Company no longer needs to pay	Not
Non-operating expenses	104,951.52	0.08	This is mainly due to the donation and the transfer of other current assets (input tax to be deducted) to non-operating expense due to the cancellation of the subsidiary Nangang Electric.	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	576,867,829.77	22.12	779,404,127.58	27.98	-5.86	
Held-for-trading financial assets	569,493,788.89	21.84	420,721,027.78	15.10	6.74	Increase in financial products
Accounts receivable	95,950,882.88	3.68	258,128,493.77	9.27	-5.59	Mainly due to a decrease in revenue resulting to a decrease in accounts receivable during the period.
Contract assets						
Inventories	180,065,428.49	6.91	252,434,003.44	9.06	-2.15	
Non-current assets maturing within one year	0.00	0.00	21,845,333.33	0.78	-0.78	Increase in debt investments maturing within one year transferred to this item
Other current assets	428,851,919.37	16.45	266,300,137.82	9.56	6.89	Increase in principals of term deposits maturing within one year

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 (%)		
Investment properties	19,148,198.30	0.73	20,380,947.36	0.73	0.00	
Long-term equity investments						
Fixed assets	147,946,111.81	5.67	151,647,083.48	5.44	0.23	
Construction in progress	2,656,954.05	0.10	1,102,833.08	0.04	0.06	This is mainly due to the reclassification of the contracted equipment in other non-current assets to the construction in progress in the current period.
Use rights assets	525,637,136.84	20.16	543,070,792.39	19.49	0.67	
Other non-current assets	813,512.56	0.03	1,603,759.82	0.06	-0.03	This is mainly due to the reclassification of the contracted equipment account in other non-current assets to the construction in progress account in the current period.
Short-term borrowings						
Notes payable	2,630,056.46	0.10	7,709,123.54	0.28	-0.18	Mainly due to the decrease in purchases resulting to the decrease of banker's acceptances issued during the period.
Account payable	398,955,150.23	15.30	637,575,276.70	22.89	-7.59	Mainly due to a decrease in purchases resulting to a decrease in accounts payable during the period.
Contract liabilities	21,522,608.04	0.83	24,030,988.10	0.86	-0.03	
Long-term borrowings						
Lease liabilities	534,850,528.45	20.51	542,514,317.35	19.47	1.04	
Long-term employee compensation payable	0.00	0.00	350,926.82	0.01	-0.01	Mainly due to the cancellation of a subsidiary Tsann Kuen Intelligence Co. during the period.
Expected liabilities	480,930.00	0.02	0.00	0.00	0.02	This is mainly due to the increase in pending litigation during the 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	169,056,544.38	Indonesia	Small home appliance manufacturing	Periodic review	-6,798,839.94	16.25	Provision for impairment of long term equity investment has been made for a significant amount of loss in FY2022.
Other information	1) East Sino established an impairment allowance of HKD40,550,120 for the long-term equity investment in SCI in 2022. 2) TKL established impairment allowances of RMB36,222,205.69 in total for the long-term equity investments in East Sino in 2022. 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)	416,569,027.78	1,785,861.11			550,000,000.00	400,000,000.00		568,354,888.89
2. Derivative financial assets	4,152,000.00	-3,013,100.00						1,138,900.00
3. Other debt investments								
4. Other equity instrument investments								
Subtotal of financial assets	420,721,027.78	-1,227,238.89			550,000,000.00	400,000,000.00		569,493,788.89
Investment properties								
Productive								

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
biological assets								
Others								
Total of the above								
Financial liabilities	420,721,027.78	-1,227,238.89			550,000,000.00	400,000,000.00		569,493,788.89

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, RMB1,356,175.95 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

Investments made in this reporting period (RMB Yuan)	Investments made in the prior year (RMB Yuan)	+/-%
0.00	38,879,586.00	-100.00

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	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	71,933.12	-301.31		46,647.55	65,571.56	6,361.56	6.11
Total	71,933.12	-301.31		46,647.55	65,571.56	6,361.56	6.11
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	There were no significant changes in the Company's accounting policies and specific principles of accounting for derivatives in the reporting period compared to the previous reporting period.						
Actual profit or loss for the reporting period	The loss on the delivered portion of the investment derivatives for the reporting period was RMB4,069.3 thousand and the assessed loss on the undelivered portion was RMB3,013.1 thousand, of which the assessed gain on the undelivered forward exchange of the investment derivatives for the previous year was RMB4,152 thousand.						
Illustration of hedging effectiveness	In 2022, the exchange rate of RMB against the US dollar fluctuated sharply and derivative investments for hedging purposes were made during the reporting period to reduce the impact of exchange rate fluctuations on the Company's assets, liabilities and profit.						
Sources of funding for derivative investments	Own funds						

<p>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>	<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 shall not exceed 20% of the total amount of the investment.</p> <p>(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.</p>
<p>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</p>	<p>(1) The impact loss on the delivered portion of the investment derivatives for the reporting period was RMB4,069.3 thousand and the assessed loss on the undelivered portion was RMB3,013.1 thousand, of which the assessed gain on the undelivered forward exchange of the investment derivatives for the previous year was RMB4,152 thousand.</p> <p>(2) The original contracted banks provided bank estimates of the current exchange rate of the contracted outstanding forward exchange settlement</p>

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should disclose the specific methodology used and the setting of relevant assumptions and parameters	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	2022-3-15
Date of disclosure of announcement of shareholders' meeting for approval of derivative investments	2022-5-14
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	2,410,380,240.67	1,373,132,760.75	1,422,956,876.66	88,647,422.77	86,245,437.76

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
Shanghai Canxing Trading Co., Ltd.	Cancelled	The impact on the net profit of the listed company for the reporting period was RMB-3,571.65 Yuan.
Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd.	Cancelled	The impact on the net profit of the listed company for the reporting period was RMB44,644.93 Yuan.

X. Structured bodies controlled by the Company

Applicable Inapplicable

XI. Outlook of the Company's future development

A. Future Development Strategy

(1) Strategic upgrading of major clients and expansion of new clients

On the basis of integrating the three core systems of commodity marketing, sales and R&D, establishing a professional R&D technical service system, precipitating forty-five years of small household appliance design and manufacturing, deepening the product platform of professional design, provide structured solutions for customers from a commodity marketing perspective in various regions of the world in terms of consumption habits and culture. The core strategy of the enterprise is to cooperate closely with customers, create a competitive advantage in product value, and launch products that meet the market needs of customers.

In terms of customer market management, we focus resource on strategic customer cooperation and investment, take customer market as the investment orientation, and invest effective resources on strategic customers in line with our future development, forming a mutually beneficial and win-win business partner.

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

Enhance product references for intelligent control (AI/face recognition/voice control), scene IOT technology, 5G technology to meet people's needs for quality of life, launch convenient and smart home appliance product series, establish independent R&D system for domestic sales products, focus on brand strategy and investment in the development of smart home appliances.

China market development: establish independent R&D system for domestic sales products, online and offline marketing channels, OBM and ODM product differentiation to jointly promote development, focus on new consumer groups, new channels, new customer expansion, and consumer-centric brand building strategies.

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

(3) Integrating QCDH Precision Manufacturing and Supply Chain Systems

The company integrates the management mode of the division of precision manufacturing with the combination of customer area and product line, while focusing on the core parts of precision manufacturing investment, deep ploughing product technology and production process technology, focus and focus on professional manufacturing to win the recognition and satisfaction of customers and consumers. The company adopts a large data system to upgrade management, introduce new raw materials, new technology and technology, lean manufacturing equipment, improve production and manufacturing space to improve production yields and production efficiency, to achieve specialized manufacturing production, drive the park supply chain manufacturing capacity and supporting capacity upgrade and transformation; at the same time, cultivate the supply chain strategic cooperation ecosystem, to achieve accurate supply and demand docking, efficient organizational synergy, and IT system

support.

(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

With the global supply chain system fission and reorganization, the company steadily grasp to 45 years of small home appliances innovation design and specialized manufacturing as the industry, vigorously developed the business architecture of Xiamen Huli and Shanghai Jiading, providing strong commercial platform support for the Chinese market, and at the same time, formed the Tsann Kuen business development model by taking advantage of the local development advantages of Xiamen Huli and Shanghai Jiading, and further developed Tsann Kuen overseas manufacturing base in Indonesia, accelerated the integration of supply chain and independent market of Indonesia manufacturing base, fully utilized the advantage of regional cooperation of "One Belt One Road" strategy, seized the development opportunity of overseas market, constructed and improved the mode of mutual promotion of domestic and international manufacturing and commercial development of Tsann Kuen Group.

B. Key risk factors for future development

(1) International aspects

The international environment for the home appliance industry has become more complex due to the fracturing and restructuring of the global supply chain system, the out-of-control war between Russia and Ukraine, the rise of international trade protectionism, and the intensification of tariff and non-tariff barriers such as technical standards, intellectual property rights protection and anti-dumping barriers.

Due to the slow recovery of the international economy, increasing exchange rate fluctuations, rising domestic comprehensive costs, global inflationary pressures that are difficult to alleviate in the short term, and declining consumption power in international market demand, the industry will be exposed to the risk that sales revenue will not be as high as expected due to the decline in international market demand.

(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. At the same time, the company will further develop the overseas manufacturing base of Tsann Kuen Indonesia, accelerate the integration of the supply chain and independent market of the Indonesian manufacturing base, and fully utilize the advantage of regional cooperation in the "Belt and Road" strategy to seize the development opportunities in overseas markets.

(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

The Russian-Ukrainian war has brought about changes in the energy supply structure, while the environmental protection and low-carbon mainstream has affected the direction of the production process and product development of enterprises, protecting the environment and public health is the development trend that enterprises must actively respond to; the company has laid out the "green energy-saving and healthy" as the product development strategy, while continuing to include the lean process in the core objectives of the enterprise, the introduction of new environmentally friendly materials, investment in automation and environmental protection process technology to promote the green energy-saving and healthy development of the company's products.

(5) The impact of the COVID-19 pandemic

The epidemic has basically blocked face-to-face international business activities for three years and has had a huge impact on global economic operations, changes in the global supply chain system, as well as profound impacts and challenges on people's consumer outlook and spending power, and on business development. The company's business team organised business activities in the Americas and Europe in the fourth quarter of 2022 to closely develop customer business cooperation, root in innovative design and specialized manufacturing of small home appliances, and develop global product sales market expansion together with customers, while increasing 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 are the main consumer markets of small household appliances, the average household has a large capacity of small household appliances with relatively short service life. There is a large demand for replacement. Although affected by the three-year epidemic, and the Russian-Ukraine war, the global market demand for small household appliances remained stable for a long time. At the same time, with the economic growth, the improvement of people's living standards and international market environmental standards, the formation of smart green small household appliances in series, scale, energy conservation and environmental protection has become the general trend.

(2) China is an important base for the production of small household appliances. With its advantages in labour, cost, technology and industrial support, etc., China has undertaken the world's major small household appliances business. Powerful large appliances 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 and branded operation. In order to compete for more market share, relying on capital advantages and R & D advantages, it will gradually eliminate a number of small brand enterprises with relatively weak strength, lack of R & D and cost advantages and market network management advantages.

(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
13 March 2022	The Company	By phone	Individual	Mr. Su	The Company's operating performance and dividends.	
02 April 2022	The Company	By phone	Individual	Mr. Su	The Company's operating performance and dividends.	
11 July 2022	The Company	By phone	Individual	Mr. Xu	The decline of the Company's operating performance, the Company's production and operation situation, B-share reform, and dividends.	

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
2021 Annual Meeting of Shareholders	Annual	44.90%	13 May 2022	14 May 2022	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	66	2021-05-19	2023-04-23	0	0	0	0	0	0	0	
Lin Jidian	Director	Incumbent	Male	54	2020-04-24		0	0	0	0	0	0	0	
Wang Youliang	Director	Incumbent	Male	54	2020-04-24	2023-04-23	0	0	0	0	0	0	0	
Cai Bingfeng	Director	Incumbent	Male	38	2022-5-13	2023-04-23	0	0	0	0	0	0	0	
Ge Xiaoping	Independent director	Incumbent	Female	60	2017-04-06	2023-04-23	0	0	0	0	0	0	0	
Liu Luhua	Independent director	Incumbent	Male	53	2020-04-24	2023-04-23	0	0	0	0	0	0	0	
Wu Yibing	Independent	Incumbent	Male	41	2020-04-24	2023-04-23	0	0	0	0	0	0	0	

	director													
Yang Yongquan	Supervisory Board chairman	Incumbent	Male	58	2020-04-24	2023-04-23	0	0	0	0	0	0	0	0
Ding Hongming	Supervisor	Incumbent	Male	57	2019-10-22	2023-04-23	0	0	0	0	0	0	0	0
Zheng Caiyun	Supervisor	Incumbent	Female	47	2016-06-01	2023-04-23	0	0	0	0	0	0	0	0
Wu Jianhua	Financial Chief	Incumbent	Male	43	2019-03-29		0	0	0	0	0	0	0	0
Sun Meimei	Board Secretary	Incumbent	Female	49	2011-04-23		0	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

Changes in directors, supervisors and executive officers

Applicable Inapplicable

Name	Office title	Type of change	Date	Reason
Cai Bingfeng	Director	Elected	2022-05-13	By-election

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	1978.11.02-1987.12	Tsann Kuen (Taiwang) Enterprise Co., Ltd.	Manager, General Manager, Home Appliances/R&D Department
			1988.01.01-1993.02.16	Tsann Kuen (Xiamen) Electric Appliance Co., Ltd.	GM
			1993.02.16-2002.05.21	Tsann Kuen (China) Enterprise Co., Ltd.	Managing director
			1997.09.02-now	Thermaster Electronic (Xiamen) Ltd.	Director
			2002.05.22-2008.05.24	Tsann Kuen (China) Enterprise Co., Ltd.	Chairman of the Board
			2002.07.24-2008.07.25	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Chairman of the Board
			2011.06-now	Sekond Creative Design Co., Ltd. (Taiwan)	Chairman of the Board
			2017.04.06-2021.05.19	Tsann Kuen (China) Enterprise Co., Ltd.	Director
			2017.04.21-2021.07.05	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Director
			2018.08.14-now	EUPA Industry Corporation Limited (HK)	Director
			2018.08.14-now	Fillman Investments Limited (HK)	Director
			2018.08.14-now	FORDCHEE Development Limited (HK)	Director
			2020.02.25-now	STAR COMGISTIC CAPITAL CO., LTD. (Taiwan)	Director
			2018.08.22-now	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	Director
			2020.04.01-now	Tsann Kuen China (Shanghai) Enterprise Co., Ltd.	Director
			2020.04.09-2022.05.30	Tsann Kuen Japan Co., Ltd.	Chairman of the Board
			2020.04.24-2021.10.25	Gold Mine Chain Enterprise Co., Ltd	Director
			2020.04.29-now	WISE LAND PROPERTIES LIMITED (HK)	Director
2020.04.29-now	WORLD KINGDOM PROPERTIES LIMITED (HK)	Director			
2020.04.29-now	East Sino Development Limited (HK)	Director			
2021.05.19-now	Orient Star Investments Limited (HK)	Director			
2021.05.19-now	Tsann Kuen (China) Enterprise Co., Ltd.	Chairman of the Board & GM			
2021.07.05-now	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Chairman of the Board			

Name	Position	Educational background	Main working experience and chief responsibilities in the Company			
			Period	Company	Position	
Lin Jidian	Director	Graduated from Department of Business Management Tatung University	2021.07.05-2022.07.27	Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd.	Chairman of the Board	
			2021.07.19-2022.03.17	Shanghai Canxing Trading Co., Ltd.	Chairman of the Board	
			2021.08.04-now	PT.STAR COMGISTIC INDONESIA	Chairman of the Board	
			2018.06.23-now	Tsann Kuen Investment Co., Ltd. (Taiwan)	Director	
			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	
			2019.12-2020.3.30	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	Vice GM	
			2019.12.27-now	Wing Yi International Investment Corporation (Taiwan)	Chairman of the Board	
			2020.3.31-now	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	Chairman of the Board	
			2020.4.28-2022.12.31	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	CEO	
			2020.3.31-now	STAR COMGISTIC CAPITAL CO., LTD. (Taiwan)	Chairman of the Board	
			2020.1.8-2021.4.1	Tsannkuen Edge Intelligence Co., Ltd. (Taiwan)	Supervisor	
			2020.4.1-2022.5.31	Tsann Kuen Japan Co., Ltd.	Director	
			2020.4.1-2022.7.27	Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd.	Supervisor	
2020.4.1-now	Tsann Kuen China (Shanghai) Enterprise Co., Ltd.	Director				
2020.4.1-now	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Vice Chairman of the Board				
2020.4.21-2022.6.1	STARCOMGISTIC SINGAPORE PTE.LTD.	Director				

Name	Position	Educational background	Main working experience and chief responsibilities in the Company		
			Period	Company	Position
			2020.4.21-2022.6.17	STARCOMGISTIC AUSTRALIA PTY LTD	Director
			2020.4.20-now	Wu Wha Ma International Co., Ltd. (Taiwan)	Director
			2020.4.21-now	Sino Global Development Ltd. (HK)	Directort
			2020.4.24-now	Gold mine chain enterprise Co., Ltd	Chairman of the Board
			2021.3.11-now	Dali Investment Co., Ltd. (Taiwan)	Chairman of the Board
			2020.4.24-now	Tsann Kuen (China) Enterprise Co., Ltd.	Directort
			2022.6.1-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
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			
2011.06-2021.3.10	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			
2019.1.31-now	Wing Yi International Investment Corporation (Taiwan)	Supervisor			
2020.4.24-now	Gold mine chain enterprise Co., Ltd	Supervisor			
2021.3.11-now	Dali Investment Co., Ltd. (Taiwan)	Supervisor			
2020.4.24-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	2013.4.22-2013.12.31	Thermaster Electronic (Xiamen) Ltd.	Project staff
			2014.1.02-2016.12.31	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Deputy Director of Ministry of Commerce in European Region
			2017.1.01-2022.3.21	Tsannkuen Edge Intelligence Co., Ltd.	Deputy Director of Ministry of Commerce in European Region
			2020.4.30-now	Xiamen Tsannkuen Property Services Co., Ltd.	Chairman and GM
			2020.5.9-2022.3.17	Shanghai Canxing Trading Co., Ltd.	Director
			2020.5.12-now	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Director
			2020.5.13-2022.7.27	Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd.	Director
			2021.8.19-now	Tsannkuen Edge Intelligence Co., Ltd.	Chairman of the Board
			2022.5.13-now	Tsann Kuen (China) Enterprise Co., Ltd.	Director
Ge Xiaoping	Independe nt director	Graduated from Zhongnan University	1980.12-1986.11	Hubei Electric	Accountant
			1986.11-1989.06	Fuzhou Camera Co., Ltd.	Internal auditor
			1989.06-1997.01	PLA Military Academy of Finance and Economics	Teacher

Name	Position	Educational background	Main working experience and chief responsibilities in the Company		
			Period	Company	Position
		of Economics and Law with a degree in Finance and Accounting	1997.01-2000.09	Fujian Mindu CPA	Department manager
			2000.09-2007.03	Xiamen Andexin CPA	Chief accountant
			2007.03-2010.03	Fujian Mindu BDO	CPA and vice director accountant
			2008.05-2014.05	Tsann Kuen (China) Enterprise Co., Ltd.	Independent director
			2014.06-2018.06.29	China Shengmu Organic Milk Limited	Independent director
			2017.2.10-2019.01.16	Fujian Xunxing Zipper Science & Technology Co., Ltd.	Independent director
			2010.03-2019.05	BDO-Xiamen Branch	Partner and the head of Xiamen Branch
			2019.05-now	BDO-Xiamen Branch	Senior consultant
			2017.04.06-now	Tsann Kuen (China) Enterprise Co., Ltd.	Independent director
			2020.11.20-now	Fujian Yuanxiang New Materials Co.	Independent director
Liu Luhua	Independent director	Graduated from Xiamen University with a master degree in Civil and Commerce Law	1991.09-1992.12	Xiamen Intermediate People's Court	Clerk
			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	2010.8.26-2014.8.1	Accounting Department of School of Management, Xiamen University	Assistant professor
			2014.8.1-now	Accounting Department of School of Management, Xiamen University	Associate professor
			2019.12.30-2022.4.1	Shanghai Kinlita Chemical Co., Ltd.	Independent director
			2019.7.18-now	Leedarson IoT Technology Inc.	Independent director
			2019.12.28-now	KUK RESOURCES-SAVING TECHNOLOGY CO., LTD.	Independent director
			2020.4.24-now	Tsann Kuen (China) Enterprise Co., Ltd.	Independent director
			2022.1.13-now	G-bits Network Technology (Xiamen) Co., Ltd.	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

Name	Position	Educational background	Main working experience and chief responsibilities in the Company		
			Start Date	Company	Position
			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
			2019.06.21-2019.09.05	Xiamen Tsannkuen Property Services Co., Ltd.	Chairman of the Board
			2020.1.16-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
			2020.4.24-now	Tsann Kuen (China) Enterprise Co., Ltd.	Supervisory Board chairman
Ding Hongming	Supervisor	Graduated from Department of Industrial Engineering and Management of STUST	1991.8.13-2002.10.9	Tsann Kuen Enterprise Co., Ltd. (Taiwan)	QRA section manager
			2002.10.10-2003.8.31	Tsann Kuen (China) Enterprise Co., Ltd.	Vice manager of glass factory
			2003.9.1-2005.5.26	Tsann Kuen China (Shanghai) Enterprise Co., Ltd.	Vice manager of Motor business department
			2005.5.27-2007.1.12	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Vice manager of Cuisinart factory
			2008.1.13-2009.8.31	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Vice manager of Iron business department
			2009.9.1-2014.8.31	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Manager of Central Lab
			2014.9.1-2015.8.31	PT.STAR COMGISTIC INDONESIA	Operations manager
			2015.9.1-2016.12.31	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Assistant manager of QRA
			2017.1.1-2017.12.31	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Operations assistant manager of PSO
			2018.1.1-now	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Assistant manager of QRA/Purchasing Department/laboratory
Zheng Caiyun	Supervisor	Graduated from School of Economics and Management, Fujian	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

Name	Position	Educational background	Main working experience and chief responsibilities in the Company		
			Period	Company	Position
		Forestry College	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
			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
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
			2010.6.1-2014.4.30	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Vice manager of Cost /Accounts Payable in Accounting Department
			2014.5.1-2019.3.21	Tsann Kuen (China) Enterprise Co., Ltd.	Vice manager of Cost /Accounts Payable in Accounting Department
			2019.3.22-now	Tsann Kuen (China) Enterprise Co., Ltd.	Accounting Department manager
			2019.3.29-now	Tsann Kuen (China) Enterprise Co., Ltd.	Financial Chief
			2019.5.14-now	Xiamen Tsann Kuen Property Service Co.,Ltd.	Supervisor
			2019.9.10-2020.4.20	Tsann Kuen (Zhangzhou) Investment Co., Ltd.	Supervisor
2019.9.10-now	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	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

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:	N/A				

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	2020-02-25		Yes
Cai Yuansong	Tsann Kuen China (Shanghai) Enterprise Co., Ltd.	Director	2020-04-01		No
Cai Yuansong	Tsann Kuen Japan Co., Ltd.	Chairman of the Board	2020-04-09	2022-05-30	No
Cai Yuansong	WISE LAND PROPERTIES LIMITED (HK)	Director	2020-04-29		No
Cai Yuansong	WORLD KINGDOM PROPERTIES LIMITED (HK)	Director	2020-04-29		No
Cai Yuansong	East Sino Development Limited (HK)	Director	2020-04-29		No
Lin Jidian	Wing Yi International Investment Corporation (Taiwan)	Chairman of the Board	2019-12-27		No

Name	Other entity	Post	Starting date of tenure	Ending date of tenure	Allowance from other entity
Lin Jidian	Tsannkuen Edge Intelligence Co., Ltd. (Taiwan)	Supervisor	2020-01-08	2022-04-01	No
Lin Jidian	Tsann Kuen Japan Co., Ltd.	Director	2020-04-01	2022-05-31	No
Lin Jidian	Tsann Kuen Japan Co., Ltd.	Chairman of the Board	2022-06-01		No
Lin Jidian	Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd.	Supervisor	2020-04-01	2022-07-27	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	STARCOMGISTIC SINGAPORE PTE.LTD.	Director	2020-04-21	2022-06-01	No
Lin Jidian	STARCOMGISTIC AUSTRALIA PTY LTD	Director	2020-04-21	2021-06-17	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	Tsann Kuen (Taiwan) Enterprise Co., Ltd.	Supervisor	2020-04-28	2022-12-31	Yes
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
Cai Bingfeng	Xiamen Tsannkuen Property Services Co., Ltd.	Chairman and Managing Director	2020-04-30		No
Cai Bingfeng	Shanghai Canxing Trading Co., Ltd.	Director	2020-05-09	2022-03-17	No
Cai Bingfeng	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Director	2020-05-12		No
Cai Bingfeng	Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd.	Director	2020-05-13	2022-07-27	No
Cai Bingfeng	Tsannkuen Edge Intelligence Co., Ltd.	Chairman of the Board	2021-08-19		No
Ge Xiaoping	BDO-Xiamen Branch	Senior consultant	2019-05-01		Yes
Ge Xiaoping	Fujian Yuanxiang New Materials Co.	Independent Director	2020-11-20		Yes
Liu Luhua	Fujian Tianyi Law Firm	Partner, vice director	1993-06-01		Yes

Name	Other entity	Post	Starting date of tenure	Ending date of tenure	Allowance from other entity
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
Wu Yibing	Accounting Department of School of Management, Xiamen University	Associate professor	2014-08-01		Yes
Wu Yibing	Shanghai Kinlita Chemical Co., Ltd.	Independent director	2019-12-30	2022-04-01	No
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	2019-12-23		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) South Port Electronics Enterprise Co., Ltd.	Director	2019-09-10	2022-07-27	No
Zheng Caiyun	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Director	2020-04-01		No
Zheng Caiyun	Shanghai Canxing Trading Co., Ltd.	Supervisor	2020-04-01	2022-03-17	No
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	Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Director	2019-09-10		No
Remark:					

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	66	Incumbent	229.8	Yes
Lin Jidian	Director	Male	54	Incumbent	3.6	Yes
Wang Youliang	Director	Male	54	Incumbent	3.6	Yes
Cai Bingfeng	Director	Male	38	Incumbent	2.3	No
Ge Xiaoping	Independent director	Female	60	Incumbent	15	No
Liu Luhua	Independent director	Male	53	Incumbent	12	No
Wu Yibing	Independent director	Male	41	Incumbent	12	No
Yang Yongquan	Supervisor Board Chairman	Male	58	Incumbent	2.4	Yes
Ding Hongming	Supervisor	Male	57	Incumbent	53.8	No
Zheng Caiyun	Supervisor	Male	47	Incumbent	27.1	No
Wu Jianhua	Financial Chief	Male	43	Incumbent	26.4	No
Sun Meimei	Board Secretary	Female	49	Incumbent	23.3	No
Total	--	--	--	--	411.3	--

VI. Performance of directors in this reporting period

1. Board meetings convened during this reporting period

Meeting	Convened date	Disclosure date	Resolutions
The First Special Board Meeting in 2022	2022-02-23	2022-02-24	See www.cninfo.com.cn
The First Board Meeting in 2022	2022-03-12	2022-03-15	See www.cninfo.com.cn
The Second Board Meeting in 2022	2022-04-26	2022-04-27	See www.cninfo.com.cn

Meeting	Convened date	Disclosure date	Resolutions
The Third Board Meeting in 2022	2022-08-04	2022-08-05	See www.cninfo.com.cn
The Fourth Board Meeting in 2022	2022-10-28	2022-10-29	See www.cninfo.com.cn
The Fifth Board Meeting in 2022	2022-12-09		

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	6	5	1	0	0	NO	1
Lin Jidian	6	0	6	0	0	NO	1
Wang Youliang	6	0	6	0	0	NO	1
Cai Bingfeng	3	0	3	0	0	NO	0
Ge Xiaoping	6	4	2	0	0	NO	1
Liu Luhua	6	5	1	0	0	NO	1
Wu Yibing	6	5	1	0	0	NO	1

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

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 Listing Rules of the Shenzhen Stock Exchange and other laws, regulations and systems, the directors of the Company diligently and conscientiously performed their duties and obligations, and the relevant suggestions on the daily operation and management of the Company as well as the regular reports were adopted. On the basis of detailed understanding and full communication with relevant personnel, the Company actively expressed its own opinions and suggestions and exercised its powers on various proposals of the Board of Directors, which played a positive role in promoting the formulation of various decisions of the Company. The independent directors gave independent and impartial opinions on the company's renewal of the CPA firm, profit distribution plan, annual daily related party transaction forecast and other matters during the reporting period, and supervised and checked the information disclosure and other information, thus safeguarding the legitimate rights and interests of the company and 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, Wang Youliang, Ge Xiaoping, Liu Luhua, Wu Yibing	1	2022-12-09	Reporting matter: Discussion of the Company's business development strategy and operational planning			
Audit Committee	Ge Xiaoping, Liu Luhua, Wu Yibing	6	2022-02-23	Projected day-to-day connected transactions for the year 2022			
			2022-03-12	1. 2021 Annual Self-Assessment Report on Internal Control 2. Full Annual Report 2021 and Summary Report 3. Annual Financial Statements for the year 2021			

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)
				<p>4. Proposed profit distribution for the year 2021</p> <p>5. Summary report on the audit work of Rongcheng CPAs engagement in the company's audit work for the year 2021</p> <p>6. Proposal to re-appoint the accounting firm</p> <p>7. Proposal on financial derivatives trading by (Zhangzhou) Tsann Kuen, a holding subsidiary</p> <p>8. Proposal on the financial management quota entrusted by (Zhangzhou) Tsann Kuen, a holding subsidiary</p> <p>9. Proposal on the amount of financial management entrusted to (Shanghai) Tsann Kuen, the controlling subsidiary</p>			
			2022-04-26	Company's First Quarter Report 2022			
			2022-08-04	Full text and summary report of the Company's half-yearly report for 2022			
			2022-10-28	Company's third quarterly report for 2022			

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)
			2022-12-09	2023 Annual Audit Plan			
Nomination, Remuneration and Appraisal Committee	Ge Xiaoping, Liu Luhua, Lin Jidian	1	2022-03-12	Proposal for preliminary vetting of director candidates			

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	167
Number of in-service employees of main subsidiaries	2,992
Total number of in-service employees	3,159
Total number of employees with remuneration in this reporting period	3,391
Number of retirees to whom the Company or its main subsidiaries need to pay retirement pension	0
Function	
Category	Number of employees
Production	1,997
Sales	92
Technical	383
Financial	46
Administrative	641
Total	3,159
Educational background	
Category	Number of employees
Doctor	0
Master	8

Bachelor	209
College graduates	294
Below college	2,648
Total	3,159

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

Total man-hours (hour)	33,801
Total remuneration paid (RMB Yuan)	541,316.00

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 Company's profit distribution preplan for 2021 has been reviewed and approved on the third board meeting in 2022 and been reviewed and approved on the shareholders' meeting on 13 May 2022. And the formulation of the profit distribution policies conformed to the Company's Shareholder Return Plan for Next Three Years (2021-2023). The distribution has been completed on 21 June 2022.

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. The Company's profit distribution preplan for 2021 has been reviewed and approved on the third board meeting in 2022 and been reviewed and approved on the shareholders' meeting on 13 May 2022. And the formulation of the profit distribution policies conformed to the Company's Shareholder Return Plan for Next Three Years (2021-2023).
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
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:	Yes

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)	3.00
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)	55,617,504.00
Amount of cash dividend by other methods (like share repurchase) (RMB Yuan)	-
Total cash dividends (including those by other methods) (RMB Yuan)	55,617,504.00
Distributable profit (RMB Yuan)	383,801,160.49
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 2022, the Company intended to distribute a cash dividend of RMB 3 (tax included) for every 10 shares held by its shareholders, and the estimated distributable profits of the Company was RMB55,617,504 with the retained profits of RMB328,183,656.49 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	2023-03-07	
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 lower than great defect which may lead to the enterprise's deviation from controlling target.	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 customers, or need be report. Important defect:

	<p>Common defect:</p> <p>Refer to any financial-report related internal control defect that does not constitute serious defect or important defect.</p>	<p>Safety-lead to a employ or citizen disability or fatality</p> <p>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:</p> <p>Has occurred or is about to cause harm to the health of workers or citizens</p> <p>Company reputation-negative news spread around certain region damaging the Company's reputation to some extent</p>
Quantitative standard	<p>Serious defect:</p> <p>>5% of total profits of consolidated statements in recent period</p> <p>>1% of total assets of consolidated statements in recent period</p> <p>>2% of total operation revenue of consolidated statements in recent period</p> <p>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:</p> <p>Within 3%~5% of total profits of consolidated statements in recent period</p> <p>Within 0.5%~1% of total assets of consolidated statements in recent period</p> <p>Within 1%~2% of total operation revenue of consolidated statements in recent period</p> <p>Common defect:</p> <p><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</p> <p>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. 2022.	
Auditor's report on internal control disclosed or not	Disclosed
Disclosure date	2023-03-07
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	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

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
			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 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.			HKD2.40) for shareholding increase since the date of trading resumption, FILLMAN Investment Limited hasn't implemented 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 March 2022, the Company cancelled its subsidiary Shanghai Canxing Trading Co. Ltd., which was no longer included in the scope of consolidated statements from the date of cancellation.

In July 2022, the Company cancelled its subsidiary Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd., which was no longer included in the scope of consolidated statements from the date of cancellation.

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	3 years
Names of the certified public accountants from the domestic CPAs firm	Wu Xiaolei, Guo Chunlin, Li Chunyuan
Consecutive years of the audit service provided by the certified public accountants from the domestic CPAs firm	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 amount 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	2,550.16	2.57	4,300.00	NO	Settlement according to the contract signed by both parties	None	2022-3-15	http://www.cninfo.com.cn
STAR COMGISTIC CAPITAL CO., LTD.	Ultimate holding company	Sale of goods	Sale of parts and finished products			871.76	0.58	850.00	NO				
Thermaster Electronic (Xiamen) Ltd.	Companies controlled by the actual controller and his close family members	Sale of goods	Sale of parts and finished products			2.91	0.00	0.00	YES				
Total						3,424.83		5,150.00					
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	2021/8/3	3,750.00	2022/9/26-2022/12/22	390.50	Pledged	1 year	NO	NO
PT.STAR COMGISTIC INDONESIA	2022/8/4	2,611.73	None	0.00	Pledged	1 year	NO	NO
Total guarantee line for subsidiaries approved during this Reporting Period (C1)				2,611.73	Total actual guarantee amount for subsidiaries during this Reporting Period (C2)		1,280.80	
Total approved guarantee line for subsidiaries at the end of this Reporting Period (C3)				6,361.73	Total actual guarantee balance for subsidiaries at the end of this Reporting Period (C4)		115.01	
Total guarantee amount (total of the above-mentioned three kinds of guarantees)								
Total guarantee line approved during this Reporting				2,611.73	Total actual guarantee amount during		1,280.80	

Period (C1)		this Reporting Period (C2)	
Total approved guarantee line at the end of this Reporting Period (C3)	6,361.73	Total actual guarantee balance at the end of this Reporting Period (C4)	115.01
Proportion of the total actual guarantee amount (A4+B4+C4) in net assets of the Company			0.11%
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	66,500	56,500	0	0
Total		66,500	56,500	0	0

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
BEA (Xiamen)	Bank	Break-even floating proceeds	5,000	Self-owned fund	2021/12/30	2022/6/30	Structural deposit	Payment of interest and principal at maturity	3.50%	88.47	88.47	Recovered upon maturity	N/A	Yes	Subject to the future market yield and fund condition	http://www.cninfo.com.cn
Xiamen International Bank			6,000		2021/8/19	2022/8/19			3.50%	212.92	212.92					
Xiamen International Bank			5,500		2021/8/24	2022/8/24			3.50%	195.17	195.17					
Xiamen International Bank			5,000		2021/9/8	2022/9/8			3.50%	177.43	177.43					
Xiamen International Bank			5,000		2021/9/9	2022/9/9			3.50%	177.43	177.43					
Xiamen International Bank			5,000		2021/11/23	2022/11/23			3.50%	177.43	177.43					
BEA (Xiamen)			5,000		2021/12/9	2022/12/9			3.48%	176.42	176.42					
BEA (Xiamen)			5,000		2021/12/16	2022/12/16			3.48%	176.42	176.42					
Xiamen International Bank			5,000		2022/1/6	2022/12/20			3.50%	169.17	169.17					
Xiamen Bank(Zhangzhou)			5,000		2022/1/14	2021/9/3			3.50%	168.68	168.68					
Xiamen Bank(Zhangzhou)			5,000		2022/3/10	2023/3/10			3.50%	177.43	72.19					

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 International Bank			5,000		2022/4/1	2023/4/1			3.50%	177.43	72.57					
Xiamen International Bank			5,000		2022/5/6	2023/5/5			3.50%	176.94	63.33					
Xiamen International Bank			6,000		2022/8/24	2023/8/24			3.50%	212.92	41.17					
Xiamen International Bank			5,500		2022/8/31	2023/8/31			3.50%	195.17	35.7					
Xiamen International Bank			5,000		2022/9/15	2023/9/15			3.50%	177.43	28.5					
Xiamen International Bank			5,000		2022/11/17	2023/11/17			3.40%	172.36	11.88					
Xiamen Bank(Zhangzhou)			5,000		2022/12/14	2023/12/14			3.45%	174.9	4.38					
Xiamen Bank(Zhangzhou)			5,000		2022/12/21	2023/12/21			3.45%	174.9	2.67					
Xiamen International Bank			5,000		2022/12/23	2023/12/23			3.40%	172.36	2.38					
Xiamen Bank(Zhangzhou)			5,000		2022/12/29	2023/12/29			3.45%	174.9	0.73					
Total			108,000							3,706.28	2,055.04					

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

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%

	Before		Increase/decrease (+/-)					After	
	Number	Percentage (%)	New issues	Bonus shares	Increase from capital reserve	Other	Subtotal	Number	Percentage (%)
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	14,262	Total number of common shareholders at the prior month-end before the disclosure of this Report	14,204	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		0	
EUPA INDUSTRY CORPORATION LIMITED	Foreign corporation	13.09%	24,268,840.00	Unchanged	0	24,268,840.00		0	
GUOTAI JUNAN SECURITIES(HONG KONG) LIMITED	Foreign corporation	4.91%	9,101,882.00	-7,300	0	9,101,882.00		0	
FILLMAN INVESTMENTS LIMITED	Foreign corporation	2.49%	4,621,596.00	Unchanged	0	4,621,596.00		0	
CHEN YONGQUAN	Domestic individual	1.04%	1,929,476.00	28,700	0	1,929,476.00		0	
SHENWAN HONGYUAN SECURITIES (HK) LIMITED	Foreign corporation	0.95%	1,752,135.00	-456,379	0	1,752,135.00		0	
CHEN YONGQING	Foreign individual	0.87%	1,608,078.00	Unchanged	0	1,608,078.00		0	
CHEN LIJUAN	Foreign individual	0.81%	1,503,668.00	Unchanged	0	1,503,668.00		0	
YANG WENLIANG	Domestic individual	0.74%	1,377,066.00	1,293,666	0	1,377,066.00		0	
DING XIAOLUN	Domestic individual	0.61%	1,130,000.00	Unchanged	0	1,130,000.00		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 share	53,940,530.00
EUPA INDUSTRY CORPORATION LIMITED	24,268,840.00	Domestically listed share	24,268,840.00
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	9,101,882.00	Domestically listed share	9,101,882.00
FILLMAN INVESTMENTS LIMITED	4,621,596.00	Domestically listed share	4,621,596.00
CHEN YONGQUAN	1,929,476.00	Domestically listed share	1,929,476.00
SHENWAN HONGYUAN SECURITIES (HK) LIMITED	1,752,135.00	Domestically listed share	1,752,135.00
CHEN YONGQING	1,608,078.00	Domestically listed share	1,608,078.00
CHEN LIJUAN	1,503,668.00	Domestically listed share	1,503,668.00
YANG WENLIANG	1,377,066.00	Domestically listed share	1,377,066.00
DING XIAOLUN	1,130,000.00	Domestically listed 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	14676920-000-01-22-5	Investment
EUPA Industry Corporation Limited	Cai Shuhui	1989-07-21	12959659-000-07-22-0	Investment
Fillman Investments Limited	Cai Shuhui	1992-07-21	16269694-000-07-22-4	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

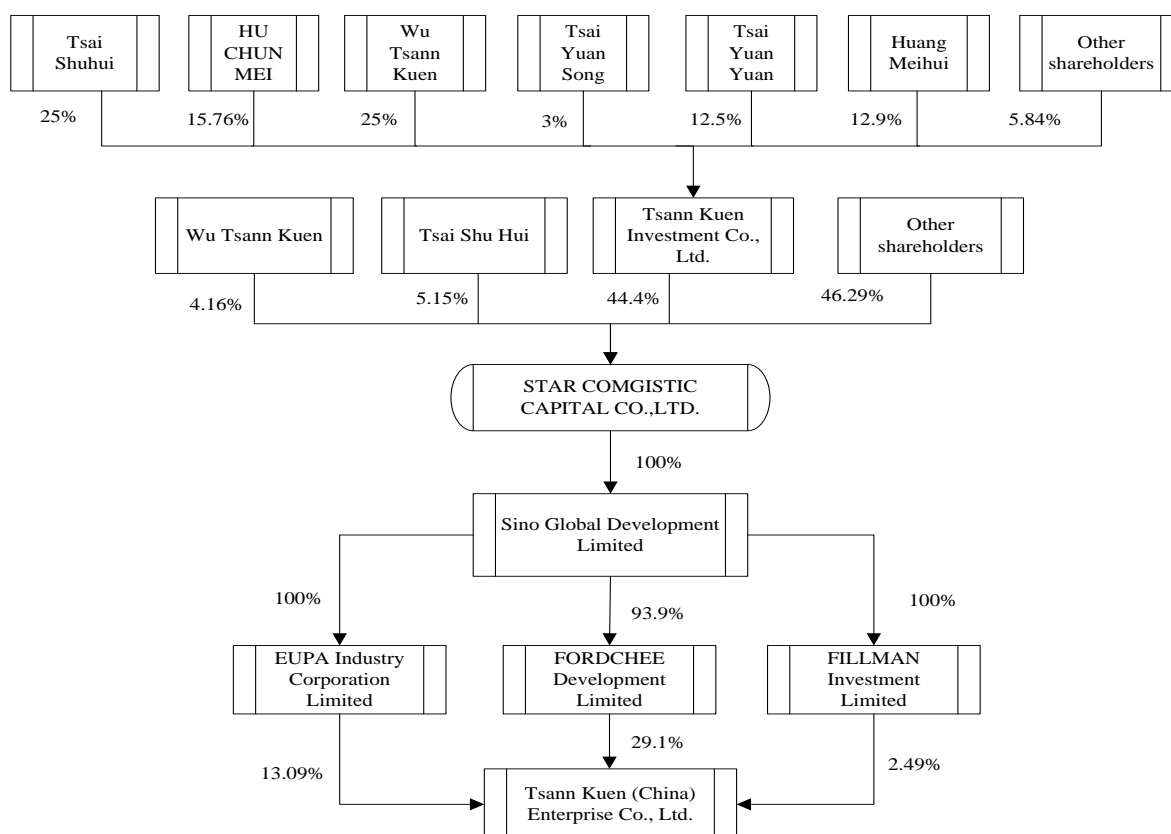
Type of actual controller: individual

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	2023-03-04
Name of audit institution	RSM China CPA LLP
No. of audit report	RSM Shen Zi [2023] NO. 518Z0159
Name of CPA	Wu Xiaolei, Guo Chunlin, Li Chunyuan

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.

04 March 2023

Auditor's Report

Tsann Kuen (China) Enterprise Co., Ltd.

RSM Shen Zi [2023] NO.518Z0159

**RSM CHINA CPA LLP
CHINA·BEIJING**

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Auditor's Report

RSM Shen Zi [2023] NO.518Z0159

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 2022, 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 2022, 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 3.11 “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 2022, the closing balance of inventories in the Company’s consolidated statement is CNY 202,626,203.03, and impairment allowance of inventories is CNY 22,560,774.54. 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 inventory 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 3.24 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 2022 amounted to CNY 1,584,267,529.08, decreasing of 32.51% 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, 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 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 2022, 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 Shen Zi [2023] NO.518Z0159 of the Company.)

RSM China CPA LLP

CICPA: _____

WU, Xiaolei (Partner)

CICPA: _____

GUO, Chunlin

China·Beijing

CICPA: _____

LI, Chunyuan

04 March 2023

Consolidated Statement of Financial Position
as at 31 December 2022

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

Unit: Yuan Currency: CNY

Item	Note	2022/12/31	2021/12/31	Item	Note	2022/12/31	2021/12/31
Current assets:				Current liabilities:			
Cash and cash equivalents	5.1	576,867,829.77	779,404,127.58	Short-term borrowings			
Held-for-trading financial assets	5.2	569,493,788.89	420,721,027.78	Held-for-trading financial liabilities			
Derivative financial assets				Derivative financial liabilities			
Notes receivable				Notes payable	5.18	2,630,056.46	7,709,123.54
Accounts receivable	5.3	95,950,882.88	258,128,493.77	Accounts payable	5.19	398,955,150.23	637,575,276.70
Accounts receivable financing				Advances from customers	5.20	7,880,418.84	6,771,786.99
Advances to suppliers	5.4	4,050,633.59	3,862,095.12	Contract liabilities	5.21	21,522,608.04	24,030,988.10
Other receivables	5.5	15,425,312.61	18,463,787.27	Employee benefits payable	5.22	41,947,199.38	45,462,900.33
Including: Interests receivable				Taxes payable	5.23	39,426,557.19	46,692,538.61
Dividend receivable				Other payables	5.24	36,311,863.30	47,498,375.30
Inventories	5.6	180,065,428.49	252,434,003.44	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	5.7		21,845,333.33	Non-current liabilities maturing within one year	5.25	9,494,026.90	10,147,932.67
Other current assets	5.8	428,851,919.37	266,300,137.82	Other current liabilities			
Total current assets		1,870,705,795.60	2,021,159,006.11	Total current liabilities		558,167,880.34	825,888,922.24
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				Perpetual capital securities			
Other equity instrument investment	5.9	40,000.00	40,000.00	Lease liabilities	5.26	534,850,528.45	542,514,317.35
Other non-current financial assets				Long-term payables			

Item	Note	2022/12/31	2021/12/31	Item	Note	2022/12/31	2021/12/31
Investment properties	5.10	19,148,198.30	20,380,947.36	Long-term employee benefits payable	5.27		350,926.82
Fixed assets	5.11	147,946,111.81	151,647,083.48	Estimated liabilities	5.28	480,930.00	
Construction in progress	5.12	2,656,954.05	1,102,833.08	Deferred income			
Productive biological assets				Deferred tax liabilities	5.16	24,232,846.42	21,946,814.30
Oil and gas assets				Other non-current liabilities			
Right-of-use assets	5.13	525,637,136.84	543,070,792.39	Total non-current liabilities		559,564,304.87	564,812,058.47
Intangible assets	5.14	17,968,888.40	24,281,537.26	Total liabilities		1,117,732,185.21	1,390,700,980.71
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	8,946,053.72	9,914,564.44	Other equity instruments			
Deferred tax assets	5.16	13,678,256.72	12,701,830.53	Including: Preference shares			
Other non-current assets	5.17	813,512.56	1,603,759.82	Perpetual capital securities			
Total non-current assets		736,835,112.40	764,743,348.36	Capital reserves	5.30	296,808,965.79	296,808,965.79
				Less: Treasury stock			
				Other comprehensive income	5.31	8,130,895.08	-321,533.48
				Specific reserves			
				Surplus reserves	5.32	68,925,849.64	61,371,246.13
				Retained earnings	5.33	481,265,907.40	413,076,375.98
				Total owner's equity attributable to parent company		1,040,523,297.91	956,326,734.42
				Non-controlling interests		449,285,424.88	438,874,639.34
				Total owners' equity		1,489,808,722.79	1,395,201,373.76
Total assets		2,607,540,908.00	2,785,902,354.47	Total liabilities and owners' equity		2,607,540,908.00	2,785,902,354.47

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 2022

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

Unit: Yuan

Currency: CNY

Item	Note	2022	2021
I. Revenue	5.34	1,584,267,529.08	2,347,280,300.56
Including: operating revenue		1,584,267,529.08	2,347,280,300.56
II. Cost of sales		1,471,182,914.16	2,215,147,036.43
Including: operating cost	5.34	1,306,015,031.40	2,015,430,296.43
Taxes and surcharges	5.35	8,207,085.30	10,080,351.89
Selling and distribution expenses	5.36	22,718,269.59	21,045,003.77
General and administrative expenses	5.37	71,930,327.01	73,921,676.82
Research and development expenses	5.38	61,922,089.98	64,037,360.74
Finance costs	5.39	390,110.88	30,632,346.78
Including: Interest expense		28,205,548.36	26,060,552.41
Interest income		6,913,345.47	9,890,980.23
Add: Other income	5.40	7,999,361.25	4,786,030.51
Investment income/(losses)	5.41	25,925,914.30	63,493,757.14
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	-1,227,238.89	-15,100,872.22
Impairment loss of credit	5.43	1,883,894.53	1,295,024.60
Impairment loss of asset	5.44	-12,371,666.30	-9,275,519.35
Gains/(losses) from disposal of assets	5.45	742,730.95	2,101,750.59
III. Profit/(loss) from operations		136,037,610.76	179,433,435.40
Add: Non-operating income	5.46	3,161,103.92	5,236,403.37
Less: Non-operating expenses	5.47	104,951.52	359,939.97
IV. Profit/(loss) before tax		139,093,763.16	184,309,898.80
Less: Income tax expenses	5.48	13,445,056.84	20,883,176.71
V. Net profit/(loss) for the year		125,648,706.32	163,426,722.09
(I) Net profit/(loss) by continuity			
1. Net profit/(loss) from continuing operation		125,648,706.32	163,426,722.09
2. Net profit/(loss) from discontinued operation			
(II) Net profit/(loss) by ownership attribution			
1. Attributable to owners of the parent		94,283,302.93	122,249,955.82
2. Attributable to non-controlling interests		31,365,403.39	41,176,766.27
VI. Other comprehensive income for the year, after tax	5.49	11,269,904.75	-2,859,462.01
(I) Attributable to owners of the parent		8,452,428.56	-2,144,596.51
1. Items that will not be reclassified subsequently to profit or loss			9,453.29
(1) Remeasurement of the net defined benefit liability (as set)			9,453.29
(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		8,452,428.56	-2,154,049.80
(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		8,452,428.56	-2,154,049.80
(II) Attributable to non-controlling interests		2,817,476.19	-714,865.50
VII. Total comprehensive income for the year		136,918,611.07	160,567,260.08
(I) Attributable to owners of the parent		102,735,731.49	120,105,359.31
(II) Attributable to non-controlling interests		34,182,879.58	40,461,900.77
VIII. Earnings per share			
(I) Basic earnings per share		0.51	0.66
(II) Diluted earnings per share		0.51	0.66

Legal Representative: Cai Yuansong

Chief Financial Officer: Wu Jianhua

Finance Manager: Wu Jianhua

Consolidated Statement of Cash Flows
for the year ended 31 December 2022

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

Unit: Yuan

Currency: CNY

Item	Note	2022	2021
I. Cash flows from operating activities			
Cash received from the sale of goods and the rendering of services		1,713,576,512.45	2,467,884,094.36
Cash received from tax refund		105,536,334.92	176,598,405.86
Other cash received relating to operating activities	5.50	90,269,998.24	66,077,494.67
Subtotal of cash inflows from operating activities		1,909,382,845.61	2,710,559,994.89
Cash payments for goods purchased and services received		1,380,854,782.39	2,161,935,854.62
Cash payments to and on behalf of employees		266,640,531.04	310,074,818.82
Payments of taxes		32,523,572.64	35,006,772.54
Other cash payments relating to operating activities	5.50	64,588,350.28	55,016,977.03
Subtotal of cash outflows from operating activities		1,744,607,236.35	2,562,034,423.01
Net cash flows from operating activities		164,775,609.26	148,525,571.88
II. Cash flows from investing activities			
Cash received from disposal and redemption of investments		686,493,233.63	1,095,335,804.49
Cash received from returns on investments		11,416,282.71	26,751,128.55
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		3,601,213.12	3,990,381.19
Net cash received from disposals of subsidiaries and other business units		-	-
Other cash received relating to investing activities	5.50	483,165,710.00	8,177,394.14
Subtotal of cash inflows from investing activities		1,184,676,439.46	1,134,254,708.37
Cash payments to acquire fixed, intangible and other long-term assets		40,233,962.61	50,372,910.09
Cash payments to acquire investments		808,277,718.70	782,906,043.05
Net cash payments to acquire subsidiaries and other business units		-	-
Other cash payments relating to investing activities	5.50	624,630,729.27	262,620,000.00
Subtotal of cash outflows from investing activities		1,473,142,410.58	1,095,898,953.14
Net cash flows from investing activities		-288,465,971.12	38,355,755.23
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		212,415,836.00	108,345,140.00
Other cash received relating to financing activities	5.50	10,734,861.05	52,022,663.06
Subtotal of cash inflows from financing activities		223,150,697.05	160,367,803.06
Cash repayments of debts		212,415,836.00	124,463,640.00
Cash payments for dividends, distribution of profit and interest expenses		44,984,605.45	66,781,457.47
Including: Dividends, distribution of profit paid by subsidiaries to minority shareholders		23,155,114.88	38,273,165.53
Other cash payments relating to financing activities	5.50	43,904,510.71	56,064,010.42
Subtotal of cash outflows from financing activities		301,304,952.16	247,309,107.89
Net cash flows from financing activities		-78,154,255.11	-86,941,304.83
IV. Effect of foreign exchange rate changes on cash and cash equivalents		6,505,097.21	-1,890,055.38
V. Net increase/(decrease) in cash and cash equivalents		-195,339,519.76	98,049,966.90
Plus: Cash and cash equivalents at the beginning of the period		770,851,173.58	672,801,206.68
VI. Cash and cash equivalents at the end of the period		575,511,653.82	770,851,173.58

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 2022

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

Unit: Yuan Currency: CNY

Item	2022												
	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 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

Item	2022												
	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										
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	
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

Consolidated Statement of Changes in Owners' Equity
for the year ended 31 December 2022

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

Unit: Yuan Currency: CNY

Item	2021												
	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 2020	185,391,680.00				296,808,965.79		1,823,063.03		49,087,662.68	330,918,755.61	864,030,127.11	436,685,904.10	1,300,716,031.21
Add: Changes in accounting policy											-		-
Correction of prior period errors											-		-
Business combination under common control											-		-
Others											-		-
II. Balance at 1 January 2021	185,391,680.00	-	-	-	296,808,965.79	-	1,823,063.03	-	49,087,662.68	330,918,755.61	864,030,127.11	436,685,904.10	1,300,716,031.21
III. Changes in equity during the reporting period	-	-	-	-	-	-	-2,144,596.51	-	12,283,583.45	82,157,620.37	92,296,607.31	2,188,735.24	94,485,342.55
(I) Total comprehensive income							-2,144,596.51			122,249,955.82	120,105,359.31	40,461,900.77	160,567,260.08
(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	-	-	-	-	-	-	-	-	12,283,583.45	-40,092,335.45	-27,808,752.00	-38,273,165.53	-66,081,917.53

Item	2021												
	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									
1.Withdrawal of surplus reserves								12,283,583.45	-12,283,583.45	-			-
2.Profit distribution to owners (or shareholders)									-27,808,752.00	-27,808,752.00	-38,273,165.53		-66,081,917.53
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 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

Legal Representative: Cai Yuansong

Chief Financial Officer: Wu Jianhua

Finance Manager: Wu Jianhua

Statement of Financial Position of Parent Company
as at 31 December 2022

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

Unit: Yuan Currency: CNY

Assets	Note	2022/12/31	2021/12/31	Liabilities and owners' equity	Note	2022/12/31	2021/12/31
Current assets:				Current liabilities:			
Cash and cash equivalents		7,931,576.16	6,601,322.99	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	333,503.79	797,988.71	Accounts payable		3,968,243.67	2,015,215.89
Accounts receivable financing				Advances from customers		2,041,705.86	1,106,121.34
Advances to suppliers		51,777.23	22,478.60	Contract liabilities		149,436.26	242,002.25
Other receivables	13.2	3,268,524.27	3,982,081.71	Employee benefits payable		6,777,516.33	6,411,378.97
Including: Interests receivable				Taxes payable		4,438,418.71	1,795,825.37
Dividend receivable				Other payables		36,906,239.73	99,269,544.28
Inventories		2,698,240.54	799,320.40	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	268,533.41
Other current assets				Other current liabilities			
Total current assets		14,283,621.99	12,203,192.41	Total current liabilities		54,562,580.75	111,108,621.51
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			
Other equity instrument investment		40,000.00	40,000.00	Lease liabilities			281,020.17

Assets	Note	2022/12/31	2021/12/31	Liabilities and owners' equity	Note	2022/12/31	2021/12/31
Other non-current financial assets				Long-term payables			
Investment properties		21,468,328.32	23,190,348.63	Long-term employee benefits payable			
Fixed assets		250,663.84	309,133.46	Estimated liabilities			
Construction in progress		244,253.46	253,211.02	Deferred income			
Productive biological assets				Deferred tax liabilities			
Oil and gas assets				Other non-current liabilities			
Right-of-use assets		268,718.44	537,436.72	Total non-current liabilities			281,020.17
Intangible assets				Total liabilities		54,562,580.75	111,389,641.68
Research and development expenditure				Owners' equity:			
Goodwill				Share capital		185,391,680.00	185,391,680.00
Long-term deferred expenses		1,638,462.29	1,190,863.62	Other equity instruments			
Deferred tax assets		2,562,810.80	2,852,867.10	Including: Preference shares			
Other non-current assets		-	-	Perpetual capital securities			
Total non-current assets		949,887,938.71	951,788,562.11	Capital reserves		271,490,289.82	271,490,289.82
				Less: Treasury stock			
				Other comprehensive income			
				Specific reserves			
				Surplus reserves		68,925,849.64	61,371,246.13
				Retained earnings		383,801,160.49	334,348,896.89
				Total owners' equity		909,608,979.95	852,602,112.84
Total assets		964,171,560.70	963,991,754.52	Total liabilities and owners' equity		964,171,560.70	963,991,754.52

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 2022

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

Unit: Yuan

Currency: CNY

Item	Note	2022	2021
I. Revenue	15.4	52,534,730.04	52,917,749.30
Less: Costs of sales	15.4	34,941,862.54	37,678,865.36
Taxes and surcharges		2,740,675.82	2,430,150.76
Selling and distribution expenses		4,030,945.26	2,074,987.95
Administrative expenses		3,681,000.24	3,181,940.73
Research and development expenses			
Finance costs		-239,961.39	-199,996.12
Including: Interest expense		19,466.61	31,398.58
Interest income		154,778.14	185,192.21
Add: Other income		189,026.77	212,981.13
Investment income/(losses)	15.5	69,465,344.64	114,819,496.58
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		-16,586.10	-82,768.03
Impairment loss of asset		-670,777.78	-193,305.88
Gains/(losses) from disposal of assets			
II. Profit/(loss) from operations		76,347,215.10	122,508,204.42
Add: Non-operating income		1,226,044.22	1,462,072.76
Less: Non-operating expenses		327.38	26,229.85
III. Profit/(loss) before tax		77,572,931.94	123,944,047.33
Less: Income tax expenses		2,026,896.83	1,108,212.87
IV. Net profit/(loss) for the year		75,546,035.11	122,835,834.46
(I) Net profit/(loss) from continuing operation		75,546,035.11	122,835,834.46
(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		75,546,035.11	122,835,834.46
VII. Earnings per share			
(I) Basic earnings per share			
(II) Diluted earnings per share			

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 2022

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

Unit: Yuan

Currency: CNY

Item	Note	2022	2021
I. Cash flows from operating activities			
Cash received from the sale of goods and the rendering of services		10,206,274.70	11,899,388.22
Cash received from tax refund		266,068.83	
Other cash received relating to operating activities		49,697,929.40	48,546,537.34
Subtotal of cash inflows from operating activities		60,170,272.93	60,445,925.56
Cash payments for goods purchased and services received		3,883,818.95	34,852,194.59
Cash payments to and on behalf of employees		3,234,395.24	4,025,294.45
Payments of taxes		4,861,046.77	5,051,486.33
Other cash payments relating to operating activities		96,494,540.50	103,317,339.66
Subtotal of cash outflows from operating activities		108,473,801.46	147,246,315.03
Net cash flows from operating activities		-48,303,528.53	-86,800,389.47
II. Cash flows from investing activities			
Cash received from disposal and redemption of investments			
Cash received from returns on investments		69,465,344.64	114,819,496.58
Net cash received from disposals of fixed assets, intangible assets and other long-term assets			
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		69,465,344.64	114,819,496.58
Cash payments to acquire fixed, intangible and other long-term assets		1,004,394.94	1,088,037.05
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		1,004,394.94	1,088,037.05
Net cash flows from investing activities		68,460,949.70	113,731,459.53
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		18,539,168.00	27,808,752.00
Other cash payments relating to financing activities		288,000.00	288,000.00
Subtotal of cash outflows from financing activities		18,827,168.00	28,096,752.00
Net cash flows from financing activities		-18,827,168.00	-28,096,752.00
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase/ (decrease) in cash and cash equivalents			
Plus: Cash and cash equivalents at the beginning of the period		1,330,253.17	-1,165,681.94
		6,601,322.99	7,767,004.93
VI. Cash and cash equivalents at the end of the period			
		7,931,576.16	6,601,322.99

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 2022

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	-	-	-	-	-	-	-	-	-	-	-

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							
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

Statement of Changes in Owners' Equity of Parent Company
for the year ended 31 December 2022

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

Unit: Yuan Currency: CNY

Item	2021										
	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 2020	185,391,680.00				271,490,289.82				49,087,662.68	251,605,397.88	757,575,030.38
Add: Changes in accounting policy											-
Correction of prior period errors											-
Others											-
II. Balance at 1 January 2021	185,391,680.00	-	-	-	271,490,289.82	-	-	-	49,087,662.68	251,605,397.88	757,575,030.38
III. Changes in equity during the reporting period	-	-	-	-	-	-	-	-	12,283,583.45	82,743,499.01	95,027,082.46
(I) Total comprehensive income							-			122,835,834.46	122,835,834.46
(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	-	-	-	-	-	-	-	-	12,283,583.45	-40,092,335.45	-27,808,752.00
1. Withdrawal of surplus reserves									12,283,583.45	-12,283,583.45	-
2. Profit distribution to owners (or shareholders)										-27,808,752.00	-27,808,752.00
3. Others											-

Item	2021										
	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							
(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 2021	185,391,680.00	-	-	-	271,490,289.82	-	-	-	61,371,246.13	334,348,896.89	852,602,112.84

Legal Representative: Cai Yuansong

Chief Financial Officer: Wu Jianhua

Finance Manager: Wu Jianhua

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

For the Year Ended 31 December 2022

(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 2022, 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 2022, 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 was involved in the following operating activities: developing, manufacturing household appliances, electronics, light industrial products, modern office supplies. Design and manufacture of molds associated with these products in domestic and international sales of the company's products and after-sales service. Wholesale and retail household appliances, electronic products, electrical equipment, office supplies, kitchen utensils, pre-packaged food (limited to branches), import and export related business and provide after-sales service (the above description do not involve state trading commodity goods, involving quota license management products are according to the relevant provisions of the State for the regulations application).

The financial statements approved by the resolution of the Board of Directors on 04 March 2023, in accordance with the Articles of Association, the financial statements will be submitted to the shareholders meeting for consideration.

1.2 Scope and changes of consolidated financial statements

(1) Subsidiaries included in the scope of consolidation at the end of the reporting period

10 subsidiaries were included in the scope of consolidation as of December 31 2022, please see Note 7 INTEREST IN OTHER ENTITIES for details.

(2) Changes in the scope of the consolidated financial statements during the reporting period

Reduction of subsidiaries during the reporting period:

No.	Full name of the subsidiary	Abbreviation of the subsidiary	Reporting period	Reasons
1	Shanghai Canxing Trading Co., Ltd.	Shanghai Canxing	2022	Logout
2	Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd.	Nangang Electric	2022	Logout

See Note 6 Changes in the scope of consolidation for details of the reduction of subsidiaries during the reporting period.

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 (2014 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 2021, 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 twelve months.

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 Accounting Treatment of Business Combinations under and not under Common Control

3.5.1 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 3.6.(f).

3.5.2 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:

3.5.2.1 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;

3.5.2.2 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 3.6.(f).

3.5.3 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.

3.6 Method of Preparing the Consolidated Financial Statements

3.6.1 Scope of consolidation

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.

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. 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.

3.6.2 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:

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

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

3.6.2.3 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.

3.6.3 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.

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

3.6.3.2 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.

3.6.3.3 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.

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

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

3.6.4.1 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.

3.6.4.2 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.

3.6.5 Special consideration in consolidation elimination

3.6.5.1 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.

3.6.5.2 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.

3.6.5.3 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.

3.6.5.4 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.

3.6.5.5 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.

3.6.6 Accounting for Special Transactions

3.6.6.1 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.

3.6.6.2 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.

3.6.6.3 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.

3.6.6.4 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.

3.6.6.5 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.

3.7 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.

3.8 Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

3.8.1 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).

3.8.2 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.

3.8.3 Translation 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:

3.8.3.1 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.

3.8.3.2 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.

3.8.3.3 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.

3.8.3.4 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.

3.9 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.

3.9.1 Recognition and derecognition of financial instrument

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:

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

3.9.1.2 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.

3.9.2 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:

3.9.2.1 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.

3.9.2.2 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.

3.9.2.3 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.

3.9.3 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:

3.9.3.1 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.

3.9.3.2 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.

3.9.3.3 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:

3.9.3.3.1 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.

3.9.3.3.2 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).

3.9.4 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.

3.9.5 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.

(i) 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.

3.9.5.1.1 Receivables/Contract assets

For the notes receivable, accounts receivable, other receivables, accounts receivable financing, contract assets 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 recognise 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, contract assets, 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, contract assets, 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	According to the credit risk of the acceptor, it should be the same as the

Item	Basis for determining the groups
bill	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)

3.9.5.1.2 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.

3.9.5.2 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.

3.9.5.3 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.

3.9.5.4 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.

3.9.5.5 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.

3.9.5.6 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.

3.9.6 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.

3.9.6.1 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*).

3.9.6.2 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

3.9.6.3 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.

3.9.7 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.

3.9.8 Determination of fair value of financial instruments

Determination of financial assets and financial liabilities please refer to Note 3.10

3.10 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.

3.10.1 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.

3.10.2 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.

3.11 Inventories

3.11.1 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 in the rendering of services, including raw materials, work in progress, semi-finished goods, finished goods, goods in stock, turnover material, etc.

3.11.2 Measurement method of cost of inventories sold or used

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

3.11.3 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.

3.11.4 Impairment allowance of inventory

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.

3.11.4.1 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.

3.11.4.2 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.

3.11.4.3 Provisions for inventory impairment are generally determined on an individual basis. For inventories with large quantity and low unit price, the provisions for inventory impairment are determined on a category basis.

3.11.4.4 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.

3.11.5 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

3.12 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 3.9.

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.

3.13 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:

3.13.1 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;

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

3.13.3 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:

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

3.13.3.2 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).

3.14 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.

3.14.1 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.

3.14.2 Determination of initial investment cost

3.14.2.1 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.

3.14.2.2 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.

3.14.3 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.

3.14.3.1 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.

3.14.3.2 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.

3.14.4 Impairment testing and provision for impairment loss

For investment in subsidiaries, associates or a joint ventures, provision for impairment loss please refer to Note 3.20.

3.15 Investment Properties

3.15.1 Classification of investment properties

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

3.15.1.1 Land use right leased out

3.15.1.2 Land held for transfer upon appreciation

3.15.1.3 Buildings leased out

3.15.2 The measurement model of investment property

The Company adopts the cost model for subsequent measurement of investment properties. Refer to Note 3.20 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.

3.16 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.

3.16.1 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:

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

3.16.1.2 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.

3.16.2 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, molde, 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.

3.17 Construction in Progress

3.17.1 Classification of construction in progress

Construction in progress is measured on an individual project basis.

3.17.2 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.

3.18 Borrowing Costs

3.18.1 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:

3.18.1.1 Expenditures for the asset are being incurred;

3.18.1.2 Borrowing costs are being incurred, and;

3.18.1.3 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.

3.18.2 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.

3.19 Intangible Assets

3.19.1 Measurement method of intangible assets

Intangible assets are recognised at actual cost at acquisition.

3.19.2 The useful life and amortisation of intangible assets

3.19.2.1 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 life
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.

3.19.2.2 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.

3.19.2.3 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.

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

3.19.3.1 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.

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

3.19.4 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:

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

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

3.19.4.3 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;

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

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

3.20 Impairment of Long-Term Assets

Impairment loss of long-term equity investment in subsidiaries, 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.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to relevant group of assets based on reasonable method; if it is difficult to allocate to relevant group of assets, good will shall be allocated to relevant combination of asset groups. The relevant group of assets or combination of asset groups is a group of assets or combination of asset groups that is benefit from the synergies of the business combination and is not larger than the reporting segment determined by the Company.

When test for impairment, if there is an indication that relevant group of assets or combination of asset groups may be impaired, impairment testing for group of assets or combination of asset groups excluding goodwill shall be conducted first, and the recoverable amount shall be then calculated and the impairment loss shall be recognised accordingly. Then the group of assets or combination of asset groups including goodwill shall be tested for impairment, by comparing the carrying amount with its recoverable amount. If the recoverable amount is less than the carrying amount, the Company shall recognise the impairment loss.

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

3.21 Long-term Deferred Expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortised over current and subsequent periods with the amortisation period exceeding one year. Long-term deferred expenses are amortized on a straight-line basis during the expected benefit period.

3.22 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”.

3.22.1 Short-term employee benefits

3.22.1.1 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.

3.22.1.2 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 benefits.

3.22.1.3 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.

3.22.1.4 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.

3.22.1.5 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.

3.22.2 Post-employment benefits

3.22.2.1 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.

3.22.2.2 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.

3.22.3 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:

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

3.22.3.2 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.

3.22.4 Other long-term employee benefits

3.22.4.1 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.

3.22.4.2 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.

3.23 Estimated Liabilities

3.23.1 Recognition criteria of estimated liabilities

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

3.23.1.1 That obligation is a current obligation of the Company;

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

3.23.1.3 The amount of the obligation can be measured reliably.

3.23.2 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.

3.24 Revenue recognition principle and measurement

3.24.1 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:

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

3.24.1.2 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;

3.24.1.3 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.

3.24.2 Specific methods

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

3.24.1 Commodity sales contract

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.

3.24.2 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.

3.24.3 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.

3.25 Government Grants

3.25.1 Recognition of government grants

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

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

3.25.1.2 The grants will be received.

3.25.2 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.

3.25.3 Accounting for government grants

3.25.3.1 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.

3.25.3.2 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.

3.25.3.13 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.

3.26 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.

3.26.1 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.

3.26.2 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.

3.26.2.1 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)

3.26.2.2 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.

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

3.26.3.1 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).

3.26.3.2 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.

3.26.3.3 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.

3.26.3.4 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.

3.26.3.5 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.

3.27 Leases

3.27.1 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.

3.27.2 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.

3.27.3 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.

3.27.3.1 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 3.23. 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	-	-

3.27.3.2 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.

3.27.4 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.

3.27.4.1 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.

3.27.4.2 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.

3.27.5 Lease modifications

3.27.5.1 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.

3.27.5.2 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.

3.28 Changes in Significant Accounting Policies and Accounting Estimates

3.28.1 Significant changes in accounting policies

Implement the “Interpretation of Accounting Standards for Business Enterprises No. 15”.

On 30 December 2021, the Ministry of Finance released “Interpretation of Accounting Standards for Business Enterprises No. 15” (Caikuai [2021] No.35, hereinafter referred as to the “Interpretation No.15”), in which the provision of "Accounting treatment of sales of products or by-products produced before the fixed assets is available for its intended use or in the research and development phase" (hereinafter referred to as "Accounting treatment of sales during trial operation") and "Judgment on onerous contract" shall be implemented as of 1 January 2022. There are not any significant impacts on the Company’s financial statements during the reporting period for the implementation of Interpretation No.15.

Implementation of the provisions of AS 16 "Accounting for the income tax effects of dividends relating to financial instruments classified as equity instruments by the issuer" and "Accounting for the modification of cash-settled share-based payments to

equity-settled share-based payments by an enterprise".

On 30 November 2022, the Ministry of Finance issued Interpretation of Accounting Standards for Business Enterprises No.16 (Caikuai[2022] No.31) (hereinafter referred to as "Interpretation No.16"), in which the provision of "Accounting treatment for the income tax impact of dividends from financial instruments classified as equity instruments by the issuer" and "Accounting treatment on the modification of cash-settled share-based payment to equity-settled share-based payment" shall be implemented at the date of issuance.

There are not any significant impacts on the Company's financial statements during the reporting period for the implementation of Interpretation No.16.

3.28.2 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
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%、10%、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	5%、6%、9%、13%

Categories of tax	Basis of tax assessment	Tax rate
	after deducting the deductible input tax in the current period	
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%
Enterprise income tax	Taxable profits	25%

4.2.3 Xiamen TsannKuen Property Service Co., Ltd.

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%、1%、5%
Enterprise income tax	Taxable profits	20%

4.2.4 Pt.Star Comgistic Indonesia

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	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	10%、 11%
Enterprise income tax	Taxable profits	22%

Note: After 1 April 2022, the VAT rate for Pt. Star Comgistic Indonesia changes to 11%.

4.3 Preferential tax policy

(1) Tsann Kuen (Zhangzhou) Enterprise Co., Ltd

According to the principle of “The Notice Regarding to Fujian Province 2020 Second Group of High Technology Enterprise Review” (Mingkegao No. [2020]29), TKL was identified as Fujian Province High Technology Enterprise, and the certification was valid for 3 years (Certification No. GR202035002032), 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 2020, that is, the income tax rate is 15%.

(2) Xiamen Tsannkuen Property Services Co., Ltd.

According to the relevant provisions of the State Administration of Taxation No. 5 of 2020 "Announcement of the State Administration of Taxation on Tax Collection and Management Matters in Support of Resumption of Work and Business by Individual Enterprises" and the Ministry of Finance The State Administration of Taxation No. 7 of 2021 "Announcement of the Ministry of Finance The State Administration of Taxation on the Renewal of the Implementation of Some Preferential Policies on Taxes and Fees in Response to the Epidemic", for Xiamen Cancom Property Services Limited, the taxable sales income applicable to the 3% tax rate will be levied at a reduced rate of 1% from 1 January 2022 to 31 March 2022,

According to the relevant provisions of the Announcement of the Ministry of Finance and the State Administration of Taxation on the Exemption of Small-scale VAT Taxpayers from VAT,

No. 15 of 2022, for Xiamen Tsannkuen Property Services Co., Ltd, the taxable sales income applicable to the 3% tax rate is exempted from value-added tax from 1 April 2022 to 31 December 2022.

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Cash and Cash Equivalents

Items	31 December 2022	31 December 2021
Cash on hand	843,413.66	903,610.79
Cash in bank	574,436,355.52	769,947,562.79
Other monetary funds	1,588,060.59	8,552,954.00
Total	576,867,829.77	779,404,127.58
Including: The total amount deposited overseas	45,070,898.68	25,902,620.39

Among the other monetary funds, CNY 1,356,175.95 represents the margin deposited by the Tsann Kuen (Zhangzhou) Enterprise Co., Ltd. for the opening of the letter of credit, CNY 231,884.64 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 2022	31 December 2021
Financial assets measured at fair value through Profit or Loss	569,493,788.89	420,721,027.78
Including: Derivative financial assets	1,138,900.00	4,152,000.00
Structured Deposit Investment	568,354,888.89	416,569,027.78
Total	569,493,788.89	420,721,027.78

5.3 Accounts Receivables

5.3.1 Accounts receivable by aging

Aging	31 December 2022	31 December 2021
Within 1 year	97,042,217.74	261,066,287.73
Including: Within 90 days	92,464,137.64	225,242,974.51
91 days to 180 days	4,291,123.54	35,746,963.54
181 days to 270 days	286,956.56	70,001.04
271 days to 365 days		6,348.64

Aging	31 December 2022	31 December 2021
1 year to 2 years	9,677.56	110,740.52
2 years to 3 years	110,740.52	
Over 5 years	5,000.00	5,000.00
Subtotal	97,167,635.82	261,182,028.25
Less: provision for bad debt	1,216,752.94	3,053,534.48
Total	95,950,882.88	258,128,493.77

5.3.2 Accounts receivable by bad debt provision method

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

Category	31 December 2021				
	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	261,182,028.25	100.00	3,053,534.48	1.17	258,128,493.77
Including: Portfolio by age	258,884,698.08	99.12	3,053,534.48	1.18	255,831,163.60
Portfolio by related parties	2,297,330.17	0.88			2,297,330.17
Total	261,182,028.25	100.00	3,053,534.48	1.17	258,128,493.77

Specific instructions for provision for bad debts:

①At 31 December 2022, accounts receivable prepared for bad debts were accrued on an ageing basis

Aging	31 December 2022			31 December 2021		
	Book balance	Provision for bad debt	Bad debt ration (%)	Book balance	Provision for bad debt	Bad debt ration (%)
Not overdue	88,212,429.63	441,062.13	0.50	225,050,726.04	1,125,253.64	0.50
Overdue 1 - 30 days	6,748,662.10	303,689.81	4.50	32,618,158.66	1,467,817.14	4.50
Overdue 31 - 60 days	797,281.80	159,456.36	20.00	549,207.74	109,841.55	20.00
Overdue 61 - 90 days				574,515.44	258,531.95	45.00
Overdue more than 90 days	312,544.64	312,544.64	100.00	92,090.20	92,090.20	100.00
Total	96,070,918.17	1,216,752.94	1.27	258,884,698.08	3,053,534.48	1.18

②As at 31 December 2022, accounts receivable provided for bad debts were accrued on a related party basis

Aging	31 December 2022			31 December 2021		
	Book balance	Provision for bad debt	Bad debt ration (%)	Book balance	Provision for bad debt	Bad debt ration (%)
Portfolio by related parties	1,096,717.65			2,297,330.17		
Total	1,096,717.65			2,297,330.17		

See Note 3.9 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	Changes during the reporting period	31 December
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	2021	Provision	Recovery or reversal	Write-off	Other	2022
Provision for bad debt by group	3,053,534.48	4,016,277.45	5,986,147.65		133,088.66	1,216,752.94
Total	3,053,534.48	4,016,277.45	5,986,147.65		133,088.66	1,216,752.94

Note: Other changes represent the effect of changes in exchange rates.

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 65,874,383.04, accounting for 67.79% 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 483,996.64.

5.4 Advances to Suppliers

5.4.1 Advances to suppliers by aging

Aging	31 December 2022		31 December 2021	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	4,050,633.59	100.00	3,862,095.12	100.00
Total	4,050,633.59	100.00	3,862,095.12	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 1,933,952.52, accounting for 47.74% 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 2022	31 December 2021
Interest receivable		
Dividend receivable		
Other receivables	15,425,312.61	18,463,787.27

Items	31 December 2022	31 December 2021
Total	15,425,312.61	18,463,787.27

5.5.2 Other Receivables

5.5.4.1 Other receivables by ageing

Ageing	31 December 2022	31 December 2021
Within 1 year	14,220,711.94	17,226,134.38
Including: Within 90 days	14,054,615.52	17,032,996.98
91 days to 180 days	125,742.31	38,300.00
181 days to 270 days	30,000.00	18,118.30
271 days to 365 days	10,354.11	136,719.10
1 year to 2 years	325,368.70	181,507.30
2 years to 3 years	15,000.00	15,669.11
3 years to 4 years		50,000.00
4 years to 5 years	50,000.00	
Over 5 years	1,167,252.13	1,257,520.97
Subtotal	15,778,332.77	18,730,831.76
Less: provision for bad debt	353,020.16	267,044.49
Total	15,425,312.61	18,463,787.27

5.5.4.2 Other receivables by nature

Nature	31 December 2022	31 December 2021
Export tax refund	8,000,401.16	9,244,471.36
Other current balances	6,301,879.48	7,987,728.04
Deposit	1,476,052.13	1,295,528.25
Due from related parties		203,104.11
Subtotal	15,778,332.77	18,730,831.76
Less: Provision for bad debt	353,020.16	267,044.49
Total	15,425,312.61	18,463,787.27

5.5.4.3 Other receivables by bad debt provision method

A. 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

Stages	Book balance	Provision for bad debt	Carrying amount
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.

B. On 31 December 2021, provision for bad debt recognized based on three stages model

Stages	Book balance	Provision for bad debt	Carrying amount
Stage 1	18,730,831.76	267,044.49	18,463,787.27
Stage 2			
Stage 3			
Total	18,730,831.76	267,044.49	18,463,787.27

On 31 December 2021, 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	18,730,831.76	1.43	267,044.49	18,463,787.27	
1. Export tax refund	9,244,471.36			9,244,471.36	Credit risk has not increased significantly
2. Other current account	7,987,728.04	3.34	267,044.49	7,720,683.55	Credit risk has not increased significantly
3. Deposit	1,295,528.25			1,295,528.25	Credit risk has not increased significantly
4. Due from related parties	203,104.11			203,104.11	Credit risk has not increased significantly
Total	18,730,831.76	1.43	267,044.49	18,463,787.27	

As at 31 December 2021, the Company had no provision for bad debts in Stage 2.

As at 31 December 2021, 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 3.9 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 12/31/2021	267,044.49			267,044.49
Carrying amount of other	—	—	—	—

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)	
receivables in current period on 12/31/2021				
--Turn to stage 2				
--Turn to stage 3				
--Turn back to stage 2				
--Turn back to stage 1				
Recognition	622,458.26			622,458.26
Reversal	536,482.59			536,482.59
Used				
Written off				
Other movements				
Closing balance as of 31/12/2022	353,020.16			353,020.16

5.5.4.5 Top five closing balances by entity

Entity name	Nature	Balance at 31 December 2022	Ageing	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Zhangzhou Taiwan investment zone State Administration of Taxation	Export tax refund	8,000,401.16	1- 90 days	50.70	
China Export & Credit Insurance Corporation Fujian Branch	Deposit	648,450.00	Over 3 years	4.11	
PT. PLN	Deposit	518,802.13	Over 3 years	3.29	

Entity name	Nature	Balance at 31 December 2022	Ageing	Proportion of the balance to the total other receivables (%)	Provision for bad debt
/PERSERO					
Zhangzhou Xincheng Metal Products Co., Ltd	Utilities rentals	495,252.88	1- 90 days	3.14	
SEB Asia Ltd	Mold fund	254,004.23	1- 90 days	1.61	
Total		9,916,910.40		62.85	

5.6 Inventories

5.6.1 Inventories by category

Items	31 December 2022			31 December 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Raw materials	81,697,745.57	10,439,601.05	71,258,144.52	78,663,566.37	11,302,881.31	67,360,685.06
Work in process	5,826,097.72		5,826,097.72	19,972,180.33		19,972,180.33
Self-manufactured semi-finished goods	25,687,483.15	2,723,371.49	22,964,111.66	29,460,145.63	1,840,187.56	27,619,958.07
Finished goods	87,375,174.01	9,397,802.00	77,977,372.01	143,632,446.12	7,923,776.50	135,708,669.62
Low-value consumables	566,890.42		566,890.42	583,732.05		583,732.05
Materials in transit	1,472,812.16		1,472,812.16	1,188,778.31		1,188,778.31
Total	202,626,203.03	22,560,774.54	180,065,428.49	273,500,848.81	21,066,845.37	252,434,003.44

5.6.2 Provision for impairment

Item	31 December 2021	Increase in current year	Decrease in current year	31 December 2022
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		Accrual	Impact of changes in exchange rates	Recovered or Written-off	Other	
Raw materials	11,302,881.31	5,049,998.28	152,322.30	6,065,600.84		10,439,601.05
Work in process						
Self-manufactured semi-finished goods	1,840,187.56	883,183.93				2,723,371.49
Finished goods	7,923,776.50	5,331,585.33	12,110.39	3,869,670.22		9,397,802.00
Low-value consumables						
Materials in transit						
Total	21,066,845.37	11,264,767.54	164,432.69	9,935,271.06		22,560,774.54

5.7 Non current assets due within one year

Item	31 December 2022	31 December 2021
Debt investment due within one year		21,845,333.33
Less: provision for impairment		
Total		21,845,333.33

5.8 Other Current Assets

Item	31 December 2022	31 December 2021
Input tax to be deducted	11,522,932.71	14,466,364.00
Financial investment	417,328,986.66	251,833,773.82
Total	428,851,919.37	266,300,137.82

5.9 Other equity instrument investment

Item	31 December 2022	31 December 2021
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 2021	64,984,461.13	29,260,577.51	94,245,038.64
2. Increase during the period	759,585.08		759,585.08
(1) Acquisition			
(2) Transfer from fixed assets	759,585.08		759,585.08
3. Decrease during the period	6,360.00		6,360.00
(1) Disposal			
(2) Other transferred out	6,360.00		6,360.00
4. Balance on 31 December 2022	65,737,686.21	29,260,577.51	94,998,263.72
Accumulated depreciation and amortization:			
1. Balance on 31 December 2021	57,701,441.84	16,162,649.44	73,864,091.28
2. Increase during the period	1,364,864.04	622,111.80	1,986,975.84
(1) Accrual or amortization			
(2) Transfer from fixed assets	618,804.21		618,804.21
3. Decrease during the period	1,001.70		1,001.70
(1) Disposal			
(2) Other transferred out	1,001.70		1,001.70
4. Balance on 31 December 2022	59,065,304.18	16,784,761.24	75,850,065.42
Provision for impairment:			
1. Balance on 31 December 2021			
2. Increase during the period			
(1) Accrual			
(2) Other			
3. Decrease during the period			

Items	Building and plants	Land use rights	Total
(1) Disposal			
(2) Other transferred out			
4. Balance on 31 December 2022			
Carrying amount:			
1. Balance on 31 December 2022	6,672,382.03	12,475,816.27	19,148,198.30
2. Balance on 31 December 2021	7,283,019.29	13,097,928.07	20,380,947.36

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 2022	31 December 2021
Fixed assets	147,946,111.81	151,647,083.48
Disposal of fixed assets		
Total	147,946,111.81	151,647,083.48

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 2021	100,281,383.99	159,309,219.21	801,789,960.12	19,187,403.28	50,620,807.99	1,131,188,774.59
2. Increase during the period	3,894,205.17	22,153,427.42	17,533,095.08	96,722.68	680,996.17	44,358,446.52
(1) Acquisition		48,672.57	12,695,848.62	31,519.19		12,776,040.38
(2) Transfer from construction in progress	6,360.00	19,127,075.90	2,069,743.35			21,203,179.25
(3) Impact of changes in exchange rates	3,887,845.17	2,977,678.95	2,767,503.11	65,203.49	680,996.17	10,379,226.89
3. Decrease during the period	765,945.08	3,519,159.12	8,921,632.85	51,193.37	1,514,709.03	14,772,639.45
(1) Disposal	6,360.00	3,486,108.61	8,890,648.23	48,985.02	1,492,961.74	13,925,063.60
(2) Other transferred out	759,585.08					759,585.08
(3) Impact of changes in exchange rate		33,050.51	30,984.62	2,208.35	21,747.29	87,990.77
4. 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
Accumulated depreciation:						
1. Balance on 31 December 2021	58,192,194.96	95,983,688.32	719,261,031.19	16,739,564.72	49,272,592.86	939,449,072.05
2. Increase during the reporting period	4,657,943.54	9,086,027.10	26,516,072.39	1,124,901.70	882,626.65	42,267,571.38
(1) Provision	3,324,546.76	7,112,584.64	24,336,610.15	1,075,533.82	270,672.50	36,119,947.87
(2) Other						
(3) Impact of changes in exchange rate	1,333,396.78	1,973,442.46	2,179,462.24	49,367.88	611,954.15	6,147,623.51
3. Decrease during the period	620,044.41	2,359,520.09	5,141,586.62	48,178.39	1,121,746.71	9,291,076.22

Items	Houses and buildings	Machinery	Electronic devices, modules and others	Vehicles	Improvement expense of leased fixed assets	Total
(1) Disposal	1,240.20	2,354,383.97	5,133,736.62	43,008.83	1,117,315.37	8,649,684.99
(2) Other	618,804.21					618,804.21
(3) Impact of changes in exchange rate		5,136.12	7,850.00	5,169.56	4,431.34	22,587.02
4. Balance on 31 December 2022	62,230,094.09	102,710,195.33	740,635,516.96	17,816,288.03	49,033,472.80	972,425,567.21
Provision for impairment:						
1. Balance on 31 December 2021		21,722,152.85	17,931,675.89	8,493.03	430,297.29	40,092,619.06
2. Increase during the period		879,958.55	701,646.04	1,104.62	919.21	1,583,628.42
(1) Provision		578,369.80	527,899.67	629.29		1,106,898.76
(2) Impact of changes in exchange rate		301,588.75	173,746.37	475.33	919.21	476,729.66
3. Decrease during the period		751,366.21	127,737.90	1,278.41	392,962.32	1,273,344.84
(1) Disposal		749,075.32	127,601.68	1,274.28	391,409.98	1,269,361.26
(2) Other						
(3) Impact of changes in exchange rate		2,290.89	136.22	4.13	1,552.34	3,983.58
4. Balance on 31 December 2022		21,850,745.19	18,505,584.03	8,319.24	38,254.18	40,402,902.64
Carrying amount:						
1. Balance on 31 December 2022	41,179,549.99	53,382,546.99	51,260,321.36	1,408,325.32	715,368.15	147,946,111.81
2. Balance on 31 December 2021	42,089,189.03	41,603,378.04	64,597,253.04	2,439,345.53	917,917.84	151,647,083.48

5.11.2.2 Idle fixed assets

Item	Initial cost	Accumulated depreciation	Provision for impairment	Carrying amount	Note
Machinery	42,528,295.60	24,786,350.28	17,741,945.32		
Electronic device, modules, and others	119,987,081.30	111,379,683.37	8,570,028.41	37,369.52	
Vehicles	88,801.89	86,104.80	2,697.09		
Improvement expense of fixed assets	85,000.00	57,618.12	27,381.88		
Total	162,689,178.79	136,309,756.57	26,342,052.70	37,369.52	

Fixed assets without certificate of title

Item	Carrying amount on 31 December 2022	Reason
Lvyuan three country villa	129,197.08	
Qingying garden	96,113.66	Legal procedures in process
Total	225,310.74	

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.

5.12 Construction in Progress

5.12.1 Construction in progress by category

Items	31 December 2022	31 December 2021
Construction in progress	2,656,954.05	1,102,833.08
Total	2,656,954.05	1,102,833.08

5.12.2 Construction in progress

Items	31 December 2022			31 December 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Sporadic project	772,770.46		772,770.46	1,102,833.08		1,102,833.08

Items	31 December 2022			31 December 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Equipment to be inspected	1,884,183.59		1,884,183.59			
Total	2,656,954.05		2,656,954.05	1,102,833.08		1,102,833.08

5.13 Right-of-use Assets

Item	Houses and buildings	Total
Initial cost:		
1. Balance on 31 December 2021	562,201,602.78	562,201,602.78
2. Increase during the reporting period	3,538,533.89	3,538,533.89
3. Decrease during the reporting period	4,811,759.05	4,811,759.05
4. Impact of changes in exchange rates	-12,862.58	-12,862.58
5. Balance on 31 December 2022	560,915,515.04	560,915,515.04
Accumulated depreciation:		
1. Balance on 31 December 2021	19,130,810.39	19,130,810.39
2. Increase during the reporting period	18,581,182.05	18,581,182.05
2.1 Accrual	18,581,182.05	18,581,182.05
3. Decrease during the reporting period	2,433,614.24	2,433,614.24
3.1 Disposal	2,429,326.71	2,429,326.71
3.2 Impact of changes in exchange rates	4,287.53	4,287.53
4. Balance on 31 December 2022	35,278,378.20	35,278,378.20
Provision for impairment:		
1. Balance on 31 December 2021		
2. Increase during the period		
2.1 Accrual		
3. Decrease during the reporting period		
3.1 Disposal		
4. Balance on 31 December 2022		
Carrying amount:		
1. Carrying amount on 31 December 2022	525,637,136.84	525,637,136.84
2. Carrying amount on 31 December 2021	543,070,792.39	543,070,792.39

5.14 Intangible Assets

Items	Land use rights	Software	Total
Initial cost:			
1. Balance on 31 December 2021	17,864,386.82	53,669,697.59	71,534,084.41
2. Increase during the period	1,248,363.67	34,061.95	1,282,425.62
(1) Acquisition		34,061.95	34,061.95
(2) Transfer from inventories /fixed assets /construction in progress			
(3) Impact of changes in exchange rates	1,248,363.67		1,248,363.67
3. Decrease during the reporting period	235,533.94		235,533.94
(1) Disposal			
(2) Impact of changes in exchange rates	235,533.94		235,533.94
4. Balance on 31 December 2022	18,877,216.55	53,703,759.54	72,580,976.09
Accumulated amortization:			
1. Balance on 31 December 2021	5,148,405.57	42,104,141.58	47,252,547.15
2. Increase during the period	1,007,825.79	6,356,588.31	7,364,414.10
(1) Accrual	616,024.19	6,356,588.31	6,972,612.50
(2) Impact of changes in exchange rates	391,801.60		391,801.60
3. Decrease during the period	4,873.56		4,873.56
(1) Disposal			
(2) Impact of changes in exchange rates	4,873.56		4,873.56
4. Balance on 31 December 2022	6,151,357.80	48,460,729.89	54,612,087.69
Provision for impairment:			
1. Balance on 31 December 2021			
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 2022			
Carrying amount:			
1. Carrying amount on 31 December 2022	12,725,858.75	5,243,029.65	17,968,888.40
2. Carrying amount on 31 December 2021	12,715,981.25	11,565,556.01	24,281,537.26

5.15 Long-term Deferred Expenses

Items	31 December 2021	Increase during the reporting period	Decrease during the reporting period		31 December 2022
			Amortization	Other decrease	
Houses and buildings renovation expenses	9,846,359.35	2,964,446.88	3,879,059.25		8,931,746.98
Wall projects of 3 phases	36,730.19		36,730.19		
Telecommunications project expenses	31,474.90		17,168.16		14,306.74
Total	9,914,564.44	2,964,446.88	3,932,957.60		8,946,053.72

5.16 Deferred Tax Assets and Deferred Tax Liabilities

5.16.1 Deferred tax assets before offsetting

Items	31 December 2022		31 December 2021	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	54,779,559.38	9,123,516.27	53,252,980.48	8,909,644.41
Provision for credit impairment	1,350,615.63	219,481.38	2,633,777.35	410,297.02
Unrealized intragroup profit	360,395.40	90,098.85	274,902.60	68,725.65
Accrued expenses	8,960,731.00	1,444,532.40	10,481,585.03	1,704,218.05
Undistributed deficit			710,270.92	177,567.73
Right-of-use Assets	18,670,852.22	2,800,627.82	9,542,517.80	1,431,377.67
Total	84,122,153.63	13,678,256.72	76,896,034.18	12,701,830.53

5.16.2 Deferred tax liabilities before offsetting

Items	31 December 2022		31 December 2021	
	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities
Policy relocation	84,032,696.08	21,008,174.02	84,032,696.08	21,008,174.02
Financial assets held for trading	4,493,788.89	750,939.17	5,721,027.78	938,640.28
Depreciation of fixed assets accelerates	16,491,554.88	2,473,733.23		
Total	105,018,039.85	24,232,846.42	89,753,723.86	21,946,814.30

5.16.3 Unrecognized deferred tax assets

Items	31 December 2022	31 December 2021
Provision for asset impairment	8,184,117.80	7,906,483.95
Provision for credit impairment	219,157.47	686,801.62
Accrued expenses	7,015,412.51	11,340,751.50
Payroll liability	11,247,362.19	9,961,756.20
Undistributed deficit	70,208,609.05	68,961,157.80
Total	96,874,659.02	98,856,951.07

5.16.4 Deductible losses not recognised as deferred tax assets will expire in the following periods:

Year	31 December 2022	31 December 2021	Note
Year 2022		4,118,107.97	
Year 2023	15,495,274.18	16,003,668.47	
Year 2024	14,387,986.24	14,837,857.89	
Year 2025	1,829,557.47	2,056,192.96	
Year 2026	7,540,562.18	7,621,210.04	
Year 2027 to 2032	30,955,228.98	24,324,120.47	
Total	70,208,609.05	68,961,157.80	

5.17 Other Non-current Assets

Items	31 December 2022	31 December 2021
Prepaid mold fee	11,500.00	5,025.64
Prepaid equipment fee	802,012.56	1,598,734.18
Total	813,512.56	1,603,759.82

5.18 Notes Payable

Type	31 December 2022	31 December 2021
Bank acceptance bills	2,630,056.46	7,709,123.54
Total	2,630,056.46	7,709,123.54

5.19 Accounts Payable

Items	31 December 2022	31 December 2021
Within 1 year	392,695,758.24	632,406,578.98
Over 1 year	6,259,391.99	5,168,697.72
Total	398,955,150.23	637,575,276.70

5.20 Advances from Customers

Items	31 December 2022	31 December 2021
Within 1 year	4,555,321.32	3,403,313.55
Over 1 year	3,325,097.52	3,368,473.44
Total	7,880,418.84	6,771,786.99

5.21 Contract Liabilities

Item	31 December 2022	31 December 2021
Advance from merchandise	21,522,608.04	24,030,988.10
Total	21,522,608.04	24,030,988.10

5.22 Employee Benefits Payable

5.22.1 Details of employee benefits payable

Item	31 December 2021	Increase during the reporting period	Decrease during the reporting period	Impact of changes in exchange rate	31 December 2022
1. Short-term employee benefits	45,427,111.36	246,124,079.63	249,838,024.40	161,834.18	41,875,000.77
2. Post-employment benefits-defined contribution plans	35,788.97	13,560,174.58	13,523,385.64	-379.30	72,198.61
3. Termination benefits					
4. Other benefits due within one year					
Total	45,462,900.33	259,684,254.21	263,361,410.04	161,454.88	41,947,199.38

5.22.2 Details of short-term employee benefits

Item	31 December 2021	Increase during the reporting period	Decrease during the reporting period	Impact of changes in exchange rate	31 December 2022
1. Salaries, bonuses, allowances and subsidies	32,540,653.52	213,888,294.90	218,285,476.50	162,690.43	28,306,162.35
2. Employee benefits		14,522,368.09	14,522,368.09		
3. Social insurance	722,580.21	10,411,901.25	11,113,243.61	-856.25	20,381.60
Including: (1) Health insurance	688,507.23	7,685,517.27	8,366,236.71	-856.27	6,931.52
(2) Work-related injury insurance	327.30	2,170,360.10	2,157,237.34	0.02	13,450.08
(3) Birth insurance	33,745.68	556,023.88	589,769.56		
4. Housing accumulation fund	9,965,589.20	6,620,262.55	5,333,761.56		11,252,090.19
5. Labour union funds and employee education funds		500,866.21	500,866.21		
6. Short-term absence pay	2,198,288.43	180,386.63	82,308.43		2,296,366.63
Total	45,427,111.36	246,124,079.63	249,838,024.40	161,834.18	41,875,000.77

5.22.3 Details of defined contribution plans

Item	31 December 2021	Increase during the reporting period	Decrease during the reporting period	Impact of changes in exchange rate	31 December 2022
Post-employment benefits					
1. Basic endowment insurance	35,504.87	13,225,514.85	13,188,783.91	-379.30	71,856.51

Item	31 December 2021	Increase during the reporting period	Decrease during the reporting period	Impact of changes in exchange rate	31 December 2022
Post-employment benefits					
2. Unemployment insurance	284.10	334,659.73	334,601.73		342.10
Total	35,788.97	13,560,174.58	13,523,385.64	-379.30	72,198.61

5.23 Taxes Payable

Item	31 December 2022	31 December 2021
Value added tax (VAT)	1,286,227.97	678,457.84
Enterprise income tax	35,271,667.38	42,807,959.02
Individual income tax	556,713.88	514,904.85
City construction tax	376,322.10	736,427.92
Educational surcharge	362,185.92	731,734.24
Other	1,573,439.94	1,223,054.74
Total	39,426,557.19	46,692,538.61

5.24 Other Payables

5.24.1 Other payables by category

Item	31 December 2022	31 December 2021
Interest payable		
Dividend payable		
Other payable	36,311,863.30	47,498,375.30
Total	36,311,863.30	47,498,375.30

5.24.2 Other payables

5.24.2.1 Other payables by ageing

Item	31 December 2022	31 December 2021
Within 1 year	23,690,913.19	32,029,517.15
Over 1 year	12,620,950.11	15,468,858.15
Total	36,311,863.30	47,498,375.30

5.24.2.2 Other payables by nature

Item	31 December 2022	31 December 2021
Security deposit	13,859,235.05	13,238,941.75
Accrued expenses	15,976,143.51	23,575,153.78
Current payments and others	6,476,484.74	10,684,279.77
Total	36,311,863.30	47,498,375.30

5.24.2.3 Significant other payables with ageing over one year

Item	31 December 2022	Reason
Deposit	11,850,418.75	Return upon termination of contract
Total	11,850,418.75	

5.25 Non current liabilities due within one year

Item	31 December 2022	31 December 2021
Lease liabilities due within one year	9,494,026.90	10,147,932.67
Total	9,494,026.90	10,147,932.67

5.26 Lease liabilities

Item	31 December 2022	31 December 2021
Lease payments	995,018,122.73	1,028,022,895.46
Less: unrecognized financing charges	450,673,567.38	475,360,645.44
Subtotal	544,344,555.35	552,662,250.02
Less: Lease liabilities due within one year	9,494,026.90	10,147,932.67
Total	534,850,528.45	542,514,317.35

5.27 Long-term Employee Benefits Payable

5.27.1 General information of long-term employee benefits payable

Item	31 December 2022	31 December 2021
1. Post-employment benefits-net liability under defined benefit plans		350,926.82
Total		350,926.82

5.27.2 Changes in defined benefit plans

Present value of the defined benefit obligation:

Item	2022	2021
1. Balance at the beginning of the reporting period	350,926.82	312,775.91
2. Defined benefit cost recognised in current profit or loss		46,029.34
3. Defined benefit cost recognised in other comprehensive income		-2,886.57
4. Other changes:	-350,926.82	-4,991.86
(1) Consideration paid in settlements		
(2) Payment of benefits	-350,926.82	-6,349.72
(3) Others		1,357.86
5. Balance at the end of the reporting period		350,926.82

5.28 Estimated liabilities

Project	31 December 2022	31 December 2021	Reasons
Pending litigation	480,930.00		litigation
Total	480,930.00		

5.29 Share Capital

Item	31 December 2021	Changes during the reporting period (+,-)					31 December 2022
		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 2021	Increase during the reporting period	Decrease during the reporting period	31 December 2022
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 2021	Current year						31 December 2022
		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
2. Items will be reclassified to profit or loss	-362,570.04	11,269,904.75				8,452,428.56	2,817,476.19	8,089,858.52
Including: Other comprehensive income will be reclassified into profit or loss under equity method								
Exchange differences on translating foreign operations	-362,570.04	11,269,904.75				8,452,428.56	2,817,476.19	8,089,858.52
Total	-321,533.48	11,269,904.75				8,452,428.56	2,817,476.19	8,130,895.08

5.32 Surplus Reserves

Item	31 December 2021	Increase during the reporting period	Decrease during the reporting period	31 December 2022
Statutory surplus reserves	61,371,246.13	7,554,603.51		68,925,849.64
Total	61,371,246.13	7,554,603.51		68,925,849.64

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	2022	2021
Balance at the end of last period before adjustments	413,076,375.98	330,918,755.61
Adjustments for the opening balance (increase /(decrease))		
Balance at the beginning of the reporting period after adjustments	413,076,375.98	330,918,755.61
Add: net profit attributable to owners of the parent company for the reporting period	94,283,302.93	122,249,955.82
Less: appropriation to statutory surplus reserves	7,554,603.51	12,283,583.45
Appropriation to discretionary surplus reserves		
Provision for general risk reserves		
Payment of ordinary share dividends	18,539,168.00	27,808,752.00
Payment of ordinary share dividends		
Retained Earnings at the end of this period	481,265,907.40	413,076,375.98

5.34 Revenue and Cost of Sales

Item	2021		2022	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	1,500,156,144.12	1,280,524,186.68	2,267,468,882.08	1,989,093,799.41
Other activities	84,111,384.96	25,490,844.72	79,811,418.48	26,336,497.02
Total	1,584,267,529.08	1,306,015,031.40	2,347,280,300.56	2,015,430,296.43

5.34.1 Revenue from principal activities (by industry or business)

Industry (business)	2022		2021	
	Revenue	Costs of sales	Revenue	Costs of sales
Household appliances industry	1,500,156,144.12	1,280,524,186.68	2,267,468,882.08	1,989,093,799.41
Total	1,500,156,144.12	1,280,524,186.68	2,267,468,882.08	1,989,093,799.41

5.34.2 Revenue from principal activities (by product)

Product	2022		2021	
	Revenue	Costs of sales	Revenue	Costs of sales
Catering and Cooking	944,835,478.47	808,741,287.29	1,593,009,945.48	1,387,183,234.62
Home helper	366,208,675.06	319,155,173.77	453,992,911.28	412,983,229.49
Tea/Coffee makers	169,414,501.98	140,499,683.64	207,555,003.70	181,085,113.39
Other	19,697,488.61	12,128,041.98	12,911,021.62	7,842,221.91
Total	1,500,156,144.12	1,280,524,186.68	2,267,468,882.08	1,989,093,799.41

5.34.3 Revenue from principal activities (by region)

Region	2022		2021	
	Revenue	Costs of sales	Revenue	Costs of sales
Australia	36,160,110.01	30,347,478.22	72,781,067.49	62,180,251.00
Africa	35,772,966.67	28,464,470.69	17,004,158.12	14,500,206.92
America	622,677,921.09	537,370,246.55	1,212,559,936.12	1,062,954,014.22
Europe	419,003,051.04	349,905,513.15	535,993,134.94	472,001,850.88
Asia	386,542,095.31	334,436,478.07	429,130,585.41	377,457,476.39
Total	1,500,156,144.12	1,280,524,186.68	2,267,468,882.08	1,989,093,799.41

5.35 Taxes and Surcharges

Item	2022	2021
City construction tax	2,400,175.74	3,295,350.34
Educational surcharge	2,341,816.56	3,241,836.46
Property tax	2,184,363.22	2,019,682.27
Land use tax	440,317.41	392,026.92
Stamp duty	825,856.56	1,106,232.75
Other	14,555.81	25,223.15

Item	2022	2021
Total	8,207,085.30	10,080,351.89

5.36 Selling and Distribution Expenses

Item	2022	2021
Employee remunerations	13,569,924.31	13,099,186.83
Sales commission and after sales service fees	2,418,261.29	2,933,615.97
Claims experiment expenses	1,043,138.90	1,082,657.21
Travel expenses	761,211.78	228,157.42
Advertisements charges and sales promotion	1,452,784.28	188,454.51
Administrative expenses	113,848.66	159,359.79
Rental expenses	23,461.14	26,082.79
Other expenses	3,335,639.23	3,327,489.25
Total	22,718,269.59	21,045,003.77

5.37 General and Administrative Expenses

Item	2022	2021
Employee remunerations	38,756,709.78	36,170,158.34
Depreciation and amortization	12,360,833.24	12,281,145.89
Insurance expenses	2,285,813.04	5,556,605.51
Maintenance expenses	4,443,704.91	5,008,950.70
Consultant fees	4,053,590.78	3,002,980.81
Travel expenses	3,813,708.03	2,113,129.43
Administrative expenses	963,568.28	1,299,812.02
Rental expenses	209,563.01	251,395.76
Other	5,042,835.94	8,237,498.36
Total	71,930,327.01	73,921,676.82

5.38 Research and Development Expenses

Item	2022	2021
Employee remunerations	41,658,361.64	38,445,308.13
Depreciation and amortization	8,494,707.66	9,546,509.88
Test expenses	3,426,697.09	7,617,991.59
Patent expenses	1,027,477.20	2,030,309.02
Maintenance expenses	3,217,804.82	1,645,792.35

Item	2022	2021
Certification expenses	1,021,969.20	1,543,882.51
Consultant fees	30,681.29	876,714.62
Travel expenses	408,579.37	157,859.52
Rental expenses	49,805.57	153,684.69
Others	2,586,006.14	2,019,308.43
Total	61,922,089.98	64,037,360.74

5.39 Finance Expenses

Item	2022	2021
Interest expenses	28,205,548.36	26,060,552.41
Including: interest expense on lease liabilities	24,915,064.28	25,361,013.05
Less: Interest income	6,913,345.47	9,890,980.23
Foreign exchange losses	-21,831,663.76	13,019,296.30
Bank charges	929,571.75	1,443,478.30
Total	390,110.88	30,632,346.78

5.40 Other Income

Item	2022	2021	Related to assets /income
1. Government grant recognized in other income	7,993,459.91	4,669,583.18	
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	7,993,459.91	4,669,583.18	Related to income
2. Others related to daily operation activities and recognized in other income	5,901.34	116,447.33	
Including: Charges of withholding individual income tax			

Item	2022	2021	Related to assets /income
Additional deduction of input tax	5,901.34	116,447.33	
Total	7,999,361.25	4,786,030.51	

5.41 Investment Income

Item	2022	2021
Investment income obtained during the holding period of trading financial assets	16,222,024.54	25,182,036.14
Investment income from disposal of trading financial assets	-4,069,250.00	32,565,100.00
Interest income from fixed deposit	13,773,139.76	5,746,621.00
Total	25,925,914.30	63,493,757.14

5.42 Gains on Changes in Fair Values

Sources of gains on changes in fair value	2022	2021
Held-for-trading financial assets	-1,227,238.89	-15,100,872.22
Including: Changes in fair value of derivatives	-3,013,100.00	-16,669,900.00
Financial products	1,785,861.11	1,569,027.78
Total	-1,227,238.89	-15,100,872.22

5.43 Impairment Loss of Credit

Item	2022	2021
Bad debt of accounts receivables	1,969,870.20	1,372,287.48
Bad debt of other receivables	-85,975.67	-77,262.88
Total	1,883,894.53	1,295,024.60

5.44 Impairment Loss of Assets

Item	2022	2021
Impairment of inventories	-11,264,767.54	-6,304,119.40
Impairment of fixed assets	-1,106,898.76	-2,971,399.95
Total	-12,371,666.30	-9,275,519.35

5.45 Gains from Disposal of Assets

Item	2022	2021
Disposal is not classified as gain or loss on the disposal of	742,730.95	2,101,750.59

Item	2022	2021
fixed assets held for sale, construction in progress, bearer biological assets and intangible assets		
Fixed assets	742,730.95	2,101,750.59
Total	742,730.95	2,101,750.59

5.46 Non-operating Income

Item	2022	2021	Recognized in current extraordinary gains and losses
Other	3,161,103.92	5,236,403.37	3,161,103.92
Total	3,161,103.92	5,236,403.37	3,161,103.92

5.47 Non-operating Expenses

Item	2022	2021	Recognized in current extraordinary gains and losses
Loss from damage or scrapping of non-current assets	12,015.10	1,262.19	-12,015.10
Including: loss from scrapping of fixed assets	12,015.10	1,262.19	-12,015.10
Donations	29,765.53	140,260.92	-29,765.53
Penalty and late payment	9,000.00	30,209.55	-9,000.00
Other	54,170.89	188,207.31	-54,170.89
Total	104,951.52	359,939.97	-104,951.52

5.48 Income Tax Expenses

5.48.1 Details of income tax expenses

Item	2022	2021
Current tax expenses	12,135,450.91	47,475,660.56
Deferred tax expenses	1,309,605.93	-26,592,483.85
Total	13,445,056.84	20,883,176.71

5.48.2 Reconciliation of accounting profit and income tax expenses

Item	2022	2021
Profit before tax	139,093,763.16	184,309,898.80

Item	2022	2021
Income tax expense at the statutory /applicable tax rate	34,773,440.79	46,077,474.70
Effect of different tax rate of subsidiaries	-12,848,881.94	-17,567,267.26
Adjustments of impact from prior period income tax	3,368.83	-508,460.84
Effect of income that is exempt from taxation	-559,083.05	-274,277.62
Effect of non-deductible costs, expenses or losses	291,085.80	1,903,266.93
Effect of previously unrecognized deductible losses recognized as deferred tax assets	-648,800.85	-2,803,292.66
Effect of deductible temporary differences and deductible losses not recognized as deferred tax assets	1,535,695.73	760,022.07
R&D expenses plus deduction	-6,621,141.17	-6,704,288.61
Depreciation of fixed assets (accelerates)	-2,480,627.30	
Income tax expenses	13,445,056.84	20,883,176.71

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 Other cash received relating to operating activities

Item	2022	2021
Government grants	7,993,459.91	4,669,583.18
Interest income	6,822,525.97	6,933,567.34
Rent income	61,897,576.19	45,450,868.76
Funds in current account and others	13,556,436.17	9,023,475.39
Total	90,269,998.24	66,077,494.67

5.50.2 Other cash payments relating to operating activities

Item	2022	2021
Penalties and donations	38,765.53	170,470.47

Item	2022	2021
Bank charges	929,571.75	1,443,479.00
Sales expenses, general and administrative expenses, and research and development expenses paid by cash	35,773,564.34	43,675,026.22
Current accounts and others	27,846,448.66	9,728,001.34
Total	64,588,350.28	55,016,977.03

5.50.3 Other cash received relating to investing activities

Item	2022	2021
Fixed deposits recovered after maturity for the purpose to earn interest income in financial institutions	483,165,710.00	8,177,394.14
Total	483,165,710.00	8,177,394.14

5.50.4 Other cash payments relating to investing activities

Item	2022	2021
Fixed deposits in financial institutions for the purpose to earn interest income	624,630,729.27	262,620,000.00
Total	624,630,729.27	262,620,000.00

5.50.5 Other cash received relating to financing activities

Item	2022	2021
Deposit for letter of credit	10,734,861.05	29,272,663.06
Security deposit of pledged loan		22,750,000.00
Total	10,734,861.05	52,022,663.06

5.50.6 Other cash payments relating to financing activities

Item	2022	2021
Lease payments of right-of-use assets	34,451,792.72	35,779,376.08
Letter of credit deposit	8,835,738.83	20,284,634.34
Return of investment	616,979.16	
Total	43,904,510.71	56,064,010.42

5.51 Supplementary Information to the Statement of Cash Flows

5.51.1 Supplementary information to the statement of cash flows

Supplementary information	2022	2021
1. Adjustments of net profit to cash flows from operating activities:		
Net profit	125,648,706.32	163,426,722.09
Add: Provisions for impairment of assets	12,371,666.30	9,275,519.35
Impairment loss of credit	-1,883,894.53	-1,295,024.60
Depreciation of fixed assets, investment properties	37,488,119.50	42,393,022.37
Depreciation of right-of-use assets	18,581,182.05	20,010,047.98
Amortisation of intangible assets	6,972,612.50	8,359,090.30
Amortisation of long-term deferred expenses	3,932,957.60	3,761,796.14
Gain on disposal of fixed assets, intangible assets, and other long-term assets (Gain expressed with “-”)	-742,730.95	-2,101,750.59
Loss on scrapping of fixed assets (Gain expressed with “-”)	12,015.10	1,262.19
Loss on changes in fair value (Gain expressed with “-”)	1,227,238.89	15,100,872.22
Financial expense (Income expressed with “-”)	18,181,928.86	23,103,306.62
Investment loss (Income expressed with “-”)	-25,925,914.30	-63,493,757.14
Decreases in deferred tax assets (Increase expressed with “-”)	-976,426.19	2,888,491.96
Increases in deferred tax liabilities (Decrease expressed with “-”)	2,286,032.12	-29,478,737.27
Decrease in inventories (Increase expressed with “-”)	60,939,374.72	-3,618,087.75
Decrease in operating receivables (Increase expressed with “-”)	169,748,051.83	179,876,843.62
Increases in operating payables (Decrease expressed with “-”)	-263,085,310.56	-219,684,045.61
Other		
Net cash flows from operating activities	164,775,609.26	148,525,571.88
2. Significant investing and financing 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	575,511,653.82	770,851,173.58
Less: Cash at the beginning of the reporting period	770,851,173.58	672,801,206.68
Add: Cash equivalents at the end of the reporting period		
Less: Cash equivalents at the beginning of the reporting period		

Supplementary information	2022	2021
Net increase in cash and cash equivalents	-195,339,519.76	98,049,966.90

5.51.2 The components of cash and cash equivalents

Item	31 December 2022	31 December 2021
1. Cash	575,511,653.82	770,851,173.58
Including: Cash on hand	843,413.66	903,610.79
Cash in bank available for immediate use	574,436,355.52	769,947,562.79
Other monetary funds available for immediate use	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	575,511,653.82	770,851,173.58

Note 1: Cash and cash equivalents exclude the restricted cash and cash equivalents in parent company or subsidiary.

Note 2: On 31 December 2022, the amount of cash and cash equivalents in the statement of cash flows was CNY 575,511,653.82, and the balance of monetary funds of balance sheet was CNY 576,867,829.77. The difference of CNY 1,356,175.95 was caused by deducting the deposit for letter of credit of CNY 1,356,175.95, which failed to meet the standards of cash and cash equivalents, from the cash and cash equivalents in the statement of cash flows.

5.52 Restricted Assets

Item	Carrying amount on 31 December 2022	Reason for restriction
Monetary funds	1,356,175.95	Security deposits
Total	1,356,175.95	

Note: The assets with restricted ownership or right-of-use are the deposit for letter of credit of Tsann Kuen (Zhangzhou) Enterprise Co., Ltd. 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.

5.53 Foreign Currency Monetary Items

5.53.1 Details for foreign currency monetary items:

Item	Carrying amount in foreign currency on 31 December 2022	Exchange rate	Carrying amount in CNY on 31 December 2022
Cash and cash equivalents			
Including: HKD	34,530.65	0.89327	30,845.19
USD	25,280,338.79	6.9646	176,067,447.54
JPY	42,724,729.42	0.052358	2,236,981.38
EUR	190,797.16	7.4229	1,416,268.24
GBP	9,419.65	8.3941	79,069.48
IDR	652,648,413.21	0.000446	291,081.19
HUF	81,016.00	0.018576	1,504.95
NTD	3,526,965.00	0.226732	799,675.83
Total			180,922,873.80
Accounts receivables			
Including: USD	13,484,745.69	6.9646	93,915,859.83
JPY	50,541,062.00	0.052358	2,646,228.92
IDR	803,739,638.00	0.000446	358,467.88
Total			96,920,556.63
Accounts payables			
Including: USD	5,753,718.88	6.9646	40,072,350.51
EUR	345,689.60	7.4229	2,566,019.33
HKD	1,495.70	0.89327	1,336.06
JPY	47,131,017.93	0.052358	2,467,685.84
IDR	738,245,885.50	0.000446	329,257.66
GBP	18,056.00	8.3941	151,563.87
Total			45,588,213.27
Other receivables			
Including: USD	1,200.00	6.9646	8,357.52
IDR	1,237,458,000.00	0.000446	551,906.27
NTD	32,752.00	0.226732	7,425.93
Total			567,689.72
Other payables			
Including: HKD	56,143.68	0.89327	50,151.47
USD	418,606.52	6.9646	2,915,426.97
IDR	250,983,869.13	0.000446	111,938.81

Item	Carrying amount in foreign currency on 31 December 2022	Exchange rate	Carrying amount in CNY on 31 December 2022
Total			3,077,517.25

5.53.2 Description of overseas business entities

Name of the overseas operating entity: Pt.StarComgisticIndonesia

Main business area: Indonesia

Accounting standard currency: US dollars

5.54 Government Grants

5.54.1 Government grants related to assets

Item	Amount	Items presented in the statement of financial position	Recognized in current profit or loss or directly as deduct of related cost		Presented items that recognised in current profit or loss or directly as deduct of related cost
			2022	2021	
Equipment investment subsidies		Fixed assets	74,563.64	74,563.64	Cost of sales

5.54.2 Government grants related to income

Item	Amount	Items presented in the statement of financial position	Recognised in current profit or loss or directly as deduct of related cost		Presented items that recognised in current profit or loss or directly as deduct of related cost
			2022	2021	
R&D expenses subsection subsidies	2,004,300.00	Not applicable	2,004,300.00	1,714,500.00	Other income
Export credit insurance subsidy	1,110,988.00	Not applicable	1,110,988.00	1,676,564.00	Other income
Rewards for stable operation of industrial production during the "two festivals"	1,050,700.00	Not applicable	1,050,700.00		Other income
Support and subsidies for stabilizing foreign trade	1,000,000.00	Not applicable	1,000,000.00		Other income
Foreign Trade Development Subsidy	1,000,000.00	Not applicable	1,000,000.00		Other income
Subsidy for independent brand construction of foreign trade enterprises	500,000.00	Not applicable	500,000.00		Other income
Patent subsidies	402,000.00	Not applicable	402,000.00	20,500.00	Other income
Enterprise foreign exchange hedge subsidies	253,087.00	Not applicable	253,087.00	415,000.00	Other income

Item	Amount	Items presented in the statement of financial position	Recognised in current profit or loss or directly as deduct of related cost		Presented items that recognised in current profit or loss or directly as deduct of related cost
			2022	2021	
Three-year action award of "focusing on industry and grasping major industry"	200,000.00	Not applicable	200,000.00		Other income
Employment stabilization subsidies	131,618.39	Not applicable	131,618.39	45,313.24	Other income
Third generation service charge	106,745.09	Not applicable	106,745.09	64,934.41	Other income
Reward for increasing production and efficiency for the first quarter of 2021		Not applicable		319,000.00	Other income
Subsidies for scientific and technological innovation		Not applicable		200,000.00	Other income
Cross-provincial employment subsidies for people lifted out of poverty		Not applicable		191,625.00	Other income
Other	234,021.43	Not applicable	234,021.43	22,146.53	Other income
Total	7,993,459.91		7,993,459.91	4,669,583.18	

5.55 Lease

5.55.1 The Company as the lessee

Current profit and loss and cash flow related to the lease

Project	2022
Short-term lease expenses included in the profit and loss of the current period	
Lease expense of low-value assets included in current period (except short-term lease)	345,690.90
Interest expense of the lease liability	24,915,064.28
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	50,773,769.67
Total cash outflow related to leasing	34,451,792.72

5.55.2 The company shall be the lessor

Operation lease

Lease income

Project	2022
Lease income	11,123,806.52
Including: income related to variable lease payments not included in the measurement of lease receipts	

6. CHANGES IN THE SCOPE OF CONSOLIDATION**Other reasons for change of consolidated scope**

In March 2022, the company cancelled its subsidiary, Shanghai Canxing Trading Co., LTD. From the date of cancellation, Shanghai Canxing Trading Co., Ltd. will no longer be included in the scope of consolidated statements.

In July 2022, the company cancelled its subsidiary, Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd. From the date of cancellation, Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd. will no longer be included in the scope of consolidated statements.

7. INTERESTS IN OTHER ENTITIES

7.1 Interests in Subsidiaries

7.1.1 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
Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd.	TKN	Zhangzhou	Zhangzhou	Manufactures home electronic appliance		56.25	Acquired through establishment
Shanghai Canxing Trading Co., Ltd.	STD	Shanghai	Shanghai	Sales of home electronic		56.25	Acquired through establishment
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		75.00	Acquired through business

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	
				electronic appliance			combination under common control
Pt.Star Comgistic Property Development Indonesia	SCPMI	Indonesia	Indonesia	Real estate development		75.00	Acquired through establishment
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: The indirect shareholding ratio is the ultimate shareholding ratio of the ultimate parent company.

7.1.2 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 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	21,561,359.44	23,155,114.88	343,283,190.19
Tsann Kuen China (Shanghai) Enterprise Co., Ltd.	53.13	3,166,132.93		131,522,730.11
Pt.Star Comgistic Indonesia	25.00	-1,699,709.99		37,443,279.44

7.1.3 Main financial information of significant non-wholly owned subsidiaries

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
Tsann Kuen China (Shanghai) Enterprise Co., Ltd.	292,168,697.67	5,878,922.81	298,047,620.48	29,275,071.53	21,200,351.10	50,475,422.63
Pt.Star Comgistic Indonesia	99,235,623.96	69,820,920.41	169,056,544.38	19,283,426.63		19,283,426.63

(Continued)

Name of subsidiary	31 December 2021					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	1,696,368,515.44	987,861,266.99	2,684,229,782.43	759,445,581.79	545,276,418.13	1,304,721,999.92
Tsann Kuen China (Shanghai) Enterprise Co., Ltd.	285,418,969.52	6,353,285.01	291,772,254.53	28,950,447.01	21,209,389.30	50,159,836.31
Pt.Star Comgistic Indonesia	104,039,232.69	68,583,223.01	172,622,455.70	29,097,088.51		29,097,088.51

Name of subsidiary	2022			
	Revenue	Net profit/(loss)	Total comprehensive income	Net cash flows from operating activities

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
Tsann Kuen China (Shanghai) Enterprise Co., Ltd.	1,143,842.08	5,959,779.63		-1,115,344.62
Pt.Star Comgistic Indonesia	163,879,757.25	-6,798,839.94		32,402,057.65

(Continued)

Name of subsidiary	2021			
	Revenue	Net profit/(loss)	Total comprehensive income	Net cash flows from operating activities
Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	2,118,181,090.43	102,911,621.69		225,975,983.15
Tsann Kuen China (Shanghai) Enterprise Co., Ltd.	969,174.51	8,766,155.95		-399,273.30
Pt.Star Comgistic Indonesia	241,383,474.27	744,976.91		2,963,140.71

8. 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.

8.1 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, notes receivable, accounts receivables, other receivables and long-term receivables. 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 notes receivable, other receivables and long-term receivables, 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.

8.1.1 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.

8.1.2 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.

8.1.3 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 5 clients represents 67.79% of the total (31 December 2021: 69.10 %); for the other receivables, the amount of the top five entities represents 62.85% of the total (31 December 2021: 84.08%).

8.2 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.

8.3 Market Risk

8.3.1 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, TKEI uses NTD for purchasing and sale. Other than the three subsidiaries mentioned above, other major business activities of the Company are priced and settled in CNY.

As of December 31, 2022, 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 2022	31 December 2021
Cash and cash equivalent	180,922,873.80	200,454,207.05
Accounts receivable	96,920,556.63	261,004,280.30
Other receivables	567,689.72	890,875.66
Accounts payable	45,588,213.27	50,002,345.34
Other payables	3,077,517.25	5,293,562.68

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.

8.3.2 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.

9. 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

9.1 Assets and Liabilities Measured at Fair Value at 31 December 2022

Items	Fair value at 31 December 2022			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
(a) Held-for-trading financial assets				
(i) Financial assets at fair value through profit or loss		569,493,788.89		569,493,788.89
Debt instruments		568,354,888.89		568,354,888.89
Equity instruments				
Derivatives		1,138,900.00		1,138,900.00
Total assets measured at fair value on a		569,493,788.89		569,493,788.89

Items	Fair value at 31 December 2022			
	Level 1	Level 2	Level 3	Total
recurring basis				
(b) Held-for-trading financial liabilities				
(i) Held-for-trading bonds				
(ii) Derivatives				
(iii) Others				
Total liabilities measured at fair value on a recurring basis				

9.2 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.

10. 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.

10.1 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 (%)
STAR COMGISTIC CAPITAL CO., LTD.	Taiwan	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.

10.2 General Information of Subsidiaries

Details of the subsidiaries please refer to Notes 7 INTERESTS IN OTHER ENTITIES.

10.3 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
Gold mine chain enterprise Co., Ltd	Same actual controller

10.4 Related Party Transactions**10.4.1 Purchases or sales of goods, rendering or receiving of services****Purchases of goods, receiving of services:**

Related parties	Nature of the transaction(s)	2022	2021
Thermaster Electronic (Xiamen) Ltd.	Purchase of goods	25,501,621.08	41,613,744.13
Tsann Kuen Enterprise Co., Ltd.	Purchase of goods		4,469.14
Gold mine chain enterprise Co., Ltd	Purchase of goods		439.33
STAR COMGISTIC CAPITAL CO., LTD.	Purchase of goods		1,866.97
Total		25,501,621.08	41,620,519.57

Sales of goods and rendering of services:

Related parties	Nature of the transaction(s)	2022	2021
STAR COMGISTIC CAPITAL CO., LTD.	Sales of goods	8,717,630.50	9,607,312.58
Thermaster Electronic (Xiamen) Ltd.	Sales of goods	29,129.50	
Total		8,746,760.00	9,607,312.58

10.4.2 Leases

The Company as lessee:

The lessor	Type of assets	2022				
		Rental charges for short term leases and leases of low value assets	Variable lease payments not included in	Rental payments	Interest expense on lease liabilities	Increase in right-of-use assets

The lessor	Type of	2022				
		processed on a simplified basis	the measurement of lease liabilities		assumed	
STAR COMGISTIC CAPITAL CO., LTD.	Property			586,752.71	39,146.36	-3,209,286.63

(Continued)

The lessor	Type of assets	2021				
		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			1,166,230.15	127,134.72	3,256,034.75

10.4.3 Transfers of assets and debt restructuring

Related parties	Nature of the transaction(s)	2022	2021
Gold mine chain enterprise Co., Ltd	Sale of fixed assets		1,644.86
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	79,646.02	

Related parties	Nature of the transaction(s)	2022	2021
Total		131,176.58	1,644.86

10.4.4 Key management personnel compensation

Unit: Ten thousand yuan

Item	2022	2021
Key management personnel compensation	411.30	401.44

10.4.5 Other related party transactions

Related parties	Nature of the transaction(s)	2022	2021
STAR COMGISTIC CAPITAL CO., LTD.	Quality claim payment	32,196.78	368,818.81
STAR COMGISTIC CAPITAL CO., LTD.	Accept service	104,743.56	106,528.65
Tsann Kuen Enterprise Co., Ltd.	Accept labor service	40,260.53	39,536.23
Total		177,200.87	514,883.69

10.5 Receivables and Payables with Related Parties

10.5.1 Receivables

Items	Related parties	31 December 2022		31 December 2021	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	STAR COMGISTIC CAPITAL CO., LTD.	1,096,717.65		2,297,330.17	
Other receivables	STAR COMGISTIC CAPITAL CO., LTD.			203,104.11	
Total		1,096,717.65		2,500,434.28	

10.5.2 Payables

Items	Related parties	31 December 2022	31 December 2021
Accounts payable	Thermaster Electronic (Xiamen) Ltd.	5,955,654.84	7,408,747.24
Total		5,955,654.84	7,408,747.24

11. COMMITMENTS AND CONTINGENCIES

11.1 Significant Commitments

As at 31 December 2022, the Company has no significant commitments need to be disclosed.

11.2 Contingencies

Significant contingencies existing at the balance sheet date:

As of 31st December 2022, The Company has no significant contingencies need to be disclosed.

12. Events after the balance sheet date

12.1 Profit Distribution

On 4 March 2023, the first Board Meeting of 2023 held by the Company reviewed and approved the profit distribution plan for 2022. Based on the total share capital of 185,391,680 shares as at the end of 2022, cash dividend of CNY 3.00 per 10 shares will be distributed to all shareholders of the Company (tax included). The profit for distribution of the Company is CNY 55,617,504.00. The proposal still needs to be approved by the shareholders' general meeting of the Company.

12.2 Other events after the balance sheet date

Until 4 March 2023 (Report date approved by the Board of Directors), the Company has no other events after the reporting period need to be disclosed.

13. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

13.1 Accounts Receivable

13.1.1 Accounts receivable by ageing

Aging	31 December 2022	31 December 2021
Within 1 year	240,067.21	732,884.86
Including: 1 – 90 days	219,897.21	723,207.30
91 – 180 days	20,170.00	
181 – 270 days		3,328.92
271 – 365 days		6,348.64
1-2 years	9,677.56	110,740.52
2-3 years	110,740.52	
Over 3 years	5,000.00	5,000.00
Subtotal	365,485.29	848,625.38

Aging	31 December 2022	31 December 2021
Less: Provision for bad debt	31,981.50	50,636.67
Total	333,503.79	797,988.71

13.1.2 Accounts receivable by bad debt provision method

Category	31 December 2022				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	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

(Continued)

Category	31 December 2021				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	848,625.38	100.00	50,636.67	5.97	797,988.71
Including: Portfolio by age	848,625.38	100.00	50,636.67	5.97	797,988.71
Portfolio by related parties					
Total	848,625.38	100.00	50,636.67	5.97	797,988.71

Specific instructions for provision for bad debts:

As of 31 December 2022 and 31 December 2021, accounts receivable with bad debt provision recognised collectively by aging

Aging	31 December 2022	31 December 2021
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	Book balance	Provision for bad debt	Provision ratio (%)	Book balance	Provision for bad debt	Provision ratio (%)
Not overdue	294,654.84	1,473.27	0.50	295,643.50	1,478.22	0.50
Overdue 1 – 30 days	26,634.37	1,198.55	4.50	527,563.80	23,740.37	4.50
Overdue 31 – 60 days	18,608.00	3,721.60	20.00			
Overdue 61 – 90 days						
Overdue more than 90 days	25,588.08	25,588.08	100.00	25,418.08	25,418.08	100.00
Total	365,485.29	31,981.50	8.75	848,625.38	50,636.67	5.97

See Note 3.9 for the recognition criteria and instructions for the provision for bad debts by groups.

13.1.3 Changes of provision for bad debt during the reporting period

Category	31 December 2021	Changes during the reporting period			31 December 2022
		Provision	Recovery or reversal	Write-off	
Provision for bad debt recognised collectively	50,636.67	76,500.18	95,155.35		31,981.50
Total	50,636.67	76,500.18	95,155.35		31,981.50

13.1.4 Top five closing balances by entity at the reporting date

Entity name	Balance at 31 December 2022	Proportion of the balance to the total accounts receivable (%)	Provision for bad debt
Shenzhen Pinluo Innovation Industry Co., Ltd.	146,559.84	40.10	887.36
Electrolux (China) Electric Co., Ltd. Shanghai Branch	100,000.00	27.36	500.00
Haoyigou Family Shopping Ltd	93,144.37	25.49	5,174.25
Suning Procurement Center of SUNING.COMCO.,LTD.	20,418.08	5.59	20,418.08
Xi'an Renrenle Supermarket Co., LTD	5,000.00	1.37	5,000.00
Total	365,122.29	99.91	31,979.69

13.2 Other Receivables

13.2.1 Other receivables by category

Items	31 December 2022	31 December 2021
Interest receivable		
Dividend receivable		
Other receivables	3,268,524.27	3,982,081.71
Total	3,268,524.27	3,982,081.71

13.2.2 Other Receivables

13.2.2.1 Other receivables by aging

Aging	31 December 2022	31 December 2021
Within 1 year	3,230,581.33	3,953,247.20
Including: 1 – 90 days	3,121,427.22	3,899,828.90
91 – 180 days	68,800.00	7,300.00
181 – 270 days	30,000.00	13,118.30
271 – 365 days	10,354.11	33,000.00
1-2 years	124,851.70	80,502.00
2-3 years		
Over 3 years	50,000.00	50,000.00
Subtotal	3,405,433.03	4,083,749.20
Less: Provision for bad debt	136,908.76	101,667.49
Total	3,268,524.27	3,982,081.71

13.2.4.2 Other receivables by nature

Nature	31 December 2022	31 December 2021
Deposit	308,800.00	50,000.00
Due from related parties	1,476,761.65	2,859,918.55
Other current balances	1,619,871.38	1,173,830.65
Subtotal	3,405,433.03	4,083,749.20
Less: Provisions for bad debt	136,908.76	101,667.49
Total	3,268,524.27	3,982,081.71

13.2.4.3 Other receivables by bad debt provision method

A. As at 31 December 2022, provision for bad debt recognised based on three stages model:

Stages	Book balance	Provision for bad debt	Carrying account
Stage 1	3,405,433.03	136,908.76	3,268,524.27

Stages	Book balance	Provision for bad debt	Carrying amount
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	Provision ratio (%)	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.

B. As of 31 December 2021, provision for bad debt recognised based on three stages model:

Stages	Book balance	Provision for bad debt	Carrying amount
Stage 1	4,083,749.20	101,667.49	3,982,081.71
Stage 2			
Stage 3			
Total	4,083,749.20	101,667.49	3,982,081.71

As at 31 December 2021, 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	4,083,749.20	2.49	101,667.49	3,982,081.71	

Category	Book balance	12-month expected credit losses rate (%)	Provision for bad debt	Carrying amount	Reason
Deposit	50,000.00			50,000.00	
Due from related parties	2,859,918.55			2,859,918.55	
Other current balances	1,173,830.65	8.66	101,667.49	1,072,163.16	
Total	4,083,749.20	2.49	101,667.49	3,982,081.71	

On December 31, 2021, the Company had no bad debt provision in the Stage 2.

On December 31, 2021, the Company had no bad debt provision in Stage 3.

Basis for the amount of bad debt provisions for the current period:

See Note 3.9 for the recognition criteria and instructions for the provision for bad debts by groups.

13.2.4.4 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 2021	101,667.49			101,667.49
Balance at 31 December 2021 recognised in the reporting period	—	—	—	—
Transfer to stage 2				
Transfer to stage 3				
Transfer back to stage 2				
Transfer back to stage 1				
Provision	116,209.86			116,209.86
Recovery	80,968.59			80,968.59
Reversal				
Write-off				
Other changes				
Balance on 31 December 2022	136,908.76			136,908.76

13.2.4.5 Other receivables of the top five ending balances collected by the debtor party

Entity name	Nature	Balance as of 31 December 2022	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
TsannKuen (Zhangzhou) Enterprise Co., Ltd.(TKL)	Current balances	1,476,761.65	Within 90 days	43.36	
LeYu Times (Xiamen Sports)	Deposit	162,000.00	Within 270 days	4.76	
Xiamen Longshengzhi Bang Information Technology Co., LTD	Current balances	113,992.62	Within 90 days	3.35	
Tmall Xiamen TsannKuen flagship store	Deposit	60,000.00	Within 90 days	1.76	
Xiamen TsannKuen Flagship Store Alipay	Deposit	60,000.00	1 – 2 years	1.76	
Total		1,872,754.27		54.99	

13.3 Long-term Equity Investments

Items	31 December 2022			31 December 2021		
	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
Joint ventures and associates						
Total	923,414,701.56		923,414,701.56	923,414,701.56		923,414,701.56

Investments in subsidiaries

Investees	31 December 2021	Increase during the reporting period	Decrease during the reporting period	31 December 2022	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		

13.4 Revenue and Cost of Sales

Items	2022		2021	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	5,021,963.53	3,493,646.19	8,384,224.17	6,417,190.60
Other activities	47,512,766.51	31,448,216.35	44,533,525.13	31,261,674.76
Total	52,534,730.04	34,941,862.54	52,917,749.30	37,678,865.36

13.5 Investment Income

Items	2022	2021
Investment income from long-term equity investments under cost method	69,465,344.64	114,819,496.58
Total	69,465,344.64	114,819,496.58

14. SUPPLEMENTARY INFORMATION**14.1 Extraordinary Gains or Losses**

Items	2022	2021	Description
Losses on disposal of non-current assets	730,715.85	2,101,750.59	
Government grants recognised in current profit or loss (except government grants that is closely related to operations and determined based on a fixed scale according to the national unified standard)	7,993,459.91	4,786,030.51	
Gains /(losses) arising from changes in fair value of held-for-trading financial assets, derivative financial assets, other non-current financial assets, held-for-trading financial liabilities and derivative financial liabilities during the holding period and investment income arising from disposal of held-for-trading financial assets, derivative financial assets, other non-current financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investment except effective hedging transactions related to the Company's principal activities	24,698,675.41	48,392,884.92	
Other non-operating income/expenses except for	3,068,167.50	4,876,463.40	

Items	2022	2021	Description
items mentioned above			
Other extraordinary gains/(losses) defined	5,901.34		
Total extraordinary gains/(losses)	36,496,920.01	60,157,129.42	
Less: tax effect	6,436,822.09	10,199,627.23	
Net extraordinary gains/(losses)	30,060,097.92	49,957,502.19	
Less: net extraordinary gains/(losses) attributable to non-controlling interest	8,949,212.27	14,347,148.91	
Net extraordinary gains/(losses) attributable to ordinary shareholders	21,110,885.65	35,610,353.28	

14.2 Return on Net Assets and Earnings Per Share ('EPS')

14.2.1 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

14.2.2 2021

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic	Diluted
Net profit attributable to ordinary shareholders	13.47	0.66	0.66
Net profit attributable to ordinary shareholders after extraordinary gains and losses	9.54	0.47	0.47

Name of the Company: TsannKuen (China) Enterprise Co., Ltd.

Date: 4 March 2023