

TSANN KUEN (CHINA) ENTERPRISE CO., LTD.

2025 SEMI-ANNUAL REPORT

Financial Report

I. Auditor's Report

Whether the semi-annual report has been audited?

☐ Yes ☒ No

The semi-annual report of the Company has not been audited.

II. Financial statements (attached)

1. Statement of Financial Position
2. Statement of Profit or Loss and Other Comprehensive Income
3. Statement of Cash Flows
4. Statement of Changes in Shareholders' Equity
5. Notes to the Financial Statements

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

Board Chairman: Cai Yuansong

7 August 2025

1. Consolidated Statement of Financial Position as at 30 June 2025

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

Unit: Yuan Currency: CNY

Item	Note	2025/6/30	2024/12/31	Item	Note	2025/6/30	2024/12/31
Current assets:				Current liabilities			
Cash and cash equivalents	5.1	390,933,066.61	444,377,943.52	Short-term borrowings	5.21	36,333,653.27	
Held-for-trading financial assets	5.2		50,942,083.33	Held-for-trading financial liabilities			
Derivative financial assets				Derivative financial liabilities			
Notes receivable				Notes payable	5.22	4,724,919.53	19,418,627.35
Accounts receivable	5.3	131,705,355.91	203,955,899.80	Accounts payable	5.23	380,175,511.95	517,321,517.29
Accounts receivable financing				Advances from customers	5.24	2,547,519.68	2,924,333.25
Advances to suppliers	5.4	8,261,158.90	4,318,758.91	Contract liabilities	5.25	18,059,456.23	16,296,739.65
Other receivables	5.5	16,834,594.69	27,902,480.51	Employee benefits payable	5.26	48,709,969.52	53,957,022.40
Including: Interests receivable				Taxes payable	5.27	8,299,865.76	18,310,394.76
Dividend receivable				Other payables	5.28	33,275,738.81	40,877,557.33
Inventories	5.6	182,041,733.82	194,399,523.78	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	237,753,845.51	51,260,694.44	Non-current liabilities maturing within one year	5.29	7,548,324.44	922,678.70
Other current assets	5.8	419,118,142.70	554,336,979.01	Other current liabilities			
Total current assets		1,386,647,898.14	1,531,494,363.30	Total current liabilities		539,674,959.19	670,028,870.73
Non-current assets:				Non-current liabilities:			
Debt investments	5.9	518,710,855.95	540,534,660.69	Long-term borrowings			
Other debt investments				Bonds payable			
Long-term receivables				Including: Preference share			
Long-term equity investments	5.10	9,445,123.83		Perpetual capital securities			
Other equity instrument investment	5.11	40,000.00	40,000.00	Lease liabilities	5.30	398,487,714.70	396,004,620.97

Item	Note	2025/6/30	2024/12/31	Item	Note	2025/6/30	2024/12/31
Other non-current financial assets				Long-term payables			
Investment properties	5.12	18,874,577.41	19,287,755.23	Long-term employee benefits payable			
Fixed assets	5.13	154,068,855.87	146,795,190.83	Estimated liabilities			
Construction in progress	5.14	5,056,908.31	3,462,300.89	Deferred income			
Productive biological assets				Deferred tax liabilities			
Oil and gas assets				Other non-current liabilities			
Right-of-use assets	5.15	347,968,147.44	353,943,869.92	Total non-current liabilities		398,487,714.70	396,004,620.97
Intangible assets	5.16	11,488,501.93	11,947,318.66	Total liabilities		938,162,673.89	1,066,033,491.70
Research and development expenditure				Owners' equity			
Goodwill				Share capital	5.31	185,391,680.00	185,391,680.00
Long-term deferred expenses	5.17	4,300,745.56	5,571,380.26	Other equity instruments			
Deferred tax assets	5.18	14,656,978.77	11,872,802.85	Including: Preference shares			
Other non-current assets	5.19	8,230,383.08	10,099,186.11	Perpetual capital securities			
Total non-current assets		1,092,841,078.15	1,103,554,465.44	Capital reserves	5.32	296,808,965.79	296,808,965.79
				Less: Treasury stock			
				Other comprehensive income	5.33	10,876,581.02	11,252,746.52
				Specific reserves			
				Surplus reserves	5.34	81,427,732.56	81,427,732.56
				Retained earnings	5.35	510,149,004.06	527,518,517.81
				Total owner's equity attributable to parent company		1,084,653,963.43	1,102,399,642.68
				Non-controlling interests		456,672,338.97	466,615,694.36
				Total owners' equity		1,541,326,302.40	1,569,015,337.04
Total assets		2,479,488,976.29	2,635,048,828.74	Total liabilities and owners' equity		2,479,488,976.29	2,635,048,828.74

Legal Representative: Cai Yuansong

Chief Financial Officer: Wu Jianhua

Finance Manager: Wu Jianhua

2. Statement of Financial Position of Parent Company as at 30 June 2025

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

Unit: Yuan Currency: CNY

Assets	Note	2025/6/30	2024/12/31	Liabilities and owners' equity	Note	2025/6/30	2024/12/31
Current assets:				Current liabilities			
Cash and cash equivalents		12,560,284.26	9,893,016.08	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	15.1	421,668.75	201,780.44	Accounts payable		960,812.01	1,815,877.06
Accounts receivable financing				Advances from customers		2,212,535.69	2,403,680.33
Advances to suppliers		23,241.57	21,287.13	Contract liabilities		65,038.58	153,646.35
Other receivables	15.2	6,112,753.11	6,555,310.24	Employee benefits payable		5,230,667.04	8,589,134.60
Including: Interests receivable				Taxes payable		5,958,844.13	5,127,289.98
Dividend receivable				Other payables		3,856,814.34	13,173,843.37
Inventories		1,172,815.34	2,264,166.58	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			
Other current assets				Other current liabilities			
Total current assets		20,290,763.03	18,935,560.47	Total current liabilities		18,284,711.79	31,263,471.69
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	15.3	923,414,701.56	923,414,701.56	Perpetual capital securities			

Assets	Note	2025/6/30	2024/12/31	Liabilities and owners' equity	Note	2025/6/30	2024/12/31
Other equity instrument investment		40,000.00	40,000.00	Lease liabilities			
Other non-current financial assets				Long-term payables			
Investment properties		18,848,322.95	19,301,965.49	Long-term employee benefits payable			
Fixed assets		243,499.51	294,240.38	Estimated liabilities			
Construction in progress		26,732.67	97,676.45	Deferred income			
Productive biological assets				Deferred tax liabilities			
Oil and gas assets				Other non-current liabilities			
Right-of-use assets				Total non-current liabilities			
Intangible assets				Total liabilities		18,284,711.79	31,263,471.69
Research and development expenditure				Owners' equity			
Goodwill				Share capital		185,391,680.00	185,391,680.00
Long-term deferred expenses		794,380.03	1,016,860.33	Other equity instruments			
Deferred tax assets		721,941.55	824,852.10	Including: Preference shares			
Other non-current assets				Perpetual capital securities			
Total non-current assets		944,089,578.27	944,990,296.31	Capital reserves		271,490,289.82	271,490,289.82
				Less: Treasury stock			
				Other comprehensive income			
				Specific reserves			
				Surplus reserves		81,427,732.56	81,427,732.56
				Retained earnings		407,785,927.13	394,352,682.71
				Total owners' equity		946,095,629.51	932,662,385.09
Total assets		964,380,341.30	963,925,856.78	Total liabilities and owners' equity		964,380,341.30	963,925,856.78

Legal Representative: Cai Yuansong

Chief Financial Officer:Wu Jianhua

Finance Manager:Wu Jianhua

3. Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

Unit: Yuan

Currency: CNY

Item	Note	Reporting period	Same period of last year
I. Revenue	5.36	652,773,296.39	788,085,998.03
Including: operating revenue	5.36	652,773,296.39	788,085,998.03
II. Cost of sales		645,659,208.44	752,393,700.63
Including: operating cost	5.36	562,880,349.18	665,733,282.11
Taxes and surcharges	5.37	4,083,979.63	3,627,552.69
Selling and distribution expenses	5.38	11,706,746.06	15,705,789.17
General and administrative expenses	5.39	34,691,484.86	34,966,806.51
Research and development expenses	5.40	29,941,757.03	32,146,701.14
Finance costs	5.41	2,354,891.68	213,569.01
Including: Interest expense		11,155,646.85	11,082,809.10
Interest income		3,750,247.27	7,043,615.67
Add: Other income	5.42	1,808,128.78	909,068.05
Investment income/(losses)	5.43	16,576,429.63	14,548,243.97
Including: Investment income from associates and joint ventures		-354,876.17	
Gains/ (losses) from derecognition of financial assets measured at amortised cost			
Income/ (losses) from net exposure hedging			
Gains/ (losses) from changes in fair values	5.44	-942,083.33	1,950,911.11
Impairment loss of credit	5.45	-2,109,067.68	1,310,991.27
Impairment loss of asset	5.46	-2,818,668.81	-5,385,687.68
Gains/ (losses) from disposal of assets	5.47	1,265,588.90	600,085.35
III. Profit/(loss) from operations		20,894,415.44	49,625,909.47
Add: Non-operating income	5.48	679,417.25	148,920.32
Less: Non-operating expenses	5.49	74,055.07	52,501.87
IV. Profit/(loss) before tax		21,499,777.62	49,722,327.92
Less: Income tax expenses	5.50	1,869,934.96	5,204,909.85
V. Net profit/(loss)		19,629,842.66	44,517,418.07
(I) Net profit/(loss) by continuity			
Net profit/(loss) from continuing operation		19,629,842.66	44,517,418.07
Net profit/(loss) from discontinued operation			
(II) Net profit/(loss) by ownership attribution			
Attributable to owners of the parent		16,000,988.65	33,989,579.63
Attributable to non-controlling interests		3,628,854.01	10,527,838.44

Item	Note	Reporting period	Same period of last year
VI. Other comprehensive income, after tax	5.51	-501,554.00	122,316.97
(a) Attributable to owners of the parent	5.51	-376,165.50	91,737.73
(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	5.51	-376,165.50	91,737.73
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	5.51	-376,165.50	91,737.73
(b) Attributable to non-controlling interests	5.51	-125,388.50	30,579.24
VII. Total comprehensive income		19,128,288.66	44,639,735.04
Attributable to owners of the parent		15,624,823.15	34,081,317.36
Attributable to non-controlling interests		3,503,465.51	10,558,417.68
VIII. Earnings per share:			
Basic earnings per share	16.2	0.09	0.18
Diluted earnings per share	16.2	0.09	0.18

Where business mergers under the same control occurred in the Reporting Period, net profit achieved by the merged parties before the business mergers was CNY 0.00, with the corresponding amount for the same period of last year being CNY 0.00.

Legal Representative: Cai Yuansong

Chief Financial Officer: Wu Jianhua

Finance Manager: Wu Jianhua

4. Statement of Profit or Loss and Other Comprehensive Income of Parent Company

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

Unit: Yuan

Currency: CNY

Item	Note	Reporting period	Same period of last year
I. Revenue	15.4	33,325,016.04	30,099,321.70
Less: Costs of sales	15.4	20,729,470.91	18,160,768.94
Taxes and surcharges		1,850,440.08	1,738,871.49
Selling and distribution expenses		1,126,624.30	2,163,347.05
Administrative expenses		1,709,394.31	1,740,236.93
Research and development expenses			
Finance costs		-212,456.47	750,817.04
Including: Interest expense			
Interest income		116,089.08	156,953.27
Add: Other income		24,784.44	137,551.83
Investment income/(losses)	15.5	40,989,673.41	50,748,305.69
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		-80,876.19	-21,905.00
Impairment loss of asset		-378,965.52	-124,775.72
Gains/(losses) from disposal of assets			
II. Profit/(loss) from operations		48,676,159.05	56,284,457.05
Add: Non-operating income		50,150.00	38,150.00
Less: Non-operating expenses			
III. Profit/(loss) before tax		48,726,309.05	56,322,607.05
Less: Income tax expenses		1,922,562.23	1,377,120.27
IV. Net profit/(loss)		46,803,746.82	54,945,486.78
Net profit/(loss) from continuing operation		46,803,746.82	54,945,486.78
Net profit/(loss) from discontinued operation			
V. Other comprehensive income, 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		46,803,746.82	54,945,486.78

Legal Representative: Cai Yuansong

Chief Financial Officer: Wu Jianhua

Finance Manager: Wu Jianhua

5. Consolidated Statement of Cash Flows

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

Unit: Yuan Currency: CNY

Item	Note	Reporting period	Same period of last year
I. Cash flows from operating activities			
Cash received from the sale of goods and the rendering of services		708,216,972.45	744,020,596.18
Cash received from tax refund		62,498,228.93	64,704,665.32
Other cash received relating to operating activities	5.52	31,314,118.51	31,938,727.92
Subtotal of cash inflows from operating activities		802,029,319.89	840,663,989.42
Cash payments for goods purchased and services received		593,600,941.63	568,982,943.37
Cash payments to and on behalf of employees		151,067,977.57	162,193,081.64
Payments of taxes		22,675,852.81	64,227,780.29
Other cash payments relating to operating activities	5.52	64,931,416.35	71,557,176.73
Subtotal of cash outflows from operating activities		832,276,188.36	866,960,982.03
Net cash flows from operating activities		-30,246,868.47	-26,296,992.61
II. Cash flows from investing activities			
Cash received from disposal and redemption of investments		50,000,000.00	101,260,500.00
Cash received from returns on investments		6,148,253.50	11,292,745.00
Net cash received from disposals of fixed assets, intangible assets and other long-term assets			1,022,498.75
Net cash received from disposals of subsidiaries and other business units			
Other cash received relating to investing activities	5.52	173,102,725.55	268,987,022.90
Subtotal of cash inflows from investing activities		229,250,979.05	382,562,766.65
Cash payments to acquire fixed, intangible and other long-term assets		34,305,082.39	14,149,364.23
Cash payments to acquire investments		89,800,000.00	280,000,000.00
Net cash payments to acquire subsidiaries and other business units			
Other cash payments relating to investing activities	5.52	116,202,277.78	241,218,285.85
Subtotal of cash outflows from investing activities		240,307,360.17	535,367,650.08
Net cash flows from investing activities		-11,056,381.12	-152,804,883.43
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		35,848,000.00	21,282,600.00
Other cash received relating to financing activities	5.52	3,047,365.87	6,069,665.05
Subtotal of cash inflows from financing activities		38,895,365.87	27,352,265.05
Cash repayments of debts			
Cash payments for dividends, distribution of profit and interest expenses		46,817,323.30	60,612,944.83
Including: Dividends, distribution of profit paid by subsidiaries to minority shareholders		13,446,820.90	16,479,864.07
Other cash payments relating to financing activities	5.52	2,754,112.41	4,301,333.56
Subtotal of cash outflows from financing activities		49,571,435.71	64,914,278.39
Net cash flows from financing activities		-10,676,069.84	-37,562,013.34
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-678,342.02	-1,332,588.95
V. Net increase / (decrease) in cash and cash equivalents		-52,657,661.45	-217,996,478.33
Plus: Cash and cash equivalents at the beginning of the period		441,890,727.50	561,809,622.45
VI. Cash and cash equivalents at the end of the period		389,233,066.05	343,813,144.12

Legal Representative: Cai Yuansong

Chief Financial Officer: Wu Jianhua

Finance Manager: Wu Jianhua

6. Statement of Cash Flows of Parent Company

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

Unit: Yuan Currency: CNY

Item	Note	Reporting period	Same period of last year
I. Cash flows from operating activities			
Cash received from the sale of goods and the rendering of services		1,689,450.99	1,760,436.27
Cash received from tax refund		0.00	4,882.54
Other cash received relating to operating activities		36,201,121.80	30,502,889.54
Subtotal of cash inflows from operating activities		37,890,572.79	32,268,208.35
Cash payments for goods purchased and services received		1,574,640.66	2,328,505.23
Cash payments to and on behalf of employees		3,401,721.24	3,016,039.56
Payments of taxes		6,252,092.45	6,501,551.23
Other cash payments relating to operating activities		31,615,499.30	29,296,111.31
Subtotal of cash outflows from operating activities		42,843,953.65	41,142,207.33
Net cash flows from operating activities		-4,953,380.86	-8,873,998.98
II. Cash flows from investing activities			
Cash received from disposal and redemption of investments			
Cash received from returns on investments		40,989,673.41	50,748,305.69
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		40,989,673.41	50,748,305.69
Cash payments to acquire fixed, intangible and other long-term assets			
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		0.00	0.00
Net cash flows from investing activities		40,989,673.41	50,748,305.69
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		0.00	0.00
Cash repayments of debts			
Cash payments for dividends, distribution of profit and interest expenses		33,370,502.40	44,133,080.76
Other cash payments relating to financing activities			
Subtotal of cash outflows from financing activities		33,370,502.40	44,133,080.76
Net cash flows from financing activities		-33,370,502.40	-44,133,080.76
IV. Effect of foreign exchange rate changes on cash and cash equivalents		1,478.03	-2,947.90
V. Net increase / (decrease) in cash and cash equivalents		2,667,268.18	-2,261,721.95
Plus: Cash and cash equivalents at the beginning of the period		9,893,016.08	7,989,557.11
VI. Cash and cash equivalents at the end of the period		12,560,284.26	5,727,835.16

Legal Representative: Cai Yuansong

Chief Financial Officer: Wu Jianhua

Finance Manager: Wu Jianhua

7. Consolidated Statement of Changes in Owners' Equity

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

Unit: Yuan Currency: CNY

Item	Reporting period												
	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 brought forward	185,391,680.00	0.00	0.00	0.00	296,808,965.79	0.00	11,252,746.52	0.00	81,427,732.56	527,518,517.81	1,102,399,642.68	466,615,694.36	1,569,015,337.04
Add:Changes in accounting policy													
Correction of prior period errors													
Business combination under common control													
Others													
II. Balance as at 1 January	185,391,680.00				296,808,965.79		11,252,746.52		81,427,732.56	527,518,517.81	1,102,399,642.68	466,615,694.36	1,569,015,337.04
III. Changes in equity during the reporting period							-376,165.50			-17,369,513.75	-17,745,679.25	-9,943,355.39	-27,689,034.64
(i) Total comprehensive income							-376,165.50			16,000,988.65	15,624,823.15	3,503,465.51	19,128,288.66
(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										-33,370,502.40	-33,370,502.40	-13,446,820.90	-46,817,323.30
1. Withdrawal of surplus reserves													

Item	Reporting period												
	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									
2. Profit distribution to owners (or shareholders)										-33,370,502.40	-33,370,502.40	-13,446,820.90	-46,817,323.30
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 carried forward	185,391,680.00				296,808,965.79		10,876,581.02		81,427,732.56	510,149,004.06	1,084,653,963.43	456,672,338.97	1,541,326,302.40

(Continued)

Item	The same period of last year												
	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 brought forward	185,391,680.00				296,808,965.79		10,227,053.51		75,501,488.36	507,010,039.53	1,074,939,227.19	459,444,612.96	1,534,383,840.15
Add:Changes in accounting policy													
Correction of prior period errors													
Business combination under common control													
Others													
II. Balance as at 1 January	185,391,680.00				296,808,965.79		10,227,053.51		75,501,488.36	507,010,039.53	1,074,939,227.19	459,444,612.96	1,534,383,840.15
III. Changes in equity during the reporting period							91,737.73			-12,358,340.37	-12,266,602.64	-5,921,446.38	-18,188,049.02
(i) Total comprehensive income							91,737.73			33,989,579.63	34,081,317.36	10,558,417.68	44,639,735.04
(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										-46,347,920.00	-46,347,920.00	-16,479,864.07	-62,827,784.07
1. Withdrawal of surplus reserves													
2. Profit distribution to owners (or shareholders)										-46,347,920.00	-46,347,920.00	-16,479,864.07	-62,827,784.07
3. Others													

Item	The same period of last year												
	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									
(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												0.01	0.01
IV. Balance carried forward	185,391,680.00				296,808,965.79		10,318,791.24		75,501,488.36	494,651,699.16	1,062,672,624.55	453,523,166.58	1,516,195,791.13

Legal Representative: Cai Yuansong

Chief Financial Officer: Wu Jianhua

Finance Manager: Wu Jianhua

8. Statement of Changes in Owners' Equity of Parent Company

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

Unit: Yuan Currency: CNY

Item	Reporting period										
	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 brought forward	185,391,680.00				271,490,289.82				81,427,732.56	394,352,682.71	932,662,385.09
Add:Changes in accounting policy											
Correction of prior period errors											
Others											
II. Balance as at 1 January	185,391,680.00				271,490,289.82				81,427,732.56	394,352,682.71	932,662,385.09
III. Changes in equity during the reporting period										13,433,244.42	13,433,244.42
(i) Total comprehensive income										46,803,746.82	46,803,746.82
(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										-33,370,502.40	-33,370,502.40
1 . Withdrawal of surplus reserves											
2 . Profit distribution to owners (or shareholders)										-33,370,502.40	-33,370,502.40
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 carried forward	185,391,680.00				271,490,289.82				81,427,732.56	407,785,927.13	946,095,629.51

(Continued)

Item	Same period of last year										
	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 brought forward	185,391,680.00				271,490,289.82				75,501,488.36	387,364,404.92	919,747,863.10
Add: Changes in accounting policy											
Correction of prior period errors											
Others											
II. Balance as at 1 January	185,391,680.00				271,490,289.82				75,501,488.36	387,364,404.92	919,747,863.10
III. Changes in equity during the reporting period										8,597,566.78	8,597,566.78
(i) Total comprehensive income										54,945,486.78	54,945,486.78
(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										-46,347,920.00	-46,347,920.00
1. Withdrawal of surplus reserves											
2. Profit distribution to owners (or shareholders)										-46,347,920.00	-46,347,920.00
3. Others											
(iv) Transfer between owners' equity											
1. Capital reserves transfer to share capital											
2. Surplus reserves transfer to share capital											
3. Surplus reserves used to cover accumulated deficits											
4. Defined benefit plan transfer to retained earnings											
5. Other comprehensive income transfer to retained earnings											
6. Others											
(v) Specific reserves											
1. Withdrawal during the reporting period											
2. Usage during the reporting period											
(vi) Others											
IV. Balance carried forward	185,391,680.00				271,490,289.82				75,501,488.36	395,961,971.70	928,345,429.88

Legal Representative: Cai Yuansong

Chief Financial Officer: Wu Jianhua

Finance Manager: Wu Jianhua

Tsann Kuen (China) Enterprise Co., Ltd.**Notes to the Financial Statements for H1 2025**

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

1. BASIC INFORMATION ABOUT THE COMPANY

Tsann Kuen (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 (Hongkong) Co., Ltd., EUPA Industry Corporation Limited and Hong Kong Fillman investment Co., Ltd.. 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 30 June 2025, 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 Investment Limited to transfer into B shares. On 29 November 2007, these B shares could be listed and exercised on Shenzhen Stock Exchange. Up to 30 June 2025, total B shares held by the three legal shareholders (EUPA Industry Corporation Limited, Fordchee Development Limited, and Fillman Investment Limited) are 82,830,966 shares after the implementation of share reducing model (Accounts for 44.68% of the share capital).

Legal representative: Cai Yuansong

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

The parent: STAR COMGISTIC CAPITAL CO.,LTD.

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

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

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

These financial statements were approved for reporting by the Company's Board of Directors on August 7, 2025.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation

These financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standards, specific accounting standards, the Application Guidance for Accounting Standards for Business Enterprises, the Interpretations of Accounting Standards for Business Enterprises, and other relevant provisions (collectively referred to as the “Accounting Standards for Business Enterprises”) issued by the Ministry of Finance of the People’s Republic of China, as well as the relevant requirements of the Rules for the Preparation of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions for Financial Reports issued by the China Securities Regulatory Commission.

2.2 Going Concern

These financial statements have been prepared on a going concern basis.

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

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, truthfully and completely reflecting the Company’s financial position as of 30 June 2025, 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 January 1 to December 31 in calendar year.

3.3 Operating Cycle

The normal operating cycle of the Company is one year.

3.4 Functional Currency

The Company takes Renminbi Yuan (“CNY”) 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 for business combination under same control and not under same control

Business combinations under common control: Assets and liabilities acquired by the consolidating party in a business combination (including goodwill resulting from the acquisition of the consolidated party by the ultimate controlling party) are measured at the carrying value of the consolidated party's assets and liabilities in the consolidated financial statements of the ultimate controlling party at the date of the combination. The difference between the book value of the net assets acquired in the merger and the book value of the merger consideration paid (or the total nominal value of shares issued) is adjusted against the equity premium in capital surplus, and if the equity premium in capital surplus is not sufficient for elimination, retained earnings are adjusted.

Business combinations not under common control: The cost of the combination is the fair value of the assets paid, liabilities incurred or assumed and equity securities issued by the purchaser to obtain control of the acquiree at the date of acquisition. The difference between the cost of the combination and the share of the fair value of the acquiree's identifiable net assets acquired in the combination is recognized as goodwill; the difference between the cost of the combination and the share of the fair value of the acquiree's identifiable net assets acquired in the combination is recognized in profit or loss for the period. Each identifiable asset, liability and contingent liability of the acquiree acquired in a merger that meets the recognition criteria is measured at fair value at the date of acquisition.

Directly related costs incurred for a business combination are recognized in profit or loss as incurred; transaction costs for issuing equity securities or debt securities for a business combination are included in the initial recognition amount of the equity securities or debt securities.

3.6 Criteria for determining control and Method of preparation of consolidated financial statements

3.6.1 Criteria for determining control

The scope of consolidation in the consolidated financial statements is determined on the basis of control, and the scope of consolidation includes the Company and all of its subsidiaries. Control means that the Company has power over the investee, enjoys variable returns through its participation in the investee's related activities, and has the ability to use its power over the investee to influence the amount of its returns.

3.6.2 Consolidation procedures

The Company considers the entire enterprise group as one accounting entity and prepares consolidated financial statements in accordance with uniform accounting policies to reflect the financial position, results of operations and cash flows of the enterprise group as a whole. The effects of internal transactions that occur between the Company and its subsidiaries and between subsidiaries are eliminated. If an internal transaction indicates an impairment loss on the related asset, the full amount of such loss is recognized. If the accounting policies and accounting periods adopted by a subsidiary are not consistent with those of the Company, the necessary adjustments are made in accordance with the Company's accounting policies and accounting periods when preparing the consolidated financial statements. The share of ownership equity, net profit or loss for the period and comprehensive income for the period attributable to minority shareholders of the subsidiaries are presented separately in the consolidated balance sheet under the item of ownership equity, in the consolidated income statement under the item of net profit and in the consolidated statement of total comprehensive income, respectively. The balance resulting from the subsidiary's minority share of current loss exceeding the minority's share of the subsidiary's opening ownership interest is eliminated to reduce shareholders' equity.

3.6.2.1 Increase number of subsidiaries or operations

During the reporting period, if a subsidiary or business is added as a result of a business combination under the same control, the operating results and cash flows of the subsidiary or business from the beginning of the period in which the subsidiary or business is combined to the end of the reporting period are included in the consolidated financial statements, while the opening balance of the consolidated financial statements and the relevant items in the comparative statements are adjusted as if the consolidated reporting entity had existed since the point when the ultimate controlling party began to control it.

If control over an investee under the same control can be exercised due to additional investment, equity investments held prior to the acquisition of control over the investee are eliminated from the opening retained earnings or current profit or loss for the comparative statement period, respectively, for the relevant gains or losses, other comprehensive income and other changes in net assets recognized between the later of the date of acquisition of the original equity interest and the date when the consolidated party and the investee are under the same control and the date of consolidation.

During the reporting period, the addition of subsidiaries or operations as a result of a business combination not under common control is included in the consolidated financial statements from the date of acquisition based on the fair value of each identifiable asset, liability and contingent liability determined at the date of acquisition.

If, for example, additional investments enable the exercise of control over an investee not under common control, the equity interest in the investee held prior to the date of acquisition is remeasured at the fair value of that equity interest at the date of acquisition, and the difference between the fair value and its carrying amount is recognized as investment income for the current period. The difference between the fair value and its

carrying amount is recognized as investment income for the period. The equity interest in the investee held prior to the date of acquisition is transferred to investment income for the period to which the equity interest is transferred under the equity method.

3.6.2.2 Disposal of subsidiaries

1) General treatment

When control over an investee is lost due to disposal of part of the equity investment or other reasons, the remaining equity investment after disposal is remeasured at its fair value at the date of loss of control. The difference between the sum of the consideration received for the disposal of the equity interest and the fair value of the remaining equity interest, less the sum of the share of the net assets of the original subsidiary calculated on a continuing basis from the date of acquisition or the date of consolidation in proportion to the original shareholding and goodwill, is recognized as investment income in the period in which control is lost. Other comprehensive income and other changes in owners' equity under the equity method of accounting related to the equity investment in the original subsidiary that can be reclassified to profit or loss in the future are transferred to investment income in the current period when control is lost.

2) Step-by-step disposal of subsidiaries

Disposal of equity investments in subsidiaries through multiple transactions in steps until the loss of control, the terms and conditions of the disposal of equity investments in subsidiaries and the economic impact of each transaction is consistent with one or more of the following, usually indicating that the multiple transactions are a package deal:

- i. The transactions are entered into simultaneously or after taking into account their mutual effects;
- ii. These transactions as a whole to achieve a complete business result;
- iii. The occurrence of one transaction depends on the occurrence of at least one other transaction;
- iv. A transaction is not economical when viewed alone, but is economical when considered together with other transactions.

If each transaction is a package transaction, each transaction is accounted for as a disposal of a subsidiary and loss of control; the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment before the loss of control is recognized in the consolidated financial statements as other comprehensive income and is transferred to profit or loss in the period is lost when control is lost.

If each transaction is not a package transaction, the accounting treatment is based on partial disposal of the equity investment in the subsidiary without loss of control before the loss of control; upon the loss of control, the accounting treatment is based on the general treatment of disposal of subsidiaries.

3.6.2.3 Purchase of minority interests in subsidiaries

The difference between the newly acquired long-term equity investment due to the

purchase of minority interest and the share of net assets of the subsidiary calculated in proportion to the newly acquired shareholding on an ongoing basis from the date of acquisition or the date of consolidation is adjusted to the equity premium in capital surplus in the consolidated balance sheet; if the equity premium in capital surplus is not sufficient for elimination, it is adjusted to retained earnings.

3.6.2.4 Partial disposal of equity investments in subsidiaries without loss of control

The difference between the disposal price and the share of net assets of the subsidiary calculated on a continuing basis from the date of acquisition or the date of consolidation corresponding to the disposal of the long-term equity investment is adjusted to the equity premium in capital surplus in the consolidated balance sheet, and if the equity premium in capital surplus is not sufficient to offset it, retained earnings are adjusted.

3.7 Cash and cash equivalent

The cash listed on the cash flow statements of the Group refers to cash on hand and bank deposit. The cash equivalents refer to short-term (normally with original maturities of three months or less) and liquid investments which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

3.8 Translation of foreign currency

3.8.1 Foreign currency transaction

At the initial recognition of foreign currency transactions, the entity uses the spot exchange rate on the date of the transaction or an approximate spot exchange rate determined using a systematic and rational method that is close to the spot rate at the date of the transaction (hereinafter referred to as the approximate spot rate) for conversion into the functional currency.

On the balance sheet date, for foreign currency monetary items, the spot exchange rate on the balance sheet date is used for conversion. The exchange differences arising from the difference between the spot exchange rate on the balance sheet date and the spot rate at the date of initial recognition or the previous balance sheet date are recognized in profit or loss. For non-monetary foreign currency items measured at historical cost, the spot exchange rate at the date of the transaction continues to be used; for non-monetary foreign currency items measured at fair value, the spot exchange rate on the date when the fair value is determined is used, and the difference between the amount in the functional currency after conversion and the original amount in the functional currency is recognized in profit or loss.

3.8.2 Translation of foreign currency financial statements

Before translating the financial statements of a foreign operation, adjust the accounting periods and accounting policies of the foreign operation to align with those of the reporting entity. Then, prepare the financial statements in the relevant currency (other than the functional currency) based on the adjusted accounting policies and periods. The translation of the financial statements of the foreign operation should

be performed as follows:

①Assets and Liabilities in the Statement of Financial Position:

Assets and liabilities are translated at the spot exchange rate on the balance sheet date.

For equity items, except for "retained earnings," other equity items are translated at the spot exchange rates prevailing at the dates of the transactions.

②Income and Expense Items in the Statement of Profit or Loss:

Income and expense items are translated at the spot exchange rates on the dates of the transactions or using an approximate exchange rate that is a reasonable approximation of the spot rate on the transaction date.

③Foreign Currency Cash Flows and Cash Flows of Foreign Subsidiaries:

Foreign currency cash flows and cash flows of foreign subsidiaries are translated at the spot exchange rates on the dates of the cash flows or using an approximate exchange rate that is a reasonable approximation of the spot rate on the date of the cash flow.

The effect of exchange rate changes on cash and cash equivalents should be reported as a separate reconciling item in the statement of cash flows.

④Translation Differences Arising from the Translation of Foreign Financial Statements:

In the preparation of consolidated financial statements, the resulting translation differences are presented separately in the consolidated statement of financial position under equity as "other comprehensive income."

When a foreign operation is disposed of and control is lost, the cumulative translation differences related to that foreign operation, which are presented in the equity section of the balance sheet, should be transferred to profit or loss in full or proportionally, depending on the extent of the disposal.

3.9 Financial instrument

The Company recognizes a financial asset, a financial liability or an equity instrument when it becomes a party to a financial instrument contract.

3.9.1 Classification of financial instruments

Based on the Company's business model for managing financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified at initial recognition as financial assets carried at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss.

The Company classifies financial assets at amortized cost that are not designated as financial assets at fair value through profit or loss if they both meet the following criteria:

- The business model is to collect the contractual cash flows;
- The contractual cash flows are only payments of principal and interest based on the outstanding principal amount.

The Company classifies financial assets as financial assets at fair value through other comprehensive income (debt instruments) that are not designated as at fair value through profit or loss if they also meet the following criteria:

- Operating model with the objective of both collecting the contractual cash flows and selling the financial asset;
- The contractual cash flows are only payments on the principal and interest based on the outstanding principal amount.

For investments in non-trading equity instruments, the Company may irrevocably designate them at initial recognition as financial assets at fair value through other comprehensive income (equity instruments). This designation is made on an individual investment basis and the related investment meets the definition of an equity instrument from the perspective of the issuer.

Except for the above-mentioned financial assets measured at amortized cost and financial assets at fair value through other comprehensive income, the Company classifies all remaining financial assets as financial assets at fair value through profit or loss. On initial recognition, the Company may irrevocably designate financial assets that would otherwise be classified as financial assets at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss if it can eliminate or significantly reduce the accounting mismatch.

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

A financial liability may be designated as a financial liability at fair value through profit or loss at initial measurement if one of the following conditions is met:

- ① The designation eliminates or significantly reduces an accounting mismatch.
- ② The management and performance evaluation of a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities is performed on a fair value basis in accordance with the enterprise's risk management or investment strategy as set out in formal written documentation and reported to key management personnel on this basis within the enterprise.
- ③ The financial liability contains embedded derivatives that are subject to separate splitting.

3.9.2 Recognition basis and measurement method of financial instruments

3.9.2.1 Financial assets measured at amortized cost

Financial assets measured at amortized cost, including notes receivable, accounts receivable, other receivables, long-term receivables and debt investments, are initially measured at fair value, with related transaction costs included in the initial recognition amount; accounts receivable that do not contain significant financing components and those that the Company has decided not to consider financing components that do not exceed one year are initially measured at contractual transaction prices.

Interest calculated using the effective interest rate method during the holding period is recognized in profit or loss.

On recovery or disposal, the difference between the acquisition price and the carrying amount of the financial asset is recognized in profit or loss for the current period.

3.9.2.2 Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets (debt instruments) at fair value through other comprehensive income include receivables financing and other debt investments, which are initially measured at fair value, with related transaction costs recognized in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are recognized in other comprehensive income, except for interest, impairment loss or gain and exchange gain or loss calculated using the effective interest rate method.

Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income and recognized in profit or loss for the current period.

3.9.2.3 Financial assets at fair value through other comprehensive income (equity instruments)

Financial assets (equity instruments) at fair value through other comprehensive income, including investments in other equity instruments, are initially measured at fair value, with related transaction costs recognized in the initial recognition amount. The financial assets are subsequently measured at fair value, with changes in fair value recognized in other comprehensive income. Dividends received are recognized in current profit or loss.

Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income and recognized in retained earnings.

3.9.2.4 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, derivative financial assets and other non-current financial assets, which are initially measured at fair value, with related transaction costs recognized in profit or loss. The financial assets are subsequently measured at fair value, with changes in fair value recognized in profit or loss for the period.

3.9.2.5 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and derivative financial liabilities, which are initially measured at fair value, with related transaction costs recognized in profit or loss. The financial liabilities are subsequently measured at fair value, with changes in fair value recognized in profit or loss for the period.

Upon derecognition, the difference between the carrying amount and the consideration paid is recognized in profit or loss for the current period.

3.9.2.6 Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, which are initially measured at fair value, with related transaction costs included in the initial recognition amount.

Interest calculated using the effective interest rate method during the holding period is recognized in profit or loss.

Upon derecognition, the difference between the consideration paid and the carrying amount of the financial liability is recognized in profit or loss for the current period.

3.9.3 Basis of recognition and measurement of financial asset derecognition and financial asset transfers

The Company derecognizes a financial asset when one of the following conditions is met:

- The contractual rights to receive cash flows from the financial asset are terminated;
- The financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferring party;
- A financial asset has been transferred and control over the financial asset is not retained, although the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

When the Company modifies or renegotiates a contract with a counterparty and the modification constitutes a material change, the original financial asset is derecognized and a new financial asset is recognized in accordance with the modified terms.

A financial asset is not derecognized if substantially all the risks and rewards of ownership of the financial asset are retained when a transfer of the financial asset occurs.

In determining whether a transfer of financial assets meets the above conditions for derecognition of financial assets, the principle of substance over form is applied.

The Company distinguishes between transfers of financial assets as a whole and partial transfers of financial assets. If the transfer of a financial asset as a whole meets the derecognition condition, the difference between the following two amounts is recognized in profit or loss for the current period:

- ① The carrying amount of the financial asset transferred;
- ② The sum of the consideration received for the transfer and the cumulative amount of changes in fair value previously recognized directly in owners' equity (in the case where the transferred financial asset is a financial asset (debt instrument) measured at fair value through other comprehensive income).

If a partial transfer of a financial asset satisfies the derecognition condition, the carrying amount of the financial asset transferred as a whole is apportioned between the

derecognized portion and the unrecognized portion according to their respective relative

fair values, and the difference between the following two amounts is recognized in profit or loss:

①The carrying amount of the derecognized portion;

②The sum of the consideration for the derecognized portion and the amount

corresponding to the derecognized portion of the cumulative amount of changes in fair value previously recognized directly in owners'equity (in the case where the financial asset involved in the transfer is a financial asset (debt instrument) measured at fair value through other comprehensive income).

If the transfer of a financial asset does not meet the derecognition condition, the financial asset continues to be recognized and the consideration received is recognized as a financial liability.

3.9.4 Derecognition of financial liabilities

A financial liability or a portion thereof is derecognized when the present obligation of the financial liability is discharged in whole or in part. If the Company enters into an agreement with a creditor to replace an existing financial liability by assuming a new financial liability, and the contractual terms of the new financial liability are materially different from those of the existing financial liability, the existing financial liability is derecognized and a new financial liability is recognized at the sametime.

If all or part of the contractual terms of an existing financial liability are substantially modified, the existing financial liability or part of it is derecognized, and the modified financial liability is recognized as a new financial liability at the sametime.

When a financial liability is derecognized in whole or in part, the difference between the carrying amount of the derecognized financial liability and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss for the period.

If the Company repurchases a portion of a financial liability, the carrying amount of the financial liability as a whole is allocated on the repurchase date based on the relative fair values of the portion that continues to be recognized and the portion that is derecognized. The difference between the carrying amount allocated to the derecognized portion and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss for the period.

3.9.5 Methods to determine the fair value of financial assets and financial liabilities

The fair value of financial instruments for which there is an active market is determined by quoted prices in an active market. The fair value of financial instruments for which no active market exists is determined using valuation techniques. In valuation, the Company uses valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information, selects inputs that are consistent with the characteristics of the asset or liability considered by market participants in transactions for the relevant asset or liability, and gives preference to the use of relevant observable inputs. Unobservable inputs are used only if the relevant observable inputs are not available or not practicable to obtain.

3.9.6 Methods of testing and accounting for impairment of financial instrument

The Company estimates the expected credit losses on financial assets measured at amortized cost, financial assets at fair value through other comprehensive income (debt instruments) and financial guarantee contracts, etc.

The Company recognizes expected credit losses by calculating the probability-weighted amount of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, taking into account reasonable and substantiated information about past events, current conditions and forecasts of future economic conditions, weighted by the risk of default.

For receivables and contract assets resulting from transactions governed by ASBE No. 14, Revenue, the Company always measures its allowance for losses at an amount equal to the expected credit losses over the entire duration, regardless of whether or not there is a significant financing component.

For lease receivables resulting from transactions regulated by ASBE No. 21, "Leases," the Company has elected to always measure its allowance for losses at an amount equal to the expected credit losses over the entire duration.

For other financial instruments, the Company assesses at each balance sheet date the change in credit risk of the related financial instruments since initial recognition.

The Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of default of the financial instrument at the balance sheet date with the risk of default at the date of initial recognition to determine the relative change in the risk of default over the expected life of the financial instrument. The Company generally considers that the credit risk of a financial instrument has increased significantly if it is more than 30 days past due, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since initial recognition.

If the credit risk of a financial instrument is low at the balance sheet date, the Company considers that the credit risk of the financial instrument has not increased significantly since initial recognition.

If the credit risk of a financial instrument has increased significantly since initial recognition, the Company measures the allowance for losses at an amount equal to the expected credit losses over the entire life of the financial instrument; if the credit risk of a financial instrument has not increased significantly since initial recognition, the Company measures the allowance for losses at an amount equal to the expected credit losses of the financial instrument in the next 12 months. The resulting increase or reversal amount of the loss allowance is recognized as an impairment loss or gain in profit or loss. For financial assets (debt instruments) that are measured at fair value through other comprehensive income, the allowance for losses is recognized in other comprehensive income and the impairment loss or gain is recognized in profit or loss for the current period and does not reduce the carrying amount of the financial asset as stated in the balance sheet.

The Company classifies the remaining financial instruments into several groups based on their credit risk

characteristics and determines the expected credit losses on a collective basis. The categories of groups for which the Company recognizes expected credit losses, including notes receivable, accounts receivable, financing receivables, other receivables, contract assets, and long-term receivables, and the basis for determining these groups are as follows:

3.9.6.1 Receivables

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

1)Notes Receivables

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

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

2)Accounts Receivables

For receivables that do not contain significant financing components, our company measures the loss provision based on the expected credit loss amount over the entire duration of the receivable.

For receivables that contain significant financing components and lease receivables, our company always measures the loss provision based on the expected credit loss amount over the duration of the receivable.

Except for accounts receivable that are assessed individually for credit risk, they are categorized into different groups based on their credit risk characteristics.:

Item	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).

3) 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:

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

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

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

Aging	Accrual ratio (%)
Not overdue	0.50
1-30 days overdue	4.50
31-60 days overdue	20.00
61-90 days overdue	45.00
More than 90 days overdue	100.00

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

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

3.9.6.2 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.

1)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.

2)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.

If the company no longer reasonably expects to recover all or part of the contractual cash flows of a financial asset, the carrying amount of that financial asset shall be directly reduced.

3.10 Inventory

3.10.1 Category and cost of inventory

Inventories are classified as: raw materials, work-in-progress, in-house semi-finished goods, finished goods, low-value consumables, and goods in transit, etc.

Inventories are initially measured at cost, which includes purchase costs, processing costs, and other expenditures incurred to bring the inventories to their present location and condition.

3.10.2 Valuation method of issued inventory

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

3.10.3 inventory system

Adoption of perpetual inventory system.

3.10.4 Amortization method of low-value consumables and packaging

- ① Low-value consumables are amortized using the one-time reversal method;
- ② The one-time reversal method is used for packaging.

3.10.5 Recognition criteria and accrual method for provision for decline in value of inventories

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.

①In 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.

②For 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.

③The company generally makes provision for inventory impairment based on an individual basis. For inventories with large quantity and low unit price, the provisions for inventory impairment are determined on a category basis. Provision for impairment in the value of inventories is made for inventories held in stock for more than 180 days based on the estimated realisable value of inventories sold by material category group.

④If 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 Contract assets

3.11.1 Methods and criteria for recognition of contract assets

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligations and payments from customers. The right to receive consideration for goods transferred or services provided by the Company to the customer (and which is dependent on factors other than the passage of time) is presented as a contract asset. Contract assets and contract liabilities under the same contract are shown on a net basis. The Company's unconditional (depending only on the passage of time) right to receive consideration from customers is shown separately as receivables.

3.11.2 Method of determining expected credit losses on contract assets and accounting treatment

The methods of determining expected credit losses on contract assets and the accounting treatment are described in detail in Note "III.9. (6)Methods of testing and accounting treatment for impairment of Financial instrument" in this Note.

3.12 Long-term equity investments

3.12.1 Criteria for determining joint control and significant influence

Joint control refers to the control shared by an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement can only be decided with the unanimous consent of the participants sharing the control. If the Company exercises joint control over an investee together with other joint venture parties and has rights to the investee's net assets, the investee is a joint venture of the Company.

Significant influence means having the power to participate in the financial and operating decisions of the investee, but not being able to control or exercise joint control with other parties over the formulation of those policies. Where the Company is able to exercise significant influence over an investee, the investee is an associate of the Company.

3.12.2 Determination of initial investment

① Long-term equity investments resulting from business combinations

For long-term equity investments in subsidiaries formed by business combinations under common control, the initial investment of long-term equity investments is determined at the date of consolidation based on the acquisition of the share of the ownership interest of the consolidated party in the book value of the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of the long-term equity investment and the carrying value of the consideration paid is adjusted against the equity premium in capital surplus; if the equity premium in capital surplus is not sufficient for elimination, retained earnings are adjusted. If the Company is able to exercise control over an investee under the same control due to additional investment, the difference between the initial investment cost of the long-term equity investment recognized in accordance with the above principle and the sum of the book value of the long-term equity investment before reaching the consolidation plus the book value of the consideration paid for further acquisition of shares at the date of consolidation is adjusted against equity premium, and if the equity premium is not sufficient for elimination, it is reduced against retained earnings. For long-term equity investments in subsidiaries formed through business combinations not under common control, the initial investment cost of the long-term equity investment is based on the cost of the combination determined at the date of acquisition. If it is possible to exercise control over the investee under non-same control due to additional investment, the sum of the book value of the equity investment originally held plus the cost of the additional investment is used as the initial investment cost.

② Long-term equity investments acquired through other means instead of business combination

Long-term equity investments acquired by cash payment are recorded at initial investment cost based on the actual purchase price paid.

Long-term equity investments acquired by issuing equity securities are recorded at the initial investment cost based on the fair value of the equity securities issued.

3.12.3 Subsequent measurement and profit or loss recognition methods

① Long-term equity investments accounted for under the cost method

The Company accounts for its long-term equity investments in subsidiaries using the cost method unless the investments meet the conditions of being held for sale. Except for the declared but unpaid cash dividends or profits included in the actual price or consideration paid for the investment, the Company recognizes investment income for the current period based on the Company's entitlement to the declared cash dividends or profits of the investee.

② Long-term equity investments accounted for under the equity method

Long-term equity investments in associates and joint ventures are accounted for using the equity method. The difference between the initial investment cost and the share of the fair value of the identifiable net assets of the investee at the time of investment is not adjusted to the initial investment cost of the long-term equity investment; the difference between the initial investment cost and the share of the fair value of the identifiable net assets of the

investee at the time of investment is recognized in profit or loss for the current period and the cost of the long-term equity investment is also adjusted.

The Company recognizes investment income and other comprehensive income according to the share of net profit or loss and other comprehensive income realized by the investee, respectively, and adjusts the carrying value of the long-term equity investment at the same time; the portion to which the Company is entitled according to the profit or cash dividends declared by the investee is calculated, and the carrying value of the long-term equity investment is reduced accordingly; for the investee's ownership interest other than net profit or loss, other comprehensive income and profit distribution For changes in the equity of the investee other than net profit or loss, other comprehensive income and profit distribution ("changes in other owners' equity"), the carrying amount of the long-term equity investment is adjusted and recognized in owners' equity.

In recognizing the share of the investee's net profit or loss, other comprehensive income and other changes in owners' equity, the fair value of the investee's identifiable net assets at the time of acquisition is used as the basis for recognition, and the net profit and other comprehensive income of the investee are adjusted in accordance with the Company's accounting policies and accounting periods.

Unrealized gains or losses on internal transactions between the company and associate and joint ventures that are attributable to the Company on the basis of their proportionate share are offset and investment income is recognized on this basis, except when the assets invested or sold constitute a business.

Unrealized losses on internal transactions with investees are recognized in full if there are impairment losses on assets.

The net loss incurred by the company in a joint venture or an associate, except for the obligation to assume additional losses, is limited to a write-down to zero of the carrying amount of the long-term equity investment and other long-term interests that substantially constitute the net investment in the joint venture

or associate. If the joint venture or associate subsequently realizes net profit, the Company resumes recognition of revenue sharing after the revenue sharing amount makes up for the unrecognized loss sharing amount.

③ Disposal of long-term equity investments

The difference between the carrying amount and the actual acquisition price of a long-term equity investment is recognized in profit or loss for the current period.

If a long-term equity investment accounted for under the equity method is partially disposed of and the remaining equity interest is still accounted for under the equity method, the other comprehensive income recognized under the former equity method is carried forward in proportion to the corresponding percentage using the same basis as the direct disposal of the related assets or liabilities by the investee, and other changes in owners' equity are carried forward in proportion to the current profit or loss.

If the common control or significant influence over the investee is lost due to the disposal of equity investments, etc., other comprehensive income recognized as a result of the adoption of the equity method of accounting for the original equity investment is accounted for on the same basis as the direct disposal of the related assets or liabilities of the investee upon the termination of the adoption of the equity method of accounting, and all changes in other owners' equity are transferred to current profit or loss upon the termination of the adoption of the equity method of accounting.

If control over the investee is lost due to disposal of part of the equity investment, the remaining equity interest that can exercise joint control or significant influence over the investee is accounted for under the equity method in the preparation of individual financial statements, and the remaining equity interest is adjusted as if it had been accounted for under the equity method from the time of acquisition, and other comprehensive income recognized prior to the acquisition of control over the investee is accounted for on the same basis as if the investee had directly disposed of the related assets or liabilities. If the remaining equity interest cannot exercise joint control or significant influence over the investee, it is recognized as a financial asset, and the difference between its fair value and its carrying amount at the date of loss of control is recognized in profit or loss for the current period, and for other comprehensive income and other owner's equity recognized prior to the acquisition of control of the investee, the remaining equity interest is recognized in profit or loss for the current period. All other comprehensive income and other changes in owners' equity recognized prior to the acquisition of control of the investee are carried forward.

If the disposal of an equity investment in a subsidiary through multiple transactions until the loss of control is a package transaction, each transaction is accounted for as a disposal of an equity investment in a subsidiary and the loss of control; the difference between the disposal price and the carrying value of the long-term equity investment corresponding to the equity interest disposed of before the loss of control is recognized as other comprehensive income in the individual financial statements, and then recognized as other comprehensive income when control is lost. The difference between the disposal price and the

carrying amount of the long-term equity investment before the loss of control is recognized as other comprehensive income in the individual financial statements, and then transferred to profit or loss in the period in which control is lost. If it is not a package transaction, each transaction is accounted for separately.

3.13 Investment properties

Investment property refers to real estate held to earn rentals or for capital appreciation, or both. It includes land use rights that have been leased out, land use rights held and intended to be transferred after appreciation, and buildings that have been leased out (including buildings constructed or developed by the company for leasing purposes, as well as buildings under construction or development intended for future leasing).

Subsequent expenditures related to investment property shall be included in the cost of the investment property if it is probable that the associated economic benefits will flow to the entity and the cost can be measured reliably; otherwise, they are recognized in profit or loss for the period when incurred.

The company measures existing investment property using the cost model. For investment property - leased buildings measured at cost, the same depreciation policy applied to the company's fixed assets is used. The amortization policy for leased land use rights follows the same approach as for intangible assets.

3.14 Fixed Assets

3.14.1 Recognition and initial measurement of fixed assets

Fixed assets are tangible assets held for the production of goods, provision of services, rental or management, and with a useful life of more than one fiscal year. A fixed asset is recognized when both of the following conditions are met:

- ① It is probable that the economic benefits associated with the fixed asset will flow to the enterprise;
- ② The cost of the fixed asset can be measured reliably.

Fixed assets are initially measured at cost (taking into account the effect of expected disposal costs).

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when it is probable that the economic benefits associated with them will flow to the enterprise and their cost can be measured reliably; for the replaced part, the carrying amount is derecognized; all other subsequent expenditures are charged to current profit or loss when incurred.

3.14.2 Depreciation Method

Depreciation of fixed assets is provided using the average annual method, and the depreciation rate is determined based on the category of fixed assets, estimated useful life and estimated net residual value rate. For fixed assets with provision for impairment, the depreciation amount is determined in future periods based on the carrying amount after deducting the provision for impairment and based on the remaining

useful life. If each component of fixed assets has different useful lives or provides economic benefits to the enterprise in different ways, different depreciation rates or depreciation methods are selected and depreciated separately.

The depreciation methods, useful lives, residual value rate and annual depreciation rates of various types of fixed assets are as follows:

Category	Depreciation method	Residual rates (%)	Estimated useful life (year)	Annual depreciation rates (%)
Buildings and constructions	Straight-line method	7.00-10.00	12-20	4.50-7.50
Machinery equipment	Straight-line method	0.00	4-15	6.67-25.00
Electrical equipment, Model, and other	Straight-line method	0.00	5-6	16.67-20.00
Vehicles	Straight-line method	0.00	6-11	9.09-16.67
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	

3.14.3 Disposal of fixed assets

Fixed assets are derecognized when they are disposed of, or when no economic benefits are expected to arise from their use or disposal. The disposal proceeds from the sale, transfer, scrapping or destruction of fixed assets, net of their book value and related taxes and fees, are recognized in profit or loss for the current period.

3.15 Construction in progress

Construction in progress is measured at its actual incurred costs. Actual costs include construction costs, installation costs, borrowing costs eligible for capitalization, and other necessary expenditures incurred to bring the construction in progress to its intended usable state. When the construction in progress reaches its intended usable state, it is transferred to property, plant, and equipment (fixed assets) and depreciation begins from the following month.

For fixed assets that have reached their intended usable state but have not yet completed final settlement procedures, they are provisionally transferred to fixed assets at estimated values based on project budgets, cost estimates, or actual incurred costs from the date they reach their intended usable state. Depreciation is calculated according to the company's fixed asset depreciation policy. Once the final settlement procedures

are completed, the originally estimated provisional values are adjusted to reflect the actual costs, but previously recognized depreciation amounts are not adjusted.

3.16 Borrowing Costs

3.16.1 Recognition Principles for Capitalization of Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized and included in the cost of those assets. Other borrowing costs are recognized as an expense when they are incurred and included in profit or loss for the period.

A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale, such as property, plant, and equipment, investment property, and inventories.

3.16.2 Period of Capitalization of Borrowing Costs

The capitalization period refers to the duration from the start of capitalizing borrowing costs until the cessation of capitalization, excluding periods when capitalization is suspended.

Borrowing costs begin to be capitalized when all the following conditions are met:

- ① Expenditure on the asset has been incurred, which includes payments made in cash, non-cash consideration, or liabilities bearing interest for the acquisition or production of a qualifying asset.
- ② Borrowing costs have been incurred.
- ③ Activities necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset is ready for its intended use or sale.

3.16.3 Suspension of Capitalization Period

If there is an abnormal interruption during the construction or production of a qualifying asset and the interruption lasts continuously for more than three months, the capitalization of borrowing costs should be suspended. However, if the interruption is a necessary part of the process for preparing the asset for its intended use or sale, borrowing costs continue to be capitalized. During the suspension period, borrowing costs are recognized as an expense until the construction or production activities resume.

3.16.4 Calculation Methods for Capitalization Rate and Amount of Borrowing Costs

For specific borrowings taken out to acquire or construct a qualifying asset, the amount of borrowing costs to be capitalized is determined by subtracting the interest income earned from depositing unused funds in a bank or from temporary investments from the actual borrowing costs incurred during the period.

For general borrowings used to acquire or construct a qualifying asset, the amount of borrowing costs to be capitalized is calculated by multiplying the weighted average of the expenditures exceeding the amount of specific borrowings by the capitalization rate of the general borrowings. The capitalization rate is based on

the weighted average effective interest rate of the general borrowings.

During the capitalization period, exchange differences arising from foreign currency denominated specific borrowings and their interest are capitalized and included in the cost of qualifying assets. Exchange differences arising from other foreign currency borrowings and their interest are recognized as expenses in profit or loss.

3.17 Intangible assets

3.17.1 Valuation method of intangible assets

①The company initially measures intangible assets at cost when they are acquired;

The cost of an externally acquired intangible asset includes the purchase price, related taxes and other expenses directly attributable to bringing the asset to its intended use.

②Subsequent measurement

The useful life of an intangible asset is analyzed and determined at the time of acquisition. For intangible assets with finite useful lives, they are amortized over the period in which they bring economic benefits to the enterprise; if the period in which the intangible assets bring economic benefits to the enterprise cannot be foreseen, they are considered to be intangible assets with indefinite useful lives and are not amortized.

3.17.2 The useful life and amortisation of intangible assets

Category	Estimated useful life	Basis
Land use right	20-50years	Legal right of use
Software	3-5years	The service life is determined by reference to the period that can bring economic benefits to the Company

3.17.3 Criteria for Judging Indefinite-Lived Intangible Assets and Procedures for Reviewing Their Useful Lives Indefinite-Lived Intangible Assets

For intangible assets with an indefinite useful life, no amortization is recognized. These assets are not amortized because their useful lives cannot be reliably estimated.

At the end of each annual period, the useful life of indefinite-lived intangible assets should be reviewed. If evidence indicates that the useful life of an intangible asset is actually finite, its useful life should be estimated, and the asset should be amortized systematically and rationally over its estimated useful life.

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

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

3.17.5 Specific criteria for classifying research and development phases

Expenditures on in-house research and development projects are categorized into research stage expenditures and development stage expenditures.

Research stage: the stage of original and planned investigation and research activities for the purpose of acquiring and understanding new scientific or technological knowledge.

Development phase: the stage of applying research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products and other activities before commercial production or use.

3.17.6 The specific conditions for capitalization of development stage expenditures

Expenditures in the research stage are recognized in profit or loss when they are incurred. Expenditures in the development phase are recognized as intangible assets if the following conditions are met. Expenditures in the development phase that do not meet the following conditions are recognized in the current period's profit or loss:

- ① It is technically feasible to complete the intangible asset so that it can be used or sold;
- ② There is an intention to complete the intangible asset for use or sale;
- ③ The manner in which the intangible asset will generate economic benefits, including the ability to demonstrate the existence of a market for the products produced by applying the intangible asset or the existence of a market for the intangible asset itself, and the usefulness of the intangible asset if it will be used internally;
- ④ The availability of sufficient technical, financial and other resources to support the completion of the development of the intangible asset and the ability to use or sell the intangible asset;
- ⑤ Expenditures attributable to the development phase of the intangible asset can be measured reliably.

If it is not possible to distinguish between research-phase expenditures and development-phase expenditures, all research and development expenditures incurred are recognized in the current period's profit or loss.

3.18 Impairment of long term assets

Long-term equity investments, investment properties measured using the cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, oil and gas assets and other long-term assets are tested for impairment if there is an indication of impairment at the balance sheet date. If the result of the impairment test

indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment is made for the difference and an impairment loss is recorded.

The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of

estimated future cash flows of the asset. The provision for asset impairment is calculated and recognized on an individual asset basis. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined using the asset group to which the asset belongs. An asset group is the smallest combination of assets that can generate cash inflows independently.

For goodwill resulting from business combinations, intangible assets with indefinite useful lives, and intangible assets that have not yet reached a serviceable status, impairment tests are performed once a year at the end of each year, regardless of whether there is an indication of impairment.

The Company conducts goodwill impairment tests and apportions the carrying value of goodwill formed as a result of a business combination to the relevant asset group from the date of purchase in accordance with a reasonable method; if it is difficult to apportion to the relevant asset group, it is apportioned to the relevant asset group combination. A relevant asset group or a combination of asset groups is an asset group or a combination of asset groups that can benefit from the synergistic effect of a business combination. When impairment test of the relevant asset group or combination of asset groups that contain goodwill, if there is an indication of impairment of the asset group or combination of asset groups related to goodwill, the asset group or combination of asset groups that do not contain goodwill is first tested for impairment, the recoverable amount is calculated and compared with the relevant carrying amount, and a corresponding impairment loss is recognized. If the recoverable amount is less than the carrying amount, the impairment loss is first reduced by the carrying amount of goodwill apportioned to the asset group or group of assets, and then reduced by the carrying amount of each asset group or group of assets other than goodwill in proportion to its proportionate share of the carrying amount of the other assets. The carrying value of each asset is then reduced by the carrying value of each asset other than goodwill.

Once the above impairment loss is recognized, it will not be reversed in subsequent accounting periods.

3.19 Long-term Deferred Expenses

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

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

3.20 Contract liability

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Contract asset and contract liability originate from same contract shall be listed at net amount.

3.21 Employee compensation

3.21.1 Accounting for short-term compensation

The Company recognizes actual short-term compensation incurred by employees as a liability in the accounting period in which the employees provide services to the Company, and recognizes it in the current profit or loss or the cost of related assets.

The social insurance premiums and housing fund paid by the Company for its employees, as well as the labor union funds and employee education funds withdrawn in accordance with regulations, are used to determine the corresponding amount of employee compensation in accordance with the prescribed accrual basis and accrual ratio during the accounting period in which the employees provide services to the Company.

Employee benefit expenses incurred by the Company are charged to current profit or loss or the cost of related assets based on the actual amount incurred when incurred, of which non-monetary benefits are measured at fair value.

3.21.2 Accounting for post-employment benefits

3.21.2.1 Defined contribution plan

The Company contributes to basic pension and unemployment insurance for employees in accordance with the relevant local government regulations. During the accounting period in which the employees provide services to the Company, the amount payable is calculated based on the contribution base and ratio set by the local regulations, recognized as a liability, and charged to current profit or loss or cost of related assets. In addition, the Company participates in an enterprise annuity plan/supplemental pension fund approved by the relevant state authorities. The Company contributes a certain percentage of the employees' total salaries to the annuity plans/local social insurance agencies, and the corresponding expenses are recognized in the current profit or loss or cost of related assets.

3.21.2.2 Defined benefit plans

The Company attributes the benefit obligations arising from the defined benefit plans to the period in which the employees render services in accordance with the formula determined by the expected accumulated benefit unit method, and recognizes them in current profit or loss or cost of related assets.

The deficit or surplus resulting from the present value of the defined benefit plan obligation less the fair value of the defined benefit plan assets is recognized as a net defined benefit plan liability or net asset. If a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus or asset limit of the defined benefit plan.

All defined benefit plan obligations, including those expected to be paid within twelve months after the end of the annual reporting period in which employees render services, are discounted based on market yields on treasury bonds or high-quality corporate bonds in active markets that match the maturity and currency of the defined benefit plan obligations as of the balance sheet date.

The service cost incurred by the defined benefit plan and the net interest on the net liabilities or net assets of the defined benefit plan are recognized in profit or loss or the cost of the related

assets; changes resulting from the remeasurement of the net liabilities or net assets of the defined benefit plan are recognized in other comprehensive income and are not reversed to profit or loss in subsequent accounting periods, and the entire portion previously recognized in other comprehensive income is carried forward to unrecognized earnings to the extent of equity upon termination of the original defined benefit plan. The portion of other comprehensive income within equity is transferred to unappropriated earnings upon termination of the defined benefit plan.

Upon settlement of a defined benefit plan, gain or loss on settlement is recognized as the difference between the present value of the defined benefit plan obligation and the settlement price determined at the settlement date.

3.21.3 Accounting for termination benefits

If the Company provides termination benefits to employees, it recognizes employee compensation liabilities arising from termination benefits and recognizes them in profit or loss at the earlier of: when the Company cannot unilaterally withdraw termination benefits provided as a result of a termination plan or a proposed reduction in force; and when the Company recognizes costs or expenses related to a restructuring involving the payment of termination benefits.

3.22 Accrued liabilities

The Company recognizes an obligation related to a contingent event as an accrued liability when the following conditions are simultaneously met:

- ① The obligation is a present obligation assumed by the Company;
- ② It is probable that the performance of the obligation will result in an outflow of economic benefits to the Company;
- ③ The amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation.

In determining the best estimate, the risks associated with the contingency, uncertainty and the time value of money are considered. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows.

Where a continuous range of expenditures required exists and it is equally probable that various outcomes will occur within that range, the best estimate is determined at the mid-point of the range; in other cases, the best estimate is treated separately as follows:

- Where the contingency relates to a single item, the best estimate is determined in accordance with the most probable occurrence amount.

- If the contingency involves multiple items, it is determined on the basis of various possible outcomes and related probabilities.

If all or part of the expenditure required to settle the estimated liability is expected to be reimbursed by a third party, the amount of reimbursement is recognized separately as an asset when it is substantially certain that it will be received, and the amount of reimbursement recognized does not exceed the carrying amount of the estimated liability.

The Company reviews the carrying amount of the estimated liability at the balance sheet date, and if there is conclusive evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted in accordance with the current best estimate.

3.23 Revenue

3.23.1 Accounting policies used for revenue recognition and measurement

The Company recognizes revenue when it has fulfilled its performance obligations under a contract, i.e., when the customer obtains control of the relevant goods or services. The acquisition of control of the relevant goods or services is defined as the ability to dominate the use of the goods or services and derive substantially all of the economic benefits therefrom.

If a contract contains two or more performance obligations, the Company apportions the transaction price to each individual performance obligation on the contract commencement date in proportion to the relative share of the individual selling price of the goods or services promised by each individual performance obligation. The Company measures revenue based on the transaction price apportioned to each individual performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled as a result of the transfer of goods or services to the customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to the customer. The Company determines the transaction price in accordance with the terms of the contract, taking into account its past customary practices, and considers the impact of variable consideration, the existence of significant financing components in the contract, non-cash consideration, and consideration payable to the customer in determining the transaction price. The Company determines the transaction price that includes variable consideration by an amount that does not exceed the amount for which it is highly probable that there will be no material reversal of the cumulative recognized revenue at the time the relevant uncertainty is removed. If there is a significant financing component in the contract, the Company determines the transaction price based on the amount payable in cash assuming that the customer will pay for the goods or services as soon as control is obtained, and amortizes the difference between this transaction price and the contract consideration using the effective interest rate method over the term of the contract.

Performance obligations are fulfilled within a certain period of time if one of the following conditions is met, otherwise, performance obligations are fulfilled at a certain point in time:

- The customer obtains and consumes the economic benefits resulting from the Company's performance at the sametime as the Company's performance.
- The customer is able to control the goods under construction in the course of the Company's performance.
- The goods produced in the course of the Company's performance have irreplaceable use and the Company is entitled to receive payment for the portion of the performance that has been completed to date in the aggregate throughout the term of the contract.

For performance obligations performed within a certain period of time, the Company recognizes revenue in accordance with the progress of performance during that period,

except when the progress of performance cannot be reasonably determined. The Company uses the output method or input method to determine the progress of performance, taking into account the nature of the goods or services. When the progress of performance cannot be reasonably determined, the Company recognizes revenue in the amount of costs already incurred until the progress of performance can be reasonably determined, if the costs already incurred are expected to be reimbursed.

For performance obligations performed at a point in time, the Company recognizes revenue at the point in time when the customer obtains control of the related goods or services. In determining whether the customer has acquired control of the goods or services, the Company considers the following indications:

- The Company has a present right to receive payment for the goods or services, i.e., the customer has a present obligation to pay for the goods or services.
- The Company has transferred legal title to the goods to the customer, i.e., the customer has legal title to the goods.
- The Company has transferred physical possession of the goods to the customer, i.e. the customer has taken physical possession of the goods.
- The Company has transferred the principal risks and rewards of ownership of the goods to the customer, i.e., the customer has acquired the principal risks and rewards of ownership of the goods.
- The customer has accepted the goods or services, etc.

The Company determines whether its status is that of a principally liable person or an agent at the time of engaging in a transaction based on whether it has control over the goods or services prior to transferring them to the customer. If the Company is able to control the goods or services prior to transferring them to the customer, the Company is the principal and recognizes revenue based on the total consideration received or receivable; otherwise, the Company is the agent and recognizes revenue based on the amount of commissions or fees it expects to be entitled to receive.

3.23.2 Disclosure of specific revenue recognition and measurement methods by business type**3.23.1.1 Sale of goods**

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.

3.23.1.2 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.

3.23.1.3 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.

3.24 Government grants

3.24.1 Types

Government grants, which are monetary or non-monetary assets acquired by the Company from the government without compensation, are classified as asset-related government grants and revenue-related government grants.

Government grants related to assets are obtained by the Company for the acquisition and construction or otherwise forming long-term assets. Revenue-related government grants refer to government grants other than asset-related government grants.

The specific criteria for the Company to classify government grants as asset-related are: government grants obtained by the Company and used for the acquisition and construction or otherwise forming long-term assets.

The Company's specific criteria for classifying government grants as revenue-related are: government grants other than those related to assets.

3.24.2 Recognition point

Government grants are recognized when the Company is able to meet the conditions attached to them and when they can be received.

3.24.3 Accounting treatment

Government grants related to assets are reduced to the carrying amount of the relevant assets or recognized as deferred income. If recognized as deferred income, it is recognized in profit or loss in accordance with a reasonable and systematic method in installments over the useful life of the relevant assets (if it is related to the Company's daily activities, it is recognized in other income; if it is not related to the Company's daily activities, it is recognized in non-operating income);

Government grants related to revenue, which are used to compensate the Company for relevant costs and expenses or losses in subsequent periods, are recognized as deferred revenue and charged to current profit or loss (to other income if they are related to the Company's ordinary activities; to non-operating income if they are not related to the Company's ordinary activities) or offset against relevant costs and expenses or losses in the period in which the relevant costs and expenses or losses are recognized; to compensate the Company for If it is used to compensate the Company for the related costs or losses incurred, it is directly recognized in profit or loss (other income if it is related to the Company's daily activities; non-operating income if it is not related to the Company's daily activities) or reduced by the related costs or losses.

The company receives preferential loan subsidies under two distinct scenarios, each requiring specific

accounting treatment:

- ① If the fiscal authority provides the subsidy funds to the lending bank, which then offers loans to the company at a preferential interest rate, we record the loan at the actual amount received. The borrowing costs are calculated based on the principal amount of the loan and the preferential interest rate.
- ② If the fiscal authority directly pays the subsidy funds to the company, we offset the corresponding subsidy against the related borrowing costs.

3.25 Deferred income tax assets and deferred income tax liabilities

Income taxes consist of current income taxes and deferred income taxes. The Company

recognizes current income tax and deferred income tax in profit or loss, except for income tax arising from business combinations and transactions or events directly recognized in owners' equity (including other comprehensive income).

Deferred income tax assets and deferred income tax liabilities are recognized based on the difference between the tax basis of assets and liabilities and their carrying amounts (temporary differences).

Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences can be utilized. For deductible losses and tax credits that can be carried forward to future years, deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible losses and tax credits can be utilized.

Deferred income tax liabilities are recognized for taxable temporary differences, except under special circumstances.

The special circumstances under which deferred tax assets or deferred tax liabilities are not recognized include

- Initial recognition of goodwill;
- Transactions or events that are neither business combinations nor, at the time of their occurrence, affect accounting profit and taxable income (or deductible losses), and for which the initial recognition of assets and liabilities does not result in taxable temporary differences and deductible temporary differences of an equivalent amount.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, unless 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. Deferred income tax assets are recognized for deductible temporary differences associated with investments in

subsidiaries, associates and joint ventures when it is probable that the temporary differences will reverse in the foreseeable future and it is probable that future taxable income will be available against which the

deductible temporary differences can be utilized.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates applicable to the periods when the related assets are expected to be recovered or the related liabilities settled, in accordance with the tax laws.

At the balance sheet date, the Company reviews the carrying amount of deferred tax assets. The carrying amount of deferred tax assets is written down if it is more likely than not that sufficient taxable income will not be available in future periods to offset the benefit of the deferred tax assets. To the extent that it is probable that sufficient taxable income will be available, the written down amount is reversed.

When there is a legal right to settle on a net basis and the intention is to settle on a net basis or to acquire assets and settle liabilities simultaneously, current income tax assets and current income tax liabilities are stated at the net amount after offsetting.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented on a net basis after offsetting when both of the following conditions are met:

- The taxable entity has the legal right to settle current income tax assets and current income tax liabilities on a net basis;

- Deferred income tax assets and deferred income tax liabilities relate to income taxes

levied by the same tax authority on the same taxable entity or to different taxable entities, but in each future period in which it is significant that the deferred income tax assets and

liabilities reverse, the taxable entities involved intend to settle the current income tax assets and liabilities on a net basis or to acquire the assets and The reversal of deferred income tax assets and liabilities is a significant transaction.

3.26 Lease

A lease is a contract in which the lessor cedes the right to use an asset to the lessee for a certain period of time for consideration. At the inception date of the contract, the Company assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one party to the contract cedes the right to control the use of one or more identified assets for a certain period of time in exchange for consideration.

If a contract contains several separate leases, the Company splits the contract and accounts for each separate lease separately. If a contract contains both lease and non-lease components, the lessee and the lessor split the lease and non-lease components.

3.26.1 The Company as lessee

3.26.1.1 Right-of-use assets

At the commencement date of the lease term, the Company recognizes right-of-use assets for leases other

than short-term leases and leases of low-value assets. Right-of-use assets are initially measured at cost. This cost includes:

- the initial measurement amount of the lease liability;
- the amount of lease payments made on or before the commencement date of the lease term, net of amounts related to lease incentives taken if lease incentives exist;
- the initial direct costs incurred by the Company;
- costs that the Company expects to incur to disassemble and remove the leased asset, restore the site where the leased asset is located, or restore the leased asset to the condition agreed upon under the terms of the lease, excluding costs that are part of the costs incurred to produce the inventory.

The Company subsequently depreciates right-of-use assets using the straight-line method. If it is reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, the Company depreciates the leased asset over its remaining useful life; otherwise, the leased asset is depreciated over the shorter of the lease term or the remaining useful life of the leased asset.

The Company determines whether a right-of-use asset is impaired and accounts for the identified impairment loss in accordance with the principles described in Note III.9, "Impairment of Long-lived Assets".

3.26.1.2 Lease liabilities

The Company recognizes a lease liability for leases other than short-term leases and leases of low-value assets at the commencement date of the lease term. Lease liabilities are initially measured at the present value of the outstanding lease payments. Lease payments consist of

- fixed payments (including material fixed payments), net of amounts related to lease incentives, if lease incentives exist;
- variable lease payments that are dependent on an index or rate;
- payments expected to be payable based on the residual value of the guarantee provided by the company;
- the exercise price of the purchase option, provided that the company reasonably determines that it will exercise the option;
- the amount to be paid upon exercise of the option to terminate the lease, provided that the lease term reflects that the Company will exercise the option to terminate the lease.

The Company uses the interest rate embedded in the lease as the discount rate, but if the interest rate embedded in the lease cannot be reasonably determined, the Company's incremental borrowing rate is used as the discount rate.

The Company calculates the interest expense on the lease liability for each period of the lease term based on a fixed periodic interest rate, which is included in the current profit or loss or the cost of the related

asset. Variable lease payments that are not included in the measurement of the lease liability are charged to current profit or loss or the cost of the related assets when they are actually incurred.

After the commencement date of the lease term, the Company remeasures the lease liability and adjusts the corresponding right-of-use asset if the carrying value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the difference is recognized in profit or loss for the current period:

- When there is a change in the valuation of the purchase option, lease renewal option or termination option, or when the actual exercise of the aforementioned options is not consistent with the original valuation, the Company remeasures the lease liability at the present value calculated by the changed lease payments and the revised discount rate;
- When there is a change in the substantive fixed payment amount, a change in the amount expected to be payable for the guaranteed residual value, or a change in the index or rate used to determine the lease payment amount, the Company remeasures the lease liability at the present value calculated from the changed lease payment amount and the original discount rate. However, if the change in the lease payment amount results from a change in the floating interest rate, the present value is calculated using the revised discount rate.

3.26.1.3 Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and to recognize the related lease payments in current profit or loss or the cost of the related assets on a straight-line basis over each period of the lease term. Short-term leases, which are leases with a lease term of not more than 12 months at the commencement date of the lease term and do not include a purchase option. Low-value asset leases, which are leases with a lower value when the single leased asset is a brand-new asset. If the company subleases or expects to sublease the leased assets, the original lease is not a low-value asset lease.

3.26.1.4 Change of lease

If a lease is changed and the following conditions are met at the same time, the company will account for the lease change as a separate lease:

- the lease modification expands the scope of the lease by adding the right to use one or more leased assets;
- The increased consideration is equivalent to the separate price of the expanded portion of the lease adjusted for the circumstances of that contract.

If a lease modification is not accounted for as a separate lease, at the effective date of the lease modification, the company reapportioned the consideration of the modified contract, redetermined the lease term, and remeasured the lease liability based on the present value of the modified lease payments and the revised discount rate. If a lease change results in a reduction in the scope of the lease or a shortening of the lease term, the Company reduces the carrying value of the right-of-use asset accordingly and recognizes the gain

or loss related to partial termination or complete termination of the lease in profit or loss for the current period. If other lease changes result in the remeasurement of the lease liability, the Company adjusts the carrying value of the right-of-use asset accordingly.

3.26.2 The Company as lessor

At the commencement date of the lease, the Company classifies leases into finance leases and operating leases. A finance lease is a lease that transfers substantially all the risks and rewards associated with ownership of the leased asset, regardless of whether ownership is ultimately transferred. Operating leases refer to leases other than finance leases. When the company acts as a sublease lessor, it classifies the sublease based on the right-to-use assets arising from the original lease.

3.26.2.1 Accounting for operating leases

Lease receipts under operating leases are recognized as rental income on a straight-line basis over each period of the lease term. The Company capitalizes the initial direct costs incurred in connection with operating leases and apportions them to current profit or loss over the lease term on the same basis as rental income is recognized. Variable lease payments that are not included in the lease receipts are recognized in current profit or loss when they are actually incurred. If a change in an operating lease occurs, the Company accounts for it as a new lease from the effective date of the change, and the amount of lease payments received in advance or receivable in connection with the lease before the change is regarded as the amount of payments received under the new lease.

3.26.2.2 Accounting for finance leases

On the commencement date of the lease, the Company recognizes finance lease receivables for finance leases and derecognizes finance lease assets. When the Company makes initial measurement of the finance lease receivable, the net lease investment is used as the recorded value of the finance lease receivable. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement date of the lease term discounted at the interest rate embedded in the lease.

The Company calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate. Derecognition and impairment of finance lease receivables are accounted for in accordance with Note III.9 "Financial Instruments" of this note. Variable lease payments that are not included in the net lease investment measurement are recognized in profit or loss when they are actually incurred.

If a change in a finance lease occurs and the following conditions are met, the Company accounts for the change as a separate lease:

- the change expands the scope of the lease by adding the right to use one or more leased assets;

- the increased consideration is equivalent to the separate price of the expanded portion of the lease adjusted for the circumstances of that contract.

If a change in a finance lease is not accounted for as a separate lease, the Company treats the changed lease separately in the following circumstances:

- If the change becomes effective on the lease commencement date and the lease would be classified as an operating lease, the Company accounts for it as a new lease from the effective date of the lease change and uses the net investment in the lease prior to the effective date of the lease change as the carrying amount of the leased asset;

- If the change becomes effective on the lease commencement date and the lease is classified as a finance lease, the Company accounts for the lease in accordance with the policy on modification or renegotiation of contracts as described in Note III.9 Financial Instruments.

3.27 Methodology for determining materiality criteria and basis for selection

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

3.28 Changes in significant accounting policies and accounting estimates

3.28.1 Changes in significant accounting policies

There were no significant changes in the Company's accounting policies during the reporting period.

3.28.2 Changes in significant accounting estimates

There were no significant changes in the Company's accounting estimates during the reporting period.

4. Taxation

4.1 The main applicable tax and rate to the Group as follows

Tax	Tax base	Tax rate
Value-added tax (VAT)	The output tax is calculated on the basis of the income from the sale of goods and taxable services calculated in accordance with the provisions of the tax law, and after deducting the input tax allowed to be deducted in the current period, the difference is the value-added tax payable	0% 、 1% 、 5% 、 6% 、 9% 、 11% 、 13%
City 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%

Tax	Tax base	Tax rate
Enterprise income tax	Taxable profits	25%、22%、 20%、15%
EIT rate for different taxpayer		
Tax principles		EIT rate
TsannKuen (Zhangzhou) Enterprise Co., Ltd. (hereafter, TKL)		15%
TsannKuen China (Shanghai) Enterprise Co., Ltd. (hereafter, TKS)		25%
Xiamen TsannKuen Property Service Co., Ltd. (hereafter, TKW)		20%
Pt.Star Comgistic Indonesia		22%

4.2 Tax preference

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

4.2.2 Pursuant to Article 3 of the Announcement on Further Tax and Fee Policies to Support the Development of Small and Micro Enterprises and Individual Businesses (Joint Announcement of the Ministry of Finance and State Taxation Administration No. 12 [2023]), the preferential corporate income tax policy—where small low-profit enterprises are taxed at 20% on 25% of their taxable income—has been extended until December 31, 2027. Our subsidiary, Xiamen Canqun Property Management Co., Ltd., qualifies for and has applied this tax benefit.

5.NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Cash and Cash Equivalents

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Cash on hand	1,001,771.94	887,987.84
Cash in bank	388,207,960.50	440,872,233.11
Other monetary funds	<u>1,723,334.17</u>	<u>2,617,722.57</u>
Total	<u>390,933,066.61</u>	<u>444,377,943.52</u>
Including : The total amount deposited overseas	27,915,737.15	37,357,738.79

Of the other monetary funds, CNY 1,700,000.56 is the margin deposited by TKL for opening a letter of credit, and CNY 23,333.61 is the balance of the company's Alipay account. Except for the margin deposited

for opening a letter of credit, there are no other funds in monetary funds at the end of the period with restricted use rights or potential recovery risks due to mortgage, pledge or freeze.

5.2 Held-for-trading financial assets

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Financial assets measured at fair value through Profit or Loss	0.00	50,942,083.33
Including: Derivative financial assets	0.00	0.00
Structured Deposit Investment	<u>0.00</u>	<u>50,942,083.33</u>
Total	<u>0.00</u>	<u>50,942,083.33</u>

5.3 Accounts Receivables

5.3.1 Accounts receivable by aging

<u>Aging</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Within one year	135,404,384.60	205,640,866.11
Including: Within 90 days	111,211,765.19	190,204,917.49
91 – 180 days	23,062,185.71	15,422,144.41
181 – 270 days	1,129,920.70	13,804.21
271 – 365 days	513.00	
1-2 years	171.00	40.24
2-3 years	20,000.00	20,000.00
Over 3 years	125,418.08	125,418.08
including: 3-4 years	0.00	9,677.56
4-5 years	120,418.08	110,740.52
Over 5 years	<u>5,000.00</u>	<u>5,000.00</u>
Subtotal	<u>135,549,973.68</u>	<u>205,786,324.43</u>
Less: provision for bad debt	<u>3,844,617.77</u>	<u>1,830,424.63</u>
Total	<u>131,705,355.91</u>	<u>203,955,899.80</u>

5.3.2 Accounts receivable by bad debt provision method

<u>Category</u>	<u>30 June 2025</u>		<u>1 January 2025</u>	
	<u>Book balance</u>		<u>Provision for bad debt</u>	
	<u>Amount</u>	<u>Proportion (%)</u>	<u>Amount</u>	<u>Provision ratio (%)</u>
Provision for bad debt recognised individually	0.00	0.00	0.00	0.00
Provision for bad debt recognized collectively	135,549,973.68	100.00	3,844,617.77	2.84
Including: Portfolio by age	133,880,740.68	98.77	3,844,617.77	2.87
Portfolio by related parties	<u>1,669,233.00</u>	<u>1.23</u>	<u>0.00</u>	<u>0.00</u>
Total	<u>135,549,973.68</u>	<u>100.00</u>	<u>3,844,617.77</u>	<u>2.84</u>

(Continued)

<u>Category</u>	<u>30 June 2025</u>		<u>1 January 2025</u>	
	<u>Book balance</u>		<u>Provision for bad debt</u>	
	<u>Amount</u>	<u>Proportion (%)</u>	<u>Amount</u>	<u>Provision ratio (%)</u>
Provision for bad debt recognised individually	0.00	0.00	0.00	0.00
Provision for bad debt recognized collectively	205,786,324.43	100.00	1,830,424.63	0.89

Category	1 January 2025				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Including: Portfolio by age	204,835,409.81	99.54	1,830,424.63	0.89	203,004,985.18
Portfolio by related parties	<u>950,914.62</u>	<u>0.46</u>		<u>0.00</u>	<u>950,914.62</u>
Total	<u>205,786,324.43</u>	<u>100.00</u>	<u>1,830,424.63</u>	<u>0.89</u>	<u>203,955,899.80</u>

Specific instructions for provision for bad debts:

Accounts receivables with bad debt provision are recognised by portfolio by age

Aging	30 June 2025		
	Book balance	Provision for bad debt	Provision ratio (%)
Not overdue	114,223,083.39	573,921.15	0.50
Overdue 1 – 30 days	11,803,950.37	531,177.78	4.50
Overdue 31 – 60 days	5,545,847.05	1,109,169.41	20.00
Overdue 61 – 90 days	1,231,837.09	554,326.65	45.00
Overdue more than 90 days	<u>1,076,022.78</u>	<u>1,076,022.78</u>	<u>100.00</u>
Total	<u>133,880,740.68</u>	<u>3,844,617.77</u>	

(Continued)

Aging	30 June 2025		
	Book balance	Provision for bad debt	Provision ratio (%)
Not overdue	191,437,682.38	957,008.77	0.50
Overdue 1 – 30 days	11,960,968.06	538,243.56	4.50
Overdue 31 – 60 days	1,376,983.84	275,396.77	20.00
Overdue 61 – 90 days			
Overdue more than 90 days	<u>59,775.53</u>	<u>59,775.53</u>	<u>100.00</u>
Total	<u>204,835,409.81</u>	<u>1,830,424.63</u>	

Accounts receivables with bad debt provision are recognised by portfolio by related parties

Accounts Receivables	30 June 2025			
	Book balance	Provision for bad debt	Provision ratio (%)	Reason for provision
Portfolio by related parties	<u>364,979.43</u>	<u>0.00</u>	<u>0.00</u>	
Total	<u>364,979.43</u>	<u>0.00</u>	<u>0.00</u>	

(Continued)

Accounts Receivables	30 June 2025			
	Book balance	Provision for bad debt	Provision ratio (%)	Reason for provision
Portfolio by related parties	<u>950,914.62</u>	<u>0.00</u>	<u>0.00</u>	
Total	<u>950,914.62</u>	<u>0.00</u>	<u>0.00</u>	

The recognition criteria and explanation for provisions for bad debts by portfolio are detailed in Note III.9.

5.3.3 Changes of provision for bad debt during the reporting period

Category	1 January 2025	Changes during the reporting period				30 June 2025
		Provision	Recovery or reversal	Write-off	Other	
Provision for bad debt by group	<u>1,830,424.63</u>	<u>2,045,153.37</u>	<u>29,927.72</u>	<u>0.00</u>	<u>1,032.51</u>	<u>3,844,617.77</u>
Total	<u>1,830,424.63</u>	<u>2,045,153.37</u>	<u>29,927.72</u>	<u>0.00</u>	<u>1,032.51</u>	<u>3,844,617.77</u>

5.3.4 Accounts receivable actually written off in the current period

N/A

5.3.5 Top five closing balances by entity

<u>Entity</u>	<u>Accounts receivable</u>	<u>Contract Assets</u>	<u>Total</u>	<u>Proportion (%)</u>	<u>Bad debt provision</u>
No. 1	26,934,129.27		26,934,129.27	19.87	134,670.65
No. 2	24,273,161.11		24,273,161.11	17.91	196,527.28
No. 3	20,900,688.78		20,900,688.78	15.42	107,757.39
No. 4	14,553,818.36		14,553,818.36	10.74	87,489.70
No. 5	<u>10,138,603.13</u>		<u>10,138,603.13</u>	<u>7.48</u>	<u>883,842.55</u>
Total	<u>96,800,400.65</u>	<u>0.00</u>	<u>96,800,400.65</u>	<u>71.42</u>	<u>1,410,287.57</u>

5.4 Advances to Suppliers**5.4.1 Advances to suppliers by aging**

<u>Items</u>	<u>Closing Balance</u>		<u>Opening Balance</u>	
	<u>Amount</u>	<u>Percentage (%)</u>	<u>Amount</u>	<u>Percentage (%)</u>
Within 1 year	<u>8,261,158.90</u>	<u>100.00</u>	<u>4,318,758.91</u>	<u>100.00</u>
Total	<u>8,261,158.90</u>	<u>100.00</u>	<u>4,318,758.91</u>	<u>100.00</u>

5.4.2 Top five closing balances by entity

The total amount of the top five vendors with the largest prepaid amounts by the Company at the end of the reporting period is CNY 4,188,466.16, accounting for 50.70% of the total amount of the prepayment at the end of the reporting period.

5.5 Other Receivables**5.5.1 Other receivables by category**

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Interest receivable	0.00	0.00
Dividend receivable	0.00	0.00
Other receivables	<u>16,834,594.69</u>	<u>27,902,480.51</u>
Total	<u>16,834,594.69</u>	<u>27,902,480.51</u>

5.5.2 Other Receivables**5.5.2.1 Other receivables by aging**

<u>Aging</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Within one year	15,843,474.07	26,709,851.91
Including: Within 90 days	15,079,300.67	26,401,440.21
91 – 180 days	520,749.63	290,303.70
181 – 270 days	206,335.43	18,108.00
271 – 365 days	37,088.34	
1-2 years	515,330.64	625,214.28
2-3 years	27,372.62	35,500.00

<u>Aging</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Over 3 years	1, 058, 750. 01	1, 048, 404. 94
including: 3-4 years	14, 743. 31	0. 00
4-5 years	0. 00	0. 00
Over 5 years	1, 044, 006. 70	1, 048, 404. 94
Subtotal	<u>17, 444, 927. 34</u>	<u>28, 418, 971. 13</u>
Less: provision for bad debt	<u>610, 332. 65</u>	<u>516, 490. 62</u>
Total	<u>16, 834, 594. 69</u>	<u>27, 902, 480. 51</u>

5.5.2.2 Other receivables by nature

<u>Nature</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Export tax refund	6, 500, 000. 00	18, 000, 000. 00
Other open credits	9, 324, 648. 29	9, 213, 566. 19
Deposit	<u>1, 620, 279. 05</u>	<u>1, 205, 404. 94</u>
Subtotal	<u>17, 444, 927. 34</u>	<u>28, 418, 971. 13</u>
Less: Provision for bad debt	<u>610, 332. 65</u>	<u>516, 490. 62</u>
Total	<u>16, 834, 594. 69</u>	<u>27, 902, 480. 51</u>

5.5.2.3 Other receivables by provision for bad debt

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
<u>Provision for bad debt</u>	<u>Expected credit loss for the next 12 months</u>	<u>Expected credit loss for the whole duration (no credit impairment)</u>	<u>Expected credit loss for the whole duration (Credit impairment has occurred)</u>	<u>Total</u>
Closing balance as of 1/1/2025	190, 067. 98	0. 00	326, 422. 64	516, 490. 62
Carrying amount of other receivables in current period on 1/1/2025	—	—	—	—
Transfer to stage 2	0. 00	0. 00	0. 00	0. 00
Transfer to stage 3	0. 00	0. 00	0. 00	0. 00
Transfer back to stage 2	0. 00	0. 00	0. 00	0. 00
Transfer back to stage 1	0. 00	0. 00	0. 00	0. 00
Recognition	94, 295. 77	0. 00	0. 00	94, 295. 77
Reversal	453. 74	0. 00	0. 00	453. 74
Used	0. 00	0. 00	0. 00	0. 00
Written off	0. 00	0. 00	0. 00	0. 00
Other movements	<u>0. 00</u>	<u>0. 00</u>	<u>0. 00</u>	<u>0. 00</u>
Closing balance as of 30/6/2025	<u>283, 910. 01</u>	<u>0. 00</u>	<u>326, 422. 64</u>	<u>610, 332. 65</u>

5.5.2.4 Provision for bad debt recognized, recovered or reversed

		<u>Changes during the reporting period</u>				
<u>Category</u>	<u>1 January 2025</u>	<u>Provision</u>	<u>Recovery or reversal</u>	<u>Write-off</u>	<u>Other</u>	<u>30 June 2025</u>
Provision for bad debt recognized individually	326, 422. 64	0. 00	0. 00	0. 00	0. 00	326, 422. 64
Provision for bad debt recognized by portfolio	<u>190, 067. 98</u>	<u>94, 295. 77</u>	<u>453. 74</u>	<u>0. 00</u>	<u>0. 00</u>	<u>283, 910. 01</u>
Total	<u>516, 490. 62</u>	<u>94, 295. 77</u>	<u>453. 74</u>	<u>0. 00</u>	<u>0. 00</u>	<u>610, 332. 65</u>

5.5.2.5 There are no other receivables write-off during the reporting period 按欠款方归集的期末

5.5.2.6 Top five closing balances by entity

Entity name	Nature	Balance at 30 June 2025	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Zhangzhou Taiwan investment zone State Administration of Taxation	Export tax refund	6,500,000.00	1-90 days	37.26	
State Grid Fujian Electric Power Co., Ltd. Zhangzhou Longhai District Power Supply Company	Other open credits	2,409,792.51	1-90 days	13.81	
Xiamen Gongxin Yongzhu Industry and Trade Co., Ltd.	Other open credits	924,911.75	Within 1 year	5.30	83,159.23
China Export Credit Insurance Corporation Fujian Branch	Deposit	648,450.00	Over 1 year	3.72	
KPPBC TMT A PABEAN BOGOR.	Deposit	428,710.51	1-90 days	2.46	
Total		<u>10,911,864.77</u>		<u>62.55</u>	<u>83,159.23</u>

5.6 Inventories

5.6.1 Inventories by category

Items	30 June 2025			1 January 2025		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Raw materials	86,976,095.46	14,623,191.76	72,352,903.70	74,560,733.28	13,095,705.30	61,465,027.98
Work in process	15,390,161.11	0.00	15,390,161.11	3,073,604.45	0.00	3,073,604.45
Self- manufactured semi-finished goods	15,792,812.49	2,256,988.90	13,535,823.59	27,333,598.54	3,193,768.90	24,139,829.64
Finished goods	38,678,344.37	0.00	38,678,344.37	29,574,402.53	0.00	29,574,402.53
Low-value consumables	40,287,738.41	6,188,752.98	34,098,985.43	78,687,157.30	6,285,683.77	72,401,473.53
Materials in transit	<u>7,985,515.62</u>	<u>0.00</u>	<u>7,985,515.62</u>	<u>3,745,185.65</u>	<u>0.00</u>	<u>3,745,185.65</u>
Total	<u>205,110,667.46</u>	<u>23,068,933.64</u>	<u>182,041,733.82</u>	<u>216,974,681.75</u>	<u>22,575,157.97</u>	<u>194,399,523.78</u>

5.6.2 Provision for impairment

Item	Increase in current year			Decrease in current year		30 June 2025
	1 January 2025	Accrual	Impact of changes in exchange rates	Recovered or Written off	Impact of changes in exchange rates	
Raw materials	13,095,705.30	2,061,011.42	-20,252.17	513,272.79	0.00	14,623,191.76
Self-manufactured semi-finished goods	3,193,768.90	-705,519.93	-3,037.40	228,222.67	0.00	2,256,988.90
Finished goods	<u>6,285,683.77</u>	<u>1,448,260.40</u>	<u>-1,542.44</u>	<u>1,543,648.75</u>	<u>0.00</u>	<u>6,188,752.98</u>
Total	<u>22,575,157.97</u>	<u>2,803,751.89</u>	<u>-24,832.01</u>	<u>2,285,144.21</u>	<u>0.00</u>	<u>23,068,933.64</u>

Note: The criteria for making provision for the decline in value of inventories on a portfolio basis are set out in Note 3.10.

5.7 Non-current assets due within one year

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Debt investments due within one year	237,753,845.51	51,260,694.44
Less: Impairment provisions	<u>0.00</u>	<u>0.00</u>
Total	<u>237,753,845.51</u>	<u>51,260,694.44</u>

5.8 Other Current Assets

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Input tax to be deducted	5,260,042.99	9,897,443.29
Financial investment	<u>413,858,099.71</u>	<u>544,439,535.72</u>
Total	<u>419,118,142.70</u>	<u>554,336,979.01</u>

5.9 Debt Investment**5.9.1 Situation of debt investment**

<u>Item</u>	<u>30 June 2025</u>			<u>1 January 2025</u>		
	<u>Book balance</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>	<u>Book balance</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>
Large certificate of deposit	736,100,000.00	0.00	736,100,000.00	581,500,000.00	0.00	581,500,000.00
Accrued interest on large certificate of deposit	20,364,701.46	0.00	20,364,701.46	10,295,355.13	0.00	10,295,355.13
Subtotal	756,464,701.46	0.00	756,464,701.46	591,795,355.13	0.00	591,795,355.13
Less: Debt investments due within one year	<u>237,753,845.51</u>	<u>0.00</u>	<u>237,753,845.51</u>	<u>51,260,694.44</u>	<u>0.00</u>	<u>51,260,694.44</u>
Total	<u>518,710,855.95</u>	<u>0.00</u>	<u>518,710,855.95</u>	<u>540,534,660.69</u>	<u>0.00</u>	<u>540,534,660.69</u>

5.9.2 Significant debt investments at the end of the period

<u>Item</u>	<u>30 June 2025</u>				<u>Expiry date</u>	<u>Overdue principal</u>
	<u>Face value</u>	<u>Coupon rate</u>	<u>Effective rate</u>			
Bank Of Quanzhou Fixed deposit	74,600,000.00	2.50%	2.50%		2027/1/16	
Bank Of Quanzhou Fixed deposit	30,000,000.00	2.50%	2.50%		2027/1/16	
Xiamen Bank Fixed deposit	50,000,000.00	2.40%	2.40%		2027/1/17	
Bank Of Quanzhou Fixed deposit	51,500,000.00	2.75%	2.75%		2026/9/12	
Xiamen Bank Large Certificates of Deposit	50,000,000.00	3.30%	3.30%		2026/12/21	
Xiamen Bank Fixed deposit	50,000,000.00	3.30%	3.30%		2026/12/26	
Bank Of Quanzhou Fixed deposit	50,000,000.00	2.85%	2.85%		2026/7/4	
Bank Of Quanzhou Fixed deposit	50,000,000.00	2.75%	2.75%		2026/9/9	
Bank Of Quanzhou Fixed deposit	50,000,000.00	2.75%	2.75%		2026/9/11	
Bank Of Quanzhou Fixed deposit	<u>50,000,000.00</u>	<u>2.75%</u>	<u>2.75%</u>		2026/9/12	
Total	<u>506,100,000.00</u>					

(Continued)

<u>Item</u>	<u>1 January 2025</u>				<u>Expiry date</u>	<u>Overdue principal</u>
	<u>Face value</u>	<u>Coupon rate</u>	<u>Effective rate</u>			
Bank Of Quanzhou Fixed deposit	51,500,000.00	2.75%	2.75%		2026/9/12	

<u>Item</u>	<u>1 January 2025</u>				<u>Overdue principal</u>
	<u>Face value</u>	<u>Coupon rate</u>	<u>Effective rate</u>	<u>Expiry date</u>	
Xiamen Bank Large Certificates of Deposit	50,000,000.00	3.30%	3.30%	2026/12/21	
Xiamen Bank Fixed deposit	50,000,000.00	3.30%	3.30%	2026/12/26	
Bank Of Quanzhou Fixed deposit	50,000,000.00	2.85%	2.85%	2026/7/4	
Bank Of Quanzhou Fixed deposit	50,000,000.00	2.75%	2.75%	2026/9/9	
Bank Of Quanzhou Fixed deposit	50,000,000.00	2.75%	2.75%	2026/9/11	
Bank Of Quanzhou Fixed deposit	50,000,000.00	2.75%	2.75%	2026/9/12	
Xiamen International Bank Fixed deposit	50,000,000.00	2.85%	2.85%	2026/4/9	
Chiyu Banking Corporation Ltd. Xiamen Branch Fixed deposit	50,000,000.00	2.85%	2.85%	2026/5/11	
Xiamen International Bank Fixed deposit	50,000,000.00	2.75%	2.75%	2026/5/23	
Bank Of Quanzhou Fixed deposit	<u>30,000,000.00</u>	<u>2.85%</u>	<u>2.85%</u>	2026/6/25	
Total	<u>531,500,000.00</u>				

5.10 Long-term equity investments

<u>Invested entity</u>	<u>1 January 2025 (Carrying amount)</u>	<u>Opening balance of depreciation reserves</u>	<u>Follow-on investment</u>	<u>Reduce investment</u>	<u>Changes in the current period</u>				<u>30 June 2025 (Carrying amount)</u>	<u>Closing balance of depreciation reserves</u>
					<u>Investment gains or losses recognized under equity method</u>	<u>Adjustment of other comprehensive income</u>	<u>Changes in other rights and interests</u>	<u>Declaration of issuing cash dividends or profits</u>	<u>Accrual of impairment provision</u>	<u>Other</u>
Joint venture										
Shanghai Upa										
Smart Chain Home Appliances Co., Ltd.	0.00		9,800,000.00		-354,876.17				9,445,123.83	
Total	0.00		9,800,000.00		-354,876.17				9,445,123.83	

5.11 Other equity instrument investment

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Non-trading equity instrument investment	<u>40,000.00</u>	<u>40,000.00</u>
Total	<u>40,000.00</u>	<u>40,000.00</u>

5.12 Investment Properties

5.12.1 Investment properties accounted for using cost model

<u>Items</u>	<u>Building and plants</u>	<u>Land use rights</u>	<u>Construction in progress</u>	<u>Total</u>
Initial cost:				
Balance on 1 January 2025	80,814,358.80	29,260,577.51	0.00	110,074,936.31
Increase during the reporting period	0.00	0.00	0.00	0.00
1. Acquisition	0.00	0.00	0.00	0.00
2. Transfer from inventories /fixed assets /construction in progress	0.00	0.00	0.00	0.00
3. Impact of changes in exchange rate	0.00	0.00	0.00	0.00
Decrease during the reporting period	0.00	0.00	0.00	0.00
1. Disposal	0.00	0.00	0.00	0.00
2. Other transferred out	0.00	0.00	0.00	0.00
3. Impact of changes in exchange rate	0.00	0.00	0.00	0.00
Balance on 30 June 2025	80,814,358.80	29,260,577.51	0.00	110,074,936.31
Accumulated depreciation and amortisation:				
Balance on 1 January 2025	72,758,196.24	18,028,984.84	0.00	90,787,181.08

<u>Items</u>	<u>Building and plants</u>	<u>Land use rights</u>	<u>Construction in progress</u>	<u>Total</u>
Increase during the reporting period	102,121.92	311,055.90	0.00	413,177.82
1. Accrual or amortization	102,121.92	311,055.90	0.00	413,177.82
2. Transfer from fixed assets	0.00	0.00	0.00	0.00
3. Impact of changes in exchange rate	0.00	0.00	0.00	0.00
Decrease during the reporting period	0.00	0.00	0.00	0.00
1. Disposal	0.00	0.00	0.00	0.00
2. Other transferred out	0.00	0.00	0.00	0.00
3. Impact of changes in exchange rate	0.00	0.00	0.00	0.00
Balance on 30 June 2025	72,860,318.16	18,340,040.74	0.00	91,200,358.90
Provision for impairment:				
Balance on 1 January 2025	0.00	0.00	0.00	0.00
Increase during the reporting period	0.00	0.00	0.00	0.00
1. Accrual or amortization	0.00	0.00	0.00	0.00
Decrease during the reporting period	0.00	0.00	0.00	0.00
1. Disposal	0.00	0.00	0.00	0.00
2. Other	0.00	0.00	0.00	0.00
Balance on 30 June 2025	0.00	0.00	0.00	0.00
Carrying amount:				
Balance on 30 June 2025	<u>7,954,040.64</u>	<u>10,920,536.77</u>	<u>0.00</u>	<u>18,874,577.41</u>
Balance on 1 January 2025	<u>8,056,162.56</u>	<u>11,231,592.67</u>	<u>0.00</u>	<u>19,287,755.23</u>

5.12.2 Investment properties without certificate of title

<u>Item</u>	<u>Carrying amount</u>	<u>Reason</u>
Lvyuan three country villa	<u>742,403.57</u>	
Total	<u>742,403.57</u>	

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 Estate Development Co., Ltd. in 1999, and there has no land expropriation. Shanghai Lvsheng Real Estate 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. in January 2006.

5.13 Fixed Assets

5.13.1 Fixed assets by category

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Fixed assets	154,068,855.87	146,795,190.83
Disposal of fixed assets	<u>0.00</u>	<u>0.00</u>
Total	<u>154,068,855.87</u>	<u>146,795,190.83</u>

5.13.2 Fixed assets

5.13.2.1 General information of fixed assets

<u>Items</u>	<u>Houses and buildings</u>	<u>Machineries</u>	<u>Electronic devices, modules and others</u>	<u>Vehicles</u>	<u>Improvement expense of fixed assets</u>	<u>Total</u>
Initial cost:						
Balance on 1 January 2025	89,810,823.21	154,643,353.55	849,500,172.53	16,444,897.00	20,762,399.27	1,131,161,645.56
Increase during the reporting period	3,262,373.52	16,832,311.59	10,498,259.10	326,929.02	-40,297.56	30,879,575.67
(i) Acquisition	0.00	10,075,777.43	5,111,581.21	337,308.62	0.00	15,524,667.26
(ii) Transfer from construction in progress	3,458,870.76	6,912,389.41	5,548,809.75	0.00	0.00	15,920,069.92
(iii) Transfer from investment properties	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Impact of changes in exchange rates	-196,497.24	-155,855.25	-162,131.86	-10,379.60	-40,297.56	-565,161.51
Decrease during the reporting period	0.00	4,639,778.99	7,130,467.55	0.00	0.00	11,770,246.54
(i) Disposal	0.00	4,639,778.99	7,130,467.55	0.00	0.00	11,770,246.54
(ii) Transfer to investment properties	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Impact of changes in exchange rates	0.00	0.00	0.00	0.00	0.00	0.00
Balance on 30 June 2025	93,073,196.73	166,835,886.15	852,867,964.08	16,771,826.02	20,722,101.71	1,150,270,974.69
Accumulated depreciation:						
Balance on 1 January 2025	56,173,349.46	89,331,263.33	777,633,498.27	15,424,464.62	18,962,663.07	957,525,238.75
Increase during the reporting period	1,486,682.39	4,757,129.30	9,417,380.03	179,254.92	116,934.65	15,957,381.29
(i) Provision	1,577,230.11	4,875,635.45	9,550,596.98	188,186.27	149,853.32	16,341,502.13
(ii) Transfer from investment properties	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Impact of changes in exchange rates	-90,547.72	-118,506.15	-133,216.95	-8,931.35	-32,918.67	-384,120.84
Decrease during the reporting period	0.00	850,389.76	3,168,665.37	0.00	0.00	4,019,055.13
(i) Disposal	0.00	850,389.76	3,168,665.37	0.00	0.00	4,019,055.13
(ii) Transfer from investment properties	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Impact of changes in exchange rates	0.00	0.00	0.00	0.00	0.00	0.00
Balance on 30 June 2025	57,660,031.85	93,238,002.87	783,882,212.93	15,603,719.54	19,079,597.72	969,463,564.91

<u>Items</u>	<u>Houses and buildings</u>	<u>Machineries</u>	<u>Electronic devices, modules and others</u>	<u>Vehicles</u>	<u>Improvement expense of fixed assets</u>	<u>Total</u>
Provision for impairment:						
Balance on 1 January 2025	0.00	6,971,735.34	19,849,759.00	8,499.92	11,221.72	26,841,215.98
Increase during the reporting period	0.00	-17,773.47	5,268.15	-24.02	-46.46	-12,575.80
(i) Provision	0.00	0.00	14,916.92	0.00	0.00	14,916.92
(ii) Impact of changes in exchange rates	0.00	-17,773.47	-9,648.77	-24.02	-46.46	-27,492.72
Decrease during the reporting period	0.00	76,591.27	13,495.00	0.00	0.00	90,086.27
(i) Disposal	0.00	76,591.27	13,495.00	0.00	0.00	90,086.27
Balance on 30 June 2025	0.00	6,877,370.60	19,841,532.15	8,475.90	11,175.26	26,738,553.91
Carrying amount:						
Balance on 30 June 2025	<u>35,413,164.88</u>	<u>66,720,512.68</u>	<u>49,144,219.00</u>	<u>1,159,630.58</u>	<u>1,631,328.73</u>	<u>154,068,855.87</u>
Balance on 1 January 2025	<u>33,637,473.75</u>	<u>58,340,354.88</u>	<u>52,016,915.26</u>	<u>1,011,932.46</u>	<u>1,788,514.48</u>	<u>146,795,190.83</u>

5.13.2.2 Idle fixed assets

<u>Item</u>	<u>Initial cost</u>	<u>Accumulated depreciation</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>	<u>Item</u>
Machineries	5,587,205.03	3,761,475.77	1,431,780.84	393,948.42	
Electronic device, modules, and others	827,810.52	763,987.56	48,607.12	15,215.84	
Improvement expense of fixed assets	<u>2,571,879.58</u>	<u>2,571,879.58</u>	<u>0.00</u>	<u>0.00</u>	
Total	<u>8,986,895.13</u>	<u>7,097,342.91</u>	<u>1,480,387.96</u>	<u>409,164.26</u>	

5.13.2.3 Fixed assets without certificate of title

<u>Items</u>	<u>Carrying amount</u>	<u>Reason</u>
Jingying garden	61,448.62	Legal procedures in process
Lvyuan three country villa	297,722.28	

5.14 Construction in Progress

5.14.1 Construction in progress by category

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Construction in progress	<u>5,056,908.31</u>	<u>3,462,300.89</u>
Total	<u>5,056,908.31</u>	<u>3,462,300.89</u>

5.14.2 Construction in progress

<u>Items</u>	<u>30 June 2025</u>			<u>1 January 2025</u>		
	<u>Book balance</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>	<u>Book balance</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>
Sporadic project	3,347,837.54	0.00	3,347,837.54	2,107,628.32	0.00	2,107,628.32
Equipment pending acceptance	<u>1,709,070.77</u>	<u>0.00</u>	<u>1,709,070.77</u>	<u>1,354,672.57</u>	<u>0.00</u>	<u>1,354,672.57</u>
Total	<u>5,056,908.31</u>	<u>0.00</u>	<u>5,056,908.31</u>	<u>3,462,300.89</u>	<u>0.00</u>	<u>3,462,300.89</u>

5.15 Right-of-use Assets

5.15.1 Status of Right-of-Use Assets

<u>Items</u>	<u>Houses and buildings</u>	<u>Total</u>
Initial cost:		
Balance on 1 January 2025	408,735,436.56	408,735,436.56
Increase during the reporting period	1,378,875.73	1,378,875.73
(i) Leases	1,378,875.73	1,378,875.73
(ii) Impact of changes in exchange rates	0.00	0.00
Decrease during the reporting period	0.00	0.00
(i) Disposal	0.00	0.00
(ii) Impact of changes in exchange rates	0.00	0.00
Balance on 30 June 2025	410,114,312.29	410,114,312.29
Accumulated depreciation:		
Balance on 1 January 2025	54,791,566.64	54,791,566.64
Increase during the reporting period	7,354,598.21	7,354,598.21
(i) Provision	7,354,598.21	7,354,598.21
(ii) Impact of changes in exchange rates	0.00	0.00
Decrease during the reporting period	0.00	0.00
(i) Disposal	0.00	0.00
(ii) Impact of changes in exchange rates	0.00	0.00
Balance on 30 June 2025	62,146,164.85	62,146,164.85
Accumulated depreciation:		
Balance on 1 January 2025	0.00	0.00
Increase during the reporting period	0.00	0.00
(i) Provision	0.00	0.00
(ii) Impact of changes in exchange rates	0.00	0.00
Decrease during the reporting period	0.00	0.00

<u>Items</u>	<u>Houses and buildings</u>	<u>Total</u>
(i) Disposal	0.00	0.00
(ii) Impact of changes in exchange rates	0.00	0.00
Balance on 30 June 2025	0.00	0.00
Carrying amount:		
Balance on 30 June 2025	<u>347,968,147.44</u>	<u>347,968,147.44</u>
Balance on 1 January 2025	<u>353,943,869.92</u>	<u>353,943,869.92</u>

5.16 Intangible Assets

5.16.1 Status of Intangible Assets

<u>Items</u>	<u>Land use rights</u>	<u>Software</u>	<u>Total</u>
Initial cost:			
Balance on 1 January 2025	19,423,602.68	53,847,562.20	73,271,164.88
Increase during the reporting period	0.00	0.00	0.00
(i) Acquisition	0.00	0.00	0.00
(ii) Impact of changes in exchange rates	0.00	0.00	0.00
Decrease during the reporting period	80,414.99	0.00	80,414.99
(i) Disposal	0.00	0.00	0.00
(ii) Impact of changes in exchange rates	80,414.99	0.00	80,414.99
Balance on 30 June 2025	19,343,187.69	53,847,562.20	73,190,749.89
Accumulated depreciation:			
Balance on 1 January 2025	7,589,198.59	53,734,647.63	61,323,846.22
Increase during the reporting period	318,823.00	88,646.30	407,469.30
(i) Provision	318,823.00	88,646.30	407,469.30
(ii) Impact of changes in exchange rates	0.00	0.00	0.00
Decrease during the reporting period	29,067.56	0.00	29,067.56
(i) Disposal	0.00	0.00	0.00
(ii) Impact of changes in exchange rates	29,067.56	0.00	29,067.56
Balance on 30 June 2025	7,878,954.03	53,823,293.93	61,702,247.96
Accumulated depreciation:			
Balance on 1 January 2025	0.00	0.00	0.00
Increase during the reporting period	0.00	0.00	0.00
(i) Provision	0.00	0.00	0.00
(ii) Impact of changes in exchange rates	0.00	0.00	0.00
Decrease during the reporting period	0.00	0.00	0.00
(i) Disposal	0.00	0.00	0.00
(ii) Impact of changes in exchange rates	0.00	0.00	0.00
Balance on 30 June 2025	0.00	0.00	0.00
Carrying amount:			
Balance on 30 June 2025	<u>11,464,233.66</u>	<u>24,268.27</u>	<u>11,488,501.93</u>
Balance on 1 January 2025	<u>11,834,404.09</u>	<u>112,914.57</u>	<u>11,947,318.66</u>

5.17 Long-term Deferred Expenses

<u>Items</u>	<u>1 January 2025</u>	<u>Increase during the reporting period</u>	<u>Amortisation</u>	<u>Other decrease</u>	<u>30 June 2025</u>
Telecommunications	84,199.14	0.00	18,743.94	0.00	65,455.20

<u>Items</u>	<u>1 January 2025</u>	<u>Increase during the reporting period</u>	<u>Amortisation</u>	<u>Other decrease</u>	<u>30 June 2025</u>
project expenses					
Houses and buildings renovation expenses	<u>5,487,181.12</u>	<u>0.00</u>	<u>1,251,890.76</u>	<u>0.00</u>	<u>4,235,290.36</u>
Total	<u>5,571,380.26</u>	<u>0.00</u>	<u>1,270,634.70</u>	<u>0.00</u>	<u>4,300,745.56</u>

5.18 Deferred Tax Assets and Deferred Tax Liabilities

5.18.1 Deferred tax assets before offsetting

	<u>30 June 2025</u>		<u>1 January 2025</u>	
<u>Items</u>	<u>Deductible temporary differences</u>	<u>Deferred tax assets</u>	<u>Deductible temporary differences</u>	<u>Deferred tax assets</u>
Provision for asset impairment	37,183,948.14	5,790,889.88	36,745,296.24	5,756,204.14
Provision for credit impairment	4,212,073.02	612,926.29	2,087,383.34	325,513.21
Unrealized intragroup profit	787,972.73	118,195.91	445,561.88	111,390.47
Accrued expenses	7,756,354.78	1,218,438.84	8,188,555.64	1,301,408.77
Lease liabilities	<u>406,036,039.14</u>	<u>60,905,405.87</u>	<u>396,776,679.42</u>	<u>59,538,736.82</u>
Total	<u>455,976,387.81</u>	<u>68,645,856.79</u>	<u>444,243,476.52</u>	<u>67,033,253.41</u>

5.18.2 Deferred tax liabilities before offsetting

	<u>30 June 2025</u>		<u>1 January 2025</u>	
<u>Items</u>	<u>Deductible temporary differences</u>	<u>Deferred tax assets</u>	<u>Deductible temporary differences</u>	<u>Deferred tax assets</u>
Financial assets held for trading			942,083.33	141,312.50
Accelerated depreciation of fixed assets	11,957,705.92	1,793,655.89	12,850,383.83	1,927,557.57
Right-of-use Assets	<u>347,968,147.44</u>	<u>52,195,222.13</u>	<u>353,943,869.92</u>	<u>53,091,580.49</u>
Total	<u>359,925,853.36</u>	<u>53,988,878.02</u>	<u>367,736,337.08</u>	<u>55,160,450.56</u>

5.18.3 Deferred tax assets or liabilities on a net basis after elimination

<u>Item</u>	<u>The amount of deferred tax assets and liabilities offset on 30 June 2025</u>	<u>Balance after offsetting on 30 June 2025</u>	<u>The amount of deferred tax assets and liabilities offset on 31 December 2024</u>	<u>Balance after offsetting on 31 December 2024</u>
Deferred tax assets	-53,988,878.02	14,656,978.77	55,160,450.56	11,872,802.85
Deferred tax liabilities	-53,988,878.02		55,160,450.56	

5.18.4 Unrecognized deferred tax assets

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Provision for asset impairment	12,454,416.31	12,501,998.30
Provision for credit impairment	242,876.55	259,531.91
Accrued expenses	598,651.20	16,484,156.08
Payroll liability	1,482,069.15	2,119,054.60
Undistributed deficit	<u>29,994,843.09</u>	<u>24,592,204.05</u>
Total	<u>44,772,856.30</u>	<u>55,956,944.94</u>

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

<u>Items</u>	<u>30 June 2025</u>	<u>31 December 2024</u>
Year 2025		
Year 2026		

<u>Items</u>	<u>30 June 2025</u>	<u>31 December 2024</u>
Year 2027	6,631,108.51	6,631,108.51
Year 2028	5,538,094.86	5,538,094.86
Year 2029 to year 2035	17,825,639.72	12,423,000.68
Total	<u>29,994,843.09</u>	<u>24,592,204.05</u>

5.19 Other Non-current Assets

<u>Items</u>	<u>30 June 2025</u>			<u>1 January 2025</u>		
	<u>Book balance</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>	<u>Book balance</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>
Prepaid equipment fee	8,230,383.08	0.00	8,230,383.08	10,099,186.11	0.00	10,099,186.11
Total	<u>8,230,383.08</u>	<u>0.00</u>	<u>8,230,383.08</u>	<u>10,099,186.11</u>	<u>0.00</u>	<u>10,099,186.11</u>

5.20 Assets with restricted ownership or right of use

<u>Items</u>	<u>30 June 2025</u>			<u>1 January 2025</u>		
	<u>Book balance</u>	<u>Carrying amount</u>	<u>Reasons</u>	<u>Book balance</u>	<u>Carrying amount</u>	<u>Reasons</u>
Monetary funds	1,700,000.56	1,700,000.56	Credit	2,487,216.02	2,487,216.02	Credit
Total	<u>1,700,000.56</u>	<u>1,700,000.56</u>		<u>2,487,216.02</u>	<u>2,487,216.02</u>	

5.21 Short-term Borrowings

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Credit loan	36,333,653.27	0.00
Total	<u>36,333,653.27</u>	<u>0.00</u>

5.22 Notes Payable

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Bank acceptance bills	4,724,919.53	19,418,627.35
Total	<u>4,724,919.53</u>	<u>19,418,627.35</u>

5.23 Accounts Payable

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Within 1 year	376,756,931.68	513,873,164.01
Over 1 year	3,418,580.27	3,448,353.28
Total	<u>380,175,511.95</u>	<u>517,321,517.29</u>

5.24 Advances from Customers

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Within 1 year	2,425,430.88	2,803,884.45
Over 1 year	122,088.80	120,448.80
Total	<u>2,547,519.68</u>	<u>2,924,333.25</u>

5.25 Contract Liabilities

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Advance from merchandise	17,801,441.24	15,988,527.98
Advance management fee	258,014.99	308,211.67
Total	<u>18,059,456.23</u>	<u>16,296,739.65</u>

5.26 Employee Benefits Payable

5.26.1 Details of employee benefits payable

<u>Items</u>	<u>1 January 2025</u>	<u>Increase during the reporting period</u>	<u>Decrease during the reporting period</u>	<u>30 June 2025</u>
Short-term employee benefits	53,950,714.15	148,570,138.00	153,817,010.74	48,703,841.41
Post-employment benefits-defined contribution plans	6,308.25	12,094,598.31	12,094,778.45	6,128.11
Termination benefits	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total	<u>53,957,022.40</u>	<u>160,664,736.31</u>	<u>165,911,789.19</u>	<u>48,709,969.52</u>

5.26.2 Short-term employee benefits

<u>Items</u>	<u>1 January 2025</u>	<u>Increase during the reporting period</u>	<u>Decrease during the reporting period</u>	<u>30 June 2025</u>
Salaries, bonuses, allowances and subsidies	34,998,217.81	130,382,259.38	138,426,087.88	26,954,389.31
Employee benefits	0.00	6,380,129.02	4,081,964.79	2,298,164.23
Social insurance	4,662.77	6,491,589.92	6,492,742.73	3,509.96
Including: Health insurance	3,512.85	4,703,811.10	4,703,981.33	3,342.62
Injury insurance	1,149.92	1,424,684.88	1,425,667.46	167.34
Birth insurance	0.00	363,093.94	363,093.94	0.00
Housing accumulation fund	15,982,742.50	4,700,519.70	3,218,450.55	17,464,811.65
Labour union funds and employee education funds	0.00	600,528.79	600,528.79	0.00
Short-term absence pay	<u>2,965,091.07</u>	<u>15,111.19</u>	<u>997,236.00</u>	<u>1,982,966.26</u>
Total	<u>53,950,714.15</u>	<u>148,570,138.00</u>	<u>153,817,010.74</u>	<u>48,703,841.41</u>

5.26.3 Defined contribution plans

<u>Items</u>	<u>1 January 2025</u>	<u>Increase during the reporting period</u>	<u>Decrease during the reporting period</u>	<u>30 June 2025</u>
Basic endowment insurance	6,122.54	11,713,289.09	11,713,469.23	5,942.40
Unemployment insurance	<u>185.71</u>	<u>381,309.22</u>	<u>381,309.22</u>	<u>185.71</u>
Total	<u>6,308.25</u>	<u>12,094,598.31</u>	<u>12,094,778.45</u>	<u>6,128.11</u>

Note: The Company participates in the endowment insurance and unemployment insurance plan established by the government, according to these plans, the Company pays plan fees to the Company's location. In addition to the monthly fee deposit, the Company no longer bears further payment obligations.

Corresponding expenses are expensed as incurred or costs related assets.

5.27 Taxes Payable

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Value added tax (VAT)	685,920.24	952,185.68
Enterprise income tax	3,195,023.65	13,505,915.29
Individual income tax	460,737.73	809,831.82
City construction tax	279,795.99	601,276.22
Educational surcharge	167,877.59	360,765.73
Local education surcharge	111,918.40	240,510.49
Property tax	1,642,278.58	1,456,280.69
Land use tax	26,376.34	175,232.78

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Stamp tax	166,028.89	202,995.02
Other	<u>1,563,908.35</u>	<u>5,401.04</u>
Total	<u>8,299,865.76</u>	<u>18,310,394.76</u>

5.28 Other Payables

5.28.1 Other payables by category

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Interest payable	0.00	0.00
Dividend payable	0.00	0.00
Other payable	<u>33,275,738.81</u>	<u>40,877,557.33</u>
Total	<u>33,275,738.81</u>	<u>40,877,557.33</u>

5.28.2 Other payables

5.28.2.1 Other payables by nature

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Within 1 year	24,706,632.50	31,061,411.13
Over 1 year	<u>8,569,106.31</u>	<u>9,816,146.20</u>
Total	<u>33,275,738.81</u>	<u>40,877,557.33</u>

5.28.2.2 Significant other payables with aging over one year

<u>Items</u>	<u>30 June 2025</u>	<u>Reason</u>
Deposit	<u>7,564,028.69</u>	Return upon termination of contract
Total	<u>7,564,028.69</u>	

5.29 Non-current Liabilities Maturing within One Year

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Lease liabilities maturing within one year	<u>7,548,324.44</u>	<u>922,678.70</u>
Total	<u>7,548,324.44</u>	<u>922,678.70</u>

5.30 Lease Liabilities

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Lease liabilities	699,657,407.54	698,687,752.67
Less : unrecognized financing charges	<u>293,621,368.40</u>	<u>301,760,453.00</u>
Subtotal	<u>406,036,039.14</u>	<u>396,927,299.67</u>
Less : Lease liabilities due within one year	<u>7,548,324.44</u>	<u>922,678.70</u>
Total	<u>398,487,714.70</u>	<u>396,004,620.97</u>

5.31 Share Capital

<u>Item</u>	<u>1 January 2025</u>	<u>Changes during the reporting period (+,-)</u>					<u>30 June 2025</u>
		<u>New issues</u>	<u>Bonus issues</u>	<u>Capitalisation of reserves</u>	<u>Others</u>	<u>Subtotal</u>	
Number of total shares	<u>185,391,680.00</u>						<u>185,391,680.00</u>

5.32 Capital Reserves

<u>Item</u>	<u>1 January 2025</u>	<u>Increase during the reporting period</u>	<u>Decrease during the reporting period</u>	<u>30 June 2025</u>
Capital premium (share premium)	210,045,659.80	0.00	0.00	210,045,659.80
Other capital reserves	<u>86,763,305.99</u>	<u>0.00</u>	<u>0.00</u>	<u>86,763,305.99</u>
Total	<u>296,808,965.79</u>	<u>0.00</u>	<u>0.00</u>	<u>296,808,965.79</u>

5.33 Other Comprehensive Income

Item	1 January 2025	Amount for the year before tax	Current year		Less: Income tax expense	After tax attributable to the parent company	After tax attributable to minority shareholders	30 June 2025
			Less: previously recognised in other comprehensive income transferred into profit or loss	Less: previously recognised in other comprehensive income transferred into retained earnings				
1. Other comprehensive income will not be reclassified to profit or loss	41,036.56	0.00	0.00	0.00	0.00	0.00	0.00	41,036.56
Including: Changes of remeasurement of the defined benefit plan	41,036.56	0.00			0.00	0.00	0.00	41,036.56
Other comprehensive income inconvertible to profit or loss under the equity method								
Changes in fair value of other equity instruments investments								
Changes in fair value of corporate credit risk								
2. Items will be reclassified to profit or loss	11,211,709.96	-501,554.00	0.00	0.00	0.00	-376,165.50	-125,388.50	10,835,544.46
Including: Other comprehensive income convertible to profit or loss under the equity method								
Changes in fair value of other debt investments								
Value from reclassification of financial assets that is recorded into other comprehensive income								
Credit impairment provision for other debt investments								
Reserves of cash flow hedges								
Exchange differences on translating foreign operations	<u>11,211,709.96</u>	<u>-501,554.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>-376,165.50</u>	<u>-125,388.50</u>	<u>10,835,544.46</u>
Total	<u>11,252,746.52</u>	<u>-501,554.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>-376,165.50</u>	<u>-125,388.50</u>	<u>10,876,581.02</u>

5.34 Surplus Reserves

<u>Item</u>	<u>1 January 2025</u>	<u>Increase during the reporting period</u>	<u>Decrease during the reporting period</u>	<u>30 June 2025</u>
Statutory surplus reserves	<u>81,427,732.56</u>	<u>0.00</u>	<u>0.00</u>	<u>81,427,732.56</u>
Total	<u>81,427,732.56</u>	<u>0.00</u>	<u>0.00</u>	<u>81,427,732.56</u>

Note: Pursuant to the Company Law of the People's Republic of China and Articles of Association, the Company appropriates 10% of net profit to the statutory surplus reserves.

5.35 Retained Earnings

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>
Balance at the end of last period before adjustments	527,518,517.81	507,010,039.53
Adjustments for the opening balance (increase /(decrease)	0.00	0.00
Balance at the beginning of the reporting period after adjustments	527,518,517.81	507,010,039.53
Add: net profit attributable to owners of the parent company for the reporting period	16,000,988.65	72,782,642.48
Less: appropriation to statutory surplus reserves	0.00	5,926,244.20
Appropriation to discretionary surplus reserves	0.00	0.00
Provision for general risk reserves	0.00	0.00
Payment of ordinary share dividends	33,370,502.40	46,347,920.00
Common stock dividends converted to share capital	<u>0.00</u>	<u>0.00</u>
Balance at the end of the reporting period	<u>510,149,004.06</u>	<u>527,518,517.81</u>

5.36 Revenue and Cost of Sales

<u>Items</u>	<u>Reporting period</u>		<u>Same period of last year</u>	
	<u>Revenue</u>	<u>Costs of sales</u>	<u>Revenue</u>	<u>Costs of sales</u>
Principal activities	631,409,254.61	558,582,665.57	761,016,486.42	659,592,166.69
Other activities	<u>21,364,041.78</u>	<u>4,297,683.61</u>	<u>27,069,511.61</u>	<u>6,141,115.42</u>
Total	<u>652,773,296.39</u>	<u>562,880,349.18</u>	<u>788,085,998.03</u>	<u>665,733,282.11</u>

5.36.1 Revenue from principal activities (by industry or business)

<u>Industry (business)</u>	<u>Reporting period</u>		<u>Same period of last year</u>	
	<u>Revenue</u>	<u>Costs of sales</u>	<u>Revenue</u>	<u>Costs of sales</u>
Household appliances industry	<u>631,409,254.61</u>	<u>558,582,665.57</u>	<u>761,016,486.42</u>	<u>659,592,166.69</u>
Total	<u>631,409,254.61</u>	<u>558,582,665.57</u>	<u>761,016,486.42</u>	<u>659,592,166.69</u>

5.36.2 Revenue from principal activities (by product)

<u>Products</u>	<u>Reporting period</u>		<u>Same period of last year</u>	
	<u>Revenue</u>	<u>Costs of sales</u>	<u>Revenue</u>	<u>Costs of sales</u>
Catering and Cooking	392,599,119.51	348,325,391.98	462,268,892.25	399,171,424.13
Home helper	193,015,583.40	173,433,583.72	228,514,421.19	201,239,650.62
Tea/Coffee makers	41,387,776.71	36,129,559.32	63,844,429.06	55,995,383.83
Others	<u>4,406,774.99</u>	<u>694,130.55</u>	<u>6,388,743.92</u>	<u>3,185,708.11</u>
Total	<u>631,409,254.61</u>	<u>558,582,665.57</u>	<u>761,016,486.42</u>	<u>659,592,166.69</u>

5.36.3 Revenue from principal activities (by region)

Region	Reporting period		Same period of last year	
	Revenue	Costs of sales	Revenue	Costs of sales
Australia	5,378,593.86	4,356,657.52	8,195,752.50	6,586,175.57
Africa	983,892.36	1,032,958.15	6,903,962.62	5,416,726.87
America	246,494,836.05	225,318,161.22	364,669,044.48	320,394,879.52
Europe	227,996,576.35	199,231,164.91	254,715,358.72	218,603,500.75
Asia	<u>150,555,355.99</u>	<u>128,643,723.77</u>	<u>126,532,368.10</u>	<u>108,590,883.98</u>
Total	<u>631,409,254.61</u>	<u>558,582,665.57</u>	<u>761,016,486.42</u>	<u>659,592,166.69</u>

5.37 Taxes and Surcharges

Items	Reporting period	Same period of last year
City construction tax	1,005,466.10	771,046.35
Educational surcharge	575,443.10	439,841.14
Local education surcharge	383,628.74	293,227.44
Property tax	1,526,635.96	1,464,035.27
Land use tax	199,423.38	199,423.38
Stamp duty	343,256.55	422,227.45
Other	<u>50,125.80</u>	<u>37,751.66</u>
Total	<u>4,083,979.63</u>	<u>3,627,552.69</u>

5.38 Selling and Distribution Expenses

Items	Reporting period	Same period of last year
Employee remunerations	7,326,689.09	7,980,455.20
Claims experiment expenses	471,482.30	739,908.02
Sales commission and after sales service fees	738,747.16	3,370,906.57
Rental expenses	11,046.05	11,475.66
Travel expenses	273,858.58	519,120.57
Advertisements charges and sales promotion	1,462,551.31	1,599,504.01
Administrative expenses	74,926.77	68,301.60
Others	<u>1,347,444.80</u>	<u>1,416,117.54</u>
Total	<u>11,706,746.06</u>	<u>15,705,789.17</u>

5.39 General and Administrative Expenses

Items	Reporting period	Same period of last year
Employee remunerations	21,966,318.36	20,480,551.60
Depreciation and amortization of assets	4,030,881.41	5,616,418.35
Rental expenses	74,971.38	218,444.62
Insurance expenses	747,590.60	1,128,414.22
Administrative expenses	653,659.38	699,904.81
Travel expenses	1,432,973.84	1,038,227.91
Consultant fees	1,208,674.02	1,127,270.04
Maintenance expenses	2,040,248.61	1,449,875.10
Others	<u>2,536,167.26</u>	<u>3,207,699.86</u>
Total	<u>34,691,484.86</u>	<u>34,966,806.51</u>

5.40 Research and Development Expenses

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>
Employee remunerations	22,384,976.87	23,261,847.82
Test expenses	2,916,166.39	3,430,331.72
Depreciation and amortization of assets	1,451,857.05	2,189,562.63
Certification expenses	697,826.50	773,128.19
Rental expenses	19,520.43	20,388.54
Patent expenses	290,434.10	240,516.01
Travel expenses	221,262.09	193,016.15
Maintenance expenses	871,841.42	896,637.74
Consultant fees	118,453.68	158,649.16
Others	<u>969,418.50</u>	<u>982,623.18</u>
Total	<u>29,941,757.03</u>	<u>32,146,701.14</u>

5.41 Finance Expenses

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>
Interest expenses	11,155,646.85	11,082,809.10
Including: interest expense on lease liabilities	8,210,823.74	8,126,807.82
Less: Interest income	3,750,247.27	7,043,615.67
Foreign exchange losses	-5,484,832.93	-4,274,603.16
Bank charges	<u>434,325.03</u>	<u>448,978.74</u>
Total	<u>2,354,891.68</u>	<u>213,569.01</u>

5.42 Other Income

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>
Government grant	1,727,050.00	808,125.63
Charges of withholding individual income tax	<u>81,078.78</u>	<u>100,942.42</u>
Total	<u>1,808,128.78</u>	<u>909,068.05</u>

5.43 Investment Income

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>
Income from long-term equity investments accounted for using the equity method	-354,876.17	0.00
Investment income of trading financial assets during the holding period	1,487,355.87	3,252,096.44
Investment income from disposal of trading financial assets	0.00	1,260,500.00
Other current assets for financial investments	<u>15,443,949.93</u>	<u>10,035,647.53</u>
Total	<u>16,576,429.63</u>	<u>14,548,243.97</u>

5.44 Gains on Changes in Fair Values

<u>Source of gains from fair value changes</u>	<u>Reporting period</u>	<u>Same period of last year</u>
Held-for-trading financial assets	-942,083.33	1,950,911.11
Including: gains on changes in fair value of derivatives	0.00	-432,800.00
Financial investments	<u>-942,083.33</u>	<u>2,383,711.11</u>
Total	<u>-942,083.33</u>	<u>1,950,911.11</u>

5.45 Impairment Loss of Credit

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>
Bad debt of accounts receivables	2,015,225.65	-1,389,333.18

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>
Bad debt of other receivables	<u>93,842.03</u>	<u>78,341.91</u>
Total	<u>2,109,067.68</u>	<u>-1,310,991.27</u>

5.46 Impairment Loss of Assets

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>
Impairment of inventories	2,803,751.89	4,439,574.84
Impairment of fixed assets	<u>14,916.92</u>	<u>946,112.84</u>
Total	<u>2,818,668.81</u>	<u>5,385,687.68</u>

5.47 Gains from Disposal of Assets

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>	<u>Recognized in current extraordinary gains and losses</u>
Income from the disposal of fixed assets	<u>1,265,588.90</u>	<u>600,085.35</u>	<u>1,265,588.90</u>
Total	<u>1,265,588.90</u>	<u>600,085.35</u>	<u>1,265,588.90</u>

5.48 Non-operating Income

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>	<u>Recognized in current extraordinary gains and losses</u>
Other	<u>679,417.25</u>	<u>148,920.32</u>	<u>679,417.25</u>
Total	<u>679,417.25</u>	<u>148,920.32</u>	<u>679,417.25</u>

5.49 Non-operating Expenses

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>	<u>Recognized in current extraordinary gains and losses</u>
Loss from damage or scrapping of non-current assets	4,472.80	0.00	4,472.80
Including: fixed assets	4,472.80	0.00	4,472.80
Donations	0.00	52,501.87	0.00
Fines expenses	69,113.01	0.00	69,113.01
Other	<u>469.26</u>	<u>0.00</u>	<u>469.26</u>
Total	<u>74,055.07</u>	<u>52,501.87</u>	<u>74,055.07</u>

5.50 Income Tax Expenses

5.50.1 Details of income tax expenses

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>
Current tax expenses	4,654,110.88	7,618,913.13
Deferred tax expenses	<u>-2,784,175.92</u>	<u>-2,414,003.28</u>
Total	<u>1,869,934.96</u>	<u>5,204,909.85</u>

5.50.2 Reconciliation of accounting profit and income tax expenses

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>
Profit before tax	21,499,777.62	49,722,327.92
Income tax expense at the statutory /applicable tax rate	5,374,944.41	12,430,581.98
Effect of different tax rate of subsidiaries	-1,283,907.82	-4,643,985.61
Adjustments of impact from prior period income tax	449,537.86	1,125,725.60
Effect of income that is exempt from taxation		
Effect of non-deductible costs, expenses or losses	44,508.09	96,625.55
Effect of previously unrecognized deductible losses		

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>
recognised as deferred tax assets		
Effect of deductible temporary differences and deductible losses not recognised as deferred tax assets	482,539.30	-509,841.29
R&D expenses plus deduction	<u>-3,197,686.88</u>	<u>-3,294,196.38</u>
Income tax expenses	<u>1,869,934.96</u>	<u>5,204,909.85</u>

5.51 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 5.33 Other Comprehensive Income.

5.52 Notes to the Statement of Cash Flow

5.52.1 Cash flows from operating activities

5.52.1.1 Other cash received relating to operating activities

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>
Government grants	1,727,050.00	909,068.05
Interests income	3,750,247.27	6,860,842.72
Rent income	17,804,902.14	17,154,282.27
Funds in current account and others	<u>8,031,919.10</u>	<u>7,014,534.88</u>
Total	<u>31,314,118.51</u>	<u>31,938,727.92</u>

5.52.1.2 Other cash payments relating to operating activities

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>
Penalties and donations	69,113.01	52,501.87
Bank charges	434,325.03	448,978.74
Sales expenses, general and administrative expenses, and research and development expenses paid by cash	64,357,978.31	68,376,882.66
Current accounts and others	<u>70,000.00</u>	<u>2,678,813.46</u>
Total	<u>64,931,416.35</u>	<u>71,557,176.73</u>

5.52.2 Cash flows from investing activities

5.52.2.1 Other cash received relating to investing activities

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>
Time deposits recovered after maturity for the purpose to earn interest income in financial institutions	<u>173,102,725.55</u>	<u>268,987,022.90</u>
Total	<u>173,102,725.55</u>	<u>268,987,022.90</u>

5.52.2.2 Other cash payments relating to investing activities

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>
Time deposits in financial institutions for the purpose of earning interest income	<u>116,202,277.78</u>	<u>241,218,285.85</u>
Total	<u>116,202,277.78</u>	<u>241,218,285.85</u>

5.52.3 Cash flows from financing activities

5.52.3.1 Other cash received relating to financing activities

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>
Security deposit of L/C	<u>3,047,365.87</u>	<u>6,069,665.05</u>
Total	<u>3,047,365.87</u>	<u>6,069,665.05</u>

5.52.3.2 Other cash payments relating to financing activities

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>
Lease payments of right-of-use assets	0.00	0.00
Security deposit of L/C	<u>2,754,112.41</u>	<u>4,301,333.56</u>
Total	<u>2,754,112.41</u>	<u>4,301,333.56</u>

5.53 Supplementary Information to the Statement of Cash Flows

5.53.1 Supplementary information to the statement of cash flows

<u>Supplementary information</u>	<u>Reporting period</u>	<u>Same period of last year</u>
1. Adjustments of net profit to cash flows from operating activities:		
Net profit	19,629,842.66	44,517,418.07
Add: Provisions for impairment of assets	2,818,668.81	5,385,687.68
Impairment loss of credit	2,109,067.68	-1,310,991.27
Depreciation of fixed assets, oil and gas asset and productive biological assets	16,754,679.95	17,244,448.77
Depreciation of use rights assets	7,354,598.21	7,310,060.88
Amortisation of intangible assets	407,469.30	901,477.54
Amortisation of long-term deferred expenses	1,270,634.70	1,540,481.91
Gains on disposal of fixed assets, intangible assets, and other long-term assets	-1,265,588.90	-600,085.35
Loss on scrapping of fixed assets	4,472.80	0.00
Gains on changes in fair value	942,083.33	-1,950,911.11
Finance income	8,762,972.78	8,196,564.57
Investment income	-16,576,429.63	-14,548,243.97
Decreases in deferred tax assets	-2,784,175.92	-2,414,003.28
Increases in deferred tax liabilities	0.00	0.00
Increases in inventories	11,864,014.29	-17,859,898.34
Increases in operating receivables	79,376,029.72	-28,637,315.68
Increases in operating payables	-160,915,208.25	-44,071,683.03
Others	<u>0.00</u>	<u>0.00</u>
Net cash flows from operating activities	<u>-30,246,868.47</u>	<u>-26,296,992.61</u>
2. Significant investing and financing activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under finance leases		
3. Net increases in cash and cash equivalents:		
Cash equivalents at the end of the reporting period	389,233,066.05	343,813,144.12
Less: Cash equivalents at the beginning of the reporting period	441,890,727.50	561,809,622.45
Add: Cash equivalents at the end of the reporting period		
Less: Cash equivalents at the beginning of the reporting period		
Net increase in cash and cash equivalents	<u>-52,657,661.45</u>	<u>-217,996,478.33</u>

5.53.2 The components of cash and cash equivalents

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>
1. Cash	389,233,066.05	343,813,144.12
Including: Cash on hand	1,001,771.94	782,436.23
Cash in bank available for immediate use	388,207,960.50	342,946,232.24
Other monetary funds available for immediate use	23,333.61	84,475.65
Deposit in the central banks available for immediate use	0.00	0.00
Deposit in peer firms	0.00	0.00
Loan to peer firms	0.00	0.00
2. Cash equivalents	0.00	0.00
Including: Bond investments maturing within three months	<u>0.00</u>	<u>0.00</u>
3. Cash and cash equivalents at the end of the reporting period	<u>389,233,066.05</u>	<u>343,813,144.12</u>

5.53.3 Monetary funds that are not cash and cash equivalents

<u>Items</u>	<u>Reporting period</u>	<u>Same period of last year</u>	<u>Reason</u>
Letter of credit margin	<u>1,700,000.56</u>	<u>3,253,013.75</u>	Not readily available
Total	<u>1,700,000.56</u>	<u>3,253,013.75</u>	

5.54 Foreign Currency Monetary Items**5.54.1 Details for foreign currency monetary items:**

<u>Items</u>	<u>Carrying amount in foreign currency on 30 June 2025</u>	<u>Exchange rate</u>	<u>Carrying amount in CNY on 30 June 2025</u>
Cash and cash equivalents			
Including: USD	17,969,923.02	7.158600	128,639,490.94
JPY	87,969,600.42	0.049594	4,362,764.37
IDR	12,989,766,211.37	0.000442	5,738,592.94
EUR	34,071.62	8.402400	286,283.38
GBP	9,419.62	9.830000	92,594.87
HKD	65,613.38	0.911950	59,836.12
HUF	<u>81,016.00</u>	<u>0.021063</u>	<u>1,706.44</u>
Total			<u>139,181,269.06</u>
Short-term borrowings			
Including: USD	<u>5,000,000.00</u>	<u>7.158600</u>	<u>35,793,000.00</u>
Total			<u>35,793,000.00</u>
Accounts receivables			
Including: USD	17,784,053.75	7.158600	127,308,927.18
IDR	426,639,600.00	0.000442	188,479.99
JPY	<u>41,474,048.00</u>	<u>0.049594</u>	<u>2,056,863.94</u>
Total			<u>129,554,271.11</u>
Accounts payables			
Including: USD	6,856,620.36	7.158600	49,083,802.51
EUR	269,590.25	8.402400	2,265,205.12
GBP	126.00	9.830000	1,238.58
HKD	1,495.70	0.911950	1,364.00
JPY	1,500,009.82	0.049594	74,391.49

<u>Items</u>	<u>Carrying amount in foreign currency on 30 June 2025</u>	<u>Exchange rate</u>	<u>Carrying amount in CNY on 30 June 2025</u>
IDR	<u>8,371,658,626.23</u>	<u>0.000442</u>	<u>3,698,414.60</u>
Total			<u>55,124,416.30</u>
Other receivables			
Including: EUR	2,160.00	8.402400	18,149.18
HKD	2,000.00	0.911950	1,823.90
USD	80,563.42	7.158600	576,721.30
IDR	<u>3,025,232,868.00</u>	<u>0.000442</u>	<u>1,336,481.33</u>
Total			<u>1,933,175.71</u>
Other payables			
Including: USD	14,289.39	7.158600	102,292.03
IDR	<u>2,299,420,950.13</u>	<u>0.000442</u>	<u>1,015,833.59</u>
Total			<u>1,118,125.62</u>

5.54.2 Description of overseas business entities

Name of the overseas operating entity: Pt.Star Comgistic Indonesia

Main business area: Indonesia

Accounting standard currency: US dollars

5.55 Lease

5.55.1 The Company as the lessee

Current profit and loss and cash flow related to the lease

<u>Items</u>	<u>Reporting period</u>
Short-term lease expenses included in the profit and loss of the current period	98,870.40
Lease expense of low-value assets included in current period (except short-term lease)	0.00
Interest expense of the lease liability	8,210,823.74
Variable lease payments not included in the measurement of lease liabilities as included in current profits and losses	0.00
Income obtained from the sublease of the use right assets	7,201,741.60
Total cash outflow related to leasing	480,960.00

5.55.2 The company shall be the lessor

5.55.2.1 Operation lease

Lease income

<u>Items</u>	<u>Reporting period</u>
Lease income	8,826,543.69
Including: income related to variable lease payments not included in the measurement of lease receipts	0.00

6. R&D expenditures (Research and Development)

<u>Item</u>	<u>Reporting period</u>	<u>Same period of last year</u>
Employee remunerations	22,384,976.87	23,261,847.82
Test expenses	2,916,166.39	3,430,331.72

Depreciation and amortization of assets	1,451,857.05	2,189,562.63
Certification expenses	697,826.50	773,128.19
Rental expenses	19,520.43	20,388.54
Patent expenses	290,434.10	240,516.01
Travel expenses	221,262.09	193,016.15
Maintenance expenses	871,841.42	896,637.74
Consultant fees	118,453.68	158,649.16
Others	<u>969,418.50</u>	<u>982,623.18</u>
Total	<u>29,941,757.03</u>	<u>32,146,701.14</u>
Including: Expense recognition	29,941,757.03	32,146,701.14
Capitalization		

7. CHANGES IN THE SCOPE OF CONSOLIDATION

7.1 business combination not under common control: none

7.2 business combination under common control: none

7.3 Changes in the scope of consolidation for other reasons: none

8. INTERESTS IN OTHER ENTITIES

8.1 Interests in Subsidiaries

8.1.1 Composition of corporate group

Name of subsidiary	Registered capital	Principal place of business	Registered City	Nature of business	Percentage of equity interests by the Company (%)		Methods of acquisition
					Direct	Indirect	
TsannKuen (Zhangzhou) Enterprise Co., Ltd.(TKL)	USD 160 million	Zhangzhou	Zhangzhou	Manufactures home electronic appliance	75.00		Acquired through establishment
TsannKuen China (Shanghai) Enterprise Co., Ltd. (TKS)	USD 40 million	Shanghai	Shanghai	Manufactures home electronic appliance	46.875		Acquired through business combination under common control
Xiamen Tsannkuen Property Services Co., Ltd. (TKW)	CNY 1.5 million	Xiamen	Xiamen	Property services	100.00		Acquired through establishment
East Sino Development Limited. (East Sino)	HKD 318.84766 million	Hong Kong	Hong Kong	Investment, Trading	75.00		Acquired through business combination under common control
Pt.StarComgistic Indonesia	41 million US dollars	Indonesia	Indonesia	Manufactures home electronic appliance	75.00		Acquired through business combination under common control
Pt.Star Comgistic Property Development Indonesia	5.01 million US dollars	Indonesia	Indonesia	Real estate development	75.00		Acquired through establishment
Orient Star Investments Limited	185,000 US dollars	Hong Kong	Hong Kong	Investment, Trading	75.00		Acquired through business

8.1.2 Significant non-wholly owned subsidiaries

<u>Name of subsidiary</u>	<u>Proportion of ownership interest held by non-controlling interest</u>	<u>Profit or loss attributable to non-controlling interests during the reporting period</u>	<u>Dividends declared to distribute to non-controlling interests during the reporting period</u>	<u>Non-controlling interests at the end of the reporting period</u>
TKL	25.00	4,855,608.93	13,446,820.90	332,058,762.84

8.1.3 Main financial information of significant non-wholly owned subsidiaries

<u>Name of subsidiary</u>	<u>30 June 2025</u>					
	<u>Current assets</u>	<u>Non-current assets</u>	<u>Total assets</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total liabilities</u>
TKL	1,166,694,495.79	1,051,694,069.97	2,218,388,565.76	491,665,799.71	398,487,714.70	890,153,514.41

(Continued)

<u>Name of subsidiary</u>	<u>1 January 2025</u>					
	<u>Current assets</u>	<u>Non-current assets</u>	<u>Total assets</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total liabilities</u>
TKL	1,228,298,524.91	1,154,739,765.97	2,383,038,290.88	624,433,770.65	396,004,620.97	1,020,438,391.62

(Continued)

<u>Name of subsidiary</u>	<u>Reporting period</u>			
	<u>Revenue</u>	<u>Net profit/(loss)</u>	<u>Total comprehensive income</u>	<u>Net cash flows from operating activities</u>
TKL	608,398,533.13	19,422,435.70		-22,076,764.62

(Continued)

<u>Name of subsidiary</u>	<u>The same period of last year</u>			
	<u>Revenue</u>	<u>Net profit/(loss)</u>	<u>Total comprehensive income</u>	<u>Net cash flows from operating activities</u>
TKL	736,700,275.24	46,128,800.78		18,948,235.38

8.2 Interests in Subsidiaries

8.2.1 Summarized financial information of individually immaterial joint ventures and associates

<u>Item</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Associates:		
Total Book Value of investments	9,800,000.00	0.00
The following aggregate amounts are presented based on the shareholding ratio (%)		
Net profits	-266,157.13	0.00
Other comprehensive income	0.00	0.00
Total comprehensive income	-266,157.13	0.00

9. GOVERNMENT GRANTS

<u>Item in P&L statement</u>	<u>Reporting period</u>	<u>The same period of last year</u>
Other earnings	1,727,050.00	909,068.05
Total	1,727,050.00	909,068.05

10. RISK RELATED TO FINANCIAL INSTRUMENTS

10.1 Types of risks arising from financial instruments

The company faces various financial risks during its operations, including credit risk, liquidity risk, and market risk (including foreign exchange risk, interest rate risk, and other price risks). The following describes these financial risks and the risk management policies adopted by the company to mitigate them:

The Board of Directors is responsible for planning and establishing the company's risk management framework, formulating risk management policies and related guidelines, and overseeing the implementation of risk management measures. The company has established risk management policies to identify and analyze the risks it faces. These policies provide clear regulations for specific risks, covering aspects such as market risk, credit risk, and liquidity risk management. The company regularly assesses changes in the market environment and its business activities to determine whether updates to its risk management policies and systems are necessary. Risk management is conducted by the Risk Management Committee according to policies approved by the Board of Directors. The Risk Management Committee collaborates closely with other business departments to identify, evaluate, and mitigate relevant risks. The company's internal audit department conducts regular reviews of risk management controls and procedures and reports the results to the Audit Committee.

The company diversifies financial instrument risks through appropriate investment and business portfolio strategies and reduces concentration risks associated with single industries, specific regions, or particular counterparties by implementing corresponding risk management policies.

10.1.1 Credit Risk

Credit risk refers to the risk of financial loss arising from a counterparty's failure to fulfill its contractual obligations.

The main sources of credit risk for the company include cash and bank balances, notes receivable, accounts receivable, receivables financing, contract assets, other receivables, debt investments, other debt investments, and financial guarantee contracts, as well as debt instruments measured at fair value through profit or loss and derivative financial assets that are not subject to impairment assessment. As of the balance sheet date, the carrying amount of the company's financial assets represents its maximum exposure to credit risk.

The company's cash and bank balances are primarily held with state-owned banks and other large and medium-sized listed banks with high credit ratings. The company believes there is no significant credit risk, and it is unlikely that major losses will arise from bank defaults.

For notes receivable, accounts receivable, receivables financing, contract assets, and other receivables, the company has established policies to control credit risk exposure. The company assesses the creditworthiness of customers based on their financial condition, the possibility of obtaining guarantees from third parties, credit history, and other factors such as current market conditions, and sets appropriate credit terms accordingly. The company monitors customer credit records regularly. For customers with poor credit records, the company may take actions such as written reminders, shortening credit periods, or

canceling credit periods to ensure that its overall credit risk remains within a manageable range.

10.1.2 Liquidity Risk

Liquidity risk refers to the risk of a shortage of funds when a company needs to settle obligations denominated in cash or other financial assets.

The company's policy is to maintain sufficient cash to repay maturing debts. Liquidity risk is centrally controlled by the finance department. The finance department monitors cash balances, readily marketable securities, and rolling forecasts of cash flows for the next 12 months to ensure that the company has adequate funds to meet its debt obligations under all reasonable scenarios. Additionally, the company continuously monitors compliance with loan agreements and secures commitments from major financial institutions to provide sufficient standby funding to meet both short-term and long-term capital requirements.

10.1.3 Market Risk

Market risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, including foreign exchange risk, interest rate risk, and other price risks.

①Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates.

Fixed-rate and floating-rate interest-bearing financial instruments expose the company to fair value interest rate risk and cash flow interest rate risk, respectively. The company determines the proportion of fixed-rate versus floating-rate instruments based on market conditions and maintains an appropriate mix of fixed and floating rate instruments through regular reviews and monitoring. When necessary, the company uses interest rate swaps to hedge interest rate risks.

②Foreign Exchange Risk

Foreign exchange risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates.

The company continuously monitors foreign currency transactions and the scale of foreign currency assets and liabilities to minimize its exposure to foreign exchange risks. Additionally, the company may enter into forward foreign exchange contracts or currency swap contracts to hedge against foreign exchange risks. During the current and previous periods, the company did not enter into any forward foreign exchange contracts or currency swap contracts.

The company's exposure to foreign exchange risk mainly arises from financial assets and liabilities denominated in US dollars. The amounts of foreign currency financial assets and liabilities converted into

CNY are listed below:

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Cash and cash equivalent	139,181,269.06	112,054,855.83
Accounts receivable	129,554,271.11	203,496,159.10
Other receivables	1,933,175.71	609,593.63
Short-term loan	35,793,000.00	0.00
Accounts payable	55,124,416.30	46,143,775.01
Other payables	1,118,125.62	1,274,139.73

11. FAIR VALUE DISCLOSURES

The inputs used in fair value measurements are divided into three levels:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date.

Level 2 inputs are inputs other than Level 1 inputs that are directly or indirectly observable for the related asset or liability.

Level 3 inputs are unobservable inputs for the relevant asset or liability.

The level to which the fair value measurement results belong is determined by the lowest level to which the inputs that are significant to the fair value measurement as a whole belong.

11.1 Assets and Liabilities Measured at Fair Value as at 30 June 2025

<u>Items</u>	<u>Fair value at 30 June 2025</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Recurring fair value measurements				
(a) Held-for-trading financial assets				
(i) Financial assets at fair value through profit or loss				
Debt instruments				
Equity instruments				
Derivatives				
(b) Other investments in equity instruments		40,000.00		40,000.00
(c) Other non-current financial assets				
Total assets measured at fair value on a recurring basis				
(d) Held-for-trading financial liabilities				
(i) Financial liabilities at fair value through profit or loss				
Including: Held-for-trading bonds				
Derivatives				
Others				
Total liabilities measured at fair value on a recurring basis				

11.2 Determination for the Quoted Prices of Fair Value Measurement in Level 2 on a Recurring or Nonrecurring Basis

The fair value measurement is based on the valuation provided by the bank where the unsettled forward foreign exchange is located on the balance sheet date.

12. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

12.1 General Information of the Parent Company

<u>Name of the parent</u>	<u>Registered address</u>	<u>Nature of the business</u>	<u>Registered capital (NTD ten thousand)</u>	<u>Percentage of equity interests in the Company (%)</u>	<u>Voting rights in the Company (%)</u>
STAR COMGISTIC CAPITAL CO., LTD.	Taiwan	Manufactures and sales electrical equipment	300,000.00	42.90	44.68

Note: The ultimate controlling party of the Company is STAR COMGISTIC CAPITAL CO., LTD.

12.2 General Information of Subsidiaries

Refer to Notes 8 INTERESTS IN OTHER ENTITIES for details of the subsidiaries.

12.3 Joint Ventures and Associates

<u>Name of Joint Venture or Associate</u>	<u>Relationship with the Company</u>
Shanghai Upa Smart Chain Home Appliances Co., Ltd.	Associates of the Company's Subsidiaries

12.4 Other Related Parties of the Company

<u>Name of related party</u>	<u>Related party relationship</u>
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
TsannKuen Japan Co., Ltd.	Same actual controller

12.5 Related Party Transactions

12.5.1 Purchases or sales of goods, rendering or receiving of services

Purchases of goods, receiving of services:

<u>Related parties</u>	<u>Content of transaction</u>	<u>Reporting period</u>	<u>Approval trade credit</u>	<u>Whether exceed trade credit or not</u>	<u>Same period of last year</u>
Thermaster Electronic (XIAMEN) Limited	Purchase of goods	12,327,823.19	35,000,000.00	No	16,417,697.76

Sales of goods/provide labour services

<u>Related parties</u>	<u>Nature of the transaction(s)</u>	<u>Reporting period</u>	<u>Same period of last year</u>
STAR COMGISTIC CAPITAL CO., LTD.	Sales of goods	1,662,803.05	1,241,109.47

12.5.2 Management remuneration

Currency: Ten thousand yuan

<u>Item</u>	<u>Reporting period</u>	<u>Same period of last year</u>
Key management personnel compensation	208.20	210.59

12.5.3 Other related party transactions

<u>Related parties</u>	<u>Nature of the transaction(s)</u>	<u>Reporting period</u>	<u>Same period of last year</u>
TsannKuen Japan Co., Ltd.	Accept labor service	<u>735,529.89</u>	<u>686,252.07</u>
Total		<u>735,529.89</u>	<u>686,252.07</u>

12.6 Receivables and Payables with Related Parties**12.6.1 Receivables**

<u>Items</u>	<u>30 June 2025</u>		<u>1 January 2025</u>	
	<u>Book balance</u>	<u>Bad debt provision</u>	<u>Book balance</u>	<u>Bad debt provision</u>
Accounts receivable				
STAR COMGISTIC CAPITAL CO., LTD.	<u>364,979.43</u>		<u>950,914.62</u>	
Total	<u>364,979.43</u>		<u>950,914.62</u>	

12.6.2 Payables

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Accounts payable		
Thermaster Electronic (Xiamen) Ltd.	<u>7,288,976.42</u>	<u>6,936,867.52</u>
Total	<u>7,288,976.42</u>	<u>6,936,867.52</u>

13. COMMITMENTS AND CONTINGENCIES**13.1 Significant Commitments**

As of June 30, 2025, the Company has no significant commitments to disclose.

13.2 Contingencie

As of 30th June 2025, The Company has no significant contingencies need to be disclosed.

14. EVENTS AFTER THE REPORTING PERIOD

None.

15. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY**15.1 Accounts Receivable****15.1.1 Accounts receivable by aging**

<u>Aging</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Within 1 year	323,501.01	117,163.04
Including: 1 – 90 days	222,811.18	102,845.83
91 – 180 days	0.00	513.00
181 – 270 days	100,176.83	13,804.21
271 – 365 days	513.00	

<u>Aging</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
1-2 years	171.00	40.24
2-3 years	20,000.00	20,000.00
Over 3 years	125,418.08	125,418.08
including: 3-4 years	0.00	9,677.56
4-5 years	120,418.08	110,740.52
Over 5 years	5,000.00	5,000.00
Subtotal	469,090.09	262,621.36
Less: Provision for bad debt	<u>47,421.34</u>	<u>60,840.92</u>
Total	<u>421,668.75</u>	<u>201,780.44</u>

15.1.2 Accounts receivable by bad debt provision method

	30 June 2025				
Category	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Provision for bad debt recognised individually	0.00	0.00	0.00	0.00	0.00
Provision for bad debt recognised collectively	469,090.09	100.00	47,421.34	10.11	421,668.75
Including: Portfolio by age	249,443.91	53.18	47,421.34	19.01	202,022.57
Portfolio by related parties	<u>219,646.18</u>	<u>46.82</u>	<u>0.00</u>	<u>0.00</u>	<u>219,646.18</u>
Total	469,090.09	100.00	47,421.34	10.11	421,668.75

(Continued)

	1 January 2025				
<u>Category</u>	<u>Book balance</u>		<u>Provision for bad debt</u>		<u>Carrying amount</u>
	<u>Amount</u>	<u>Proportion (%)</u>	<u>Amount</u>	<u>Proportion (%)</u>	
Provision for bad debt recognised individually	0.00	0.00	0.00	0.00	0.00
Provision for bad debt recognised collectively	262,621.36	100.00	60,840.92	23.17	201,780.44
Including: Portfolio by age	262,621.36	100.00	60,840.92	23.17	201,780.44
Portfolio by related parties					
Total	<u>262,621.36</u>	<u>100.00</u>	<u>60,840.92</u>	<u>23.17</u>	<u>201,780.44</u>

Specific instructions for provision for bad debts: accounts receivable with bad debt provision recognised collectively by aging

<u>Items</u>	<u>30 June 2025</u>		
	<u>Book balance</u>	<u>Provision for bad debt</u>	<u>Provision ratio (%)</u>
Not overdue	200,000.00	1,000.00	0.50
Overdue 1 – 30 days	3,165.00	142.43	4.50
Overdue 31 – 60 days	0.00	0.00	0.00
Overdue 61 – 90 days	0.00	0.00	0.00
Overdue more than 90 days	<u>46,278.91</u>	<u>46,278.91</u>	<u>100.00</u>
Total	<u>249,443.91</u>	<u>47,421.34</u>	

(Continued)

<u>Items</u>	<u>1 January 2025</u>		
	<u>Book balance</u>	<u>Provision for bad debt</u>	<u>Provision ratio (%)</u>
Not overdue	201,566.83	1,007.83	0.50
Overdue 1 – 30 days	1,279.00	57.56	4.50
Overdue 31 – 60 days	0.00	0.00	0.00
Overdue 61 – 90 days	0.00	0.00	0.00
Overdue more than 90 days	<u>59,775.53</u>	<u>59,775.53</u>	<u>100.00</u>
Total	<u>262,621.36</u>	<u>60,840.92</u>	

For the criteria for recognition of bad debts and the description of bad debt provision by combination, please refer to "III.9" in this note.

15.1.3 Changes in Provision for bad debts

<u>Category</u>	<u>1 January 2025</u>	<u>Changes during the reporting period</u>				<u>30 June 2025</u>
		<u>Provision</u>	<u>Recovery or reversal</u>	<u>Write-off</u>	<u>Others</u>	
Provision for bad debt recognised collectively	60,840.92	886.14	14,305.72	0.00	0.00	47,421.34
Total	60,840.92	886.14	14,305.72	0.00	0.00	47,421.34

15.1.4 Top five closing balances by entity

<u>Entity name</u>	<u>Balance at 30 June 2025</u>	<u>Contract Assets at 30 June 2025</u>	<u>Total</u>	<u>Proportion of the balance to the total accounts receivable and Contract Assets (%)</u>	<u>Provision for bad debt</u>
No. 1	219,646.18		219,646.18	46.82	
No. 2	100,107.83		100,107.83	21.34	607.83
No. 3	100,000.00		100,000.00	21.32	500.00
No. 4	20,753.00		20,753.00	4.42	20,753.00
No. 5	<u>20,418.08</u>		<u>20,418.08</u>	<u>4.35</u>	<u>20,418.08</u>
Total	<u>460,925.09</u>		<u>460,925.09</u>	<u>98.25</u>	<u>42,278.91</u>

15.2 Other Receivables

15.2.1 Other receivables by category

<u>Items</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Interest receivable		
Dividend receivable		
Other receivables	<u>6,112,753.11</u>	<u>6,555,310.24</u>
Total	<u>6,112,753.11</u>	<u>6,555,310.24</u>

15.2.2 Other receivables

15.2.2.1 Other receivables by aging

<u>Aging</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Within 1 year	6,150,265.08	6,472,526.44
Including: 1 – 90 days	5,563,156.32	6,435,216.14
91 – 180 days	396,751.58	37,310.30

<u>Aging</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
181 – 270 days	185,208.88	0.00
271 – 365 days	5,148.30	0.00
1-2 years	110,000.00	115,500.00
2-3 years	0.00	30,500.00
Over 3 years	10,000.00	0.00
ncluding: 3-4 years	10,000.00	0.00
4-5 years	0.00	0.00
Over 5 years	0.00	0.00
Subtotal	<u>6,270,265.08</u>	<u>6,618,526.44</u>
Less: Provision for bad debt	<u>157,511.97</u>	<u>63,216.20</u>
Total	<u>6,112,753.11</u>	<u>6,555,310.24</u>

15.2.2.2 Other receivables by nature

<u>Nature</u>	<u>30 June 2025</u>	<u>1 January 2025</u>
Other current balances	3,795,136.69	3,036,610.37
Deposit	61,000.00	87,000.00
Due from related parties	2,414,128.39	3,494,916.07
Subtotal	6,270,265.08	6,618,526.44
Less: bad debt provision	<u>157,511.97</u>	<u>63,216.20</u>
Total	<u>6,112,753.11</u>	<u>6,555,310.24</u>

15.2.2.3 Bad debt provision of other receivable

	<u>1st stage</u>	<u>2nd stage</u>	<u>3rd stage</u>	
<u>Provision for bad debt</u>	<u>Expected credit loss</u>	<u>Expected credit loss</u>	<u>Expected credit loss</u>	<u>Total</u>
	<u>within following 12</u>	<u>within life time</u>	<u>within life time</u>	
	<u>months</u>	<u>(unimpaired)</u>	<u>(impaired)</u>	
Balance on January 1, 2025	63,216.20			63,216.20
On January 1, 2025 Other receivable carrying amount on the book transfer to 2nd stage	—	—	—	—
transfer to 3rd stage				0.00
reverse to 2nd stage				0.00
reverse to 1st stage				0.00
Accrued	94,295.77			94,295.77
Reversed				0.00
Recollected				0.00
Written off				0.00
Others				0.00
Balance on June 30, 2025	<u>157,511.97</u>	<u>0.00</u>	<u>0.00</u>	<u>157,511.97</u>

15.2.2.4 Provision for bad debts charged off, reversed or recovered during the period

<u>Category</u>	<u>1 January 2025</u>	<u>Changes during the reporting period</u>				<u>30 June 2025</u>
		<u>Provision</u>	<u>Recovery or reversal</u>	<u>Write-off</u>	<u>Others</u>	
Provision for bad debt recognised individually						0.00
Accounts receivable with provision for bad debt recognised collectively	<u>63,216.20</u>	<u>94,295.77</u>	<u>0.00</u>			<u>157,511.97</u>
Total	<u>63,216.20</u>	<u>94,295.77</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>157,511.97</u>

15.2.2.5 Other receivables write-off during the reporting period

<u>Entity name</u>	<u>Nature</u>	<u>Balance as of 30 June 2025</u>	<u>Aging</u>	<u>Proportion of the balance to the total other receivables (%)</u>	<u>Allowance for bad debts as at 30 June 2025</u>
Xiamen Jingxin Yongzhuo Trading Co., Ltd.	Accounts Receivable	924,911.75	Within 1 year	14.75	83,159.23
State Grid Fujian Electric Power Co., Ltd. Xiamen Power Supply Company	Accounts Receivable	188,760.13	Within 90 days	3.01	
Tsann Kuen (CHINA) Enterprise Co., Ltd.(Alipay account)	Accounts Receivable	110,000.00	120-270 days Over 1 year	1.75	70,166.80
Tmall supply and marketing platform	Deposit	50,000.00	Over 1 year	0.80	
Tesla Automobile Sales and Service (Xiamen) Co., Ltd.	Accounts Receivable	<u>21,339.88</u>	Within 30 days	<u>0.34</u>	
Total		<u>1,295,011.76</u>		<u>20.65</u>	<u>153,326.03</u>

15.3 Long-term Equity Investments

15.3.1 Situation of long-term equity investments

<u>Items</u>	<u>30 June 2025</u>			<u>1 January 2025</u>		
	<u>Book balance</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>	<u>Book balance</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>
Investments in subsidiaries	<u>923,414,701.56</u>	<u>0.00</u>	<u>923,414,701.56</u>	<u>923,414,701.56</u>	<u>0.00</u>	<u>923,414,701.56</u>
Total	<u>923,414,701.56</u>	<u>0.00</u>	<u>923,414,701.56</u>	<u>923,414,701.56</u>	<u>0.00</u>	<u>923,414,701.56</u>

15.3.2 Investments in subsidiaries

<u>Investees</u>	<u>1 January 2025</u>	<u>Increase during the reporting period</u>	<u>Decrease during the reporting period</u>	<u>30 June 2025</u>	<u>Provision for impairment during the reporting period</u>	<u>Provision for impairment at 30 June 2025</u>
<u>TKL</u>	921,914,701.56			921,914,701.56		
<u>TKW</u>	1,500,000.00			1,500,000.00		
Total	<u>923,414,701.56</u>			<u>923,414,701.56</u>		

15.4 Revenue and Cost of Sales

<u>Items</u>	<u>The Reporting period</u>		<u>The same period of last year</u>	
	<u>Revenue</u>	<u>Costs of sales</u>	<u>Revenue</u>	<u>Costs of sales</u>
<u>Principal activities</u>	1,648,487.96	1,270,757.64	1,419,149.09	968,090.70
<u>Other activities</u>	<u>31,676,528.08</u>	<u>19,458,713.27</u>	<u>28,680,172.61</u>	<u>17,192,678.24</u>
Total	<u>33,325,016.04</u>	<u>20,729,470.91</u>	<u>30,099,321.70</u>	<u>18,160,768.94</u>

15.5 Investment Income

<u>Items</u>	<u>The Reporting period</u>	<u>The same period of last year</u>
Investment income from long-term equity investments under equity method	<u>40,989,673.41</u>	<u>50,748,305.69</u>
Total	<u>40,989,673.41</u>	<u>50,748,305.69</u>

16. SUPPLEMENTARY INFORMATION

16.1 Extraordinary Gains or Losses

<u>Items</u>	<u>Amount</u>	<u>Description</u>
Losses on disposal of non-current assets (inclusive of impairment allowance write-offs)	1,265,588.90	
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)	1,808,128.78	
Gains /(losses) arising from changes in fair value of held-for-trading financial assets and held-for-trading financial liabilities during the holding period and investment income arising from disposal of held-for-trading financial assets, held-for-trading financial liabilities and assets classified as held for sale except effective hedging transactions related to the Company's principal activities	190,396.37	
Funds occupation fee recognised in current profit or loss from non-financial companies		
Gains /(losses) on entrusted investments or asset managements		
Gains /(losses) arising from entrusted loans to other entities		
Provision for impairment of each asset due to force majeure such as a natural disaster		
Reversal of provision for impairment of accounts receivable tested for impairment individually		
The excess of attributable fair value of net identifiable assets over the consideration paid for subsidiaries, associates, or joint ventures recognised by the Company		
Net gains /(losses) of subsidiaries arising from business combination under common control from the beginning of the reporting period till the combination date		
Gains/(losses) generated from non-monetary asset exchange		
Gains /(losses) on debt restructuring		
Corporate restructuring charge, such as expenditure for staff resettlement and integration cost		
Impact of one-off adjustment to current profit or loss based on the requirements of taxation and accounting laws and regulations		
Share-based payment expenses recognized at one time due to cancellation or modification of the equity incentive plan		
For cash-settled share-based payments, gains or losses arising from changes in the fair value of employee remuneration payable after the vesting date		
Gains /(losses) arising from changes in fair value of investment properties adopting fair value model for subsequent measurement		
Gains /(losses) from excess of fair value in non-arm's length transactions		
Gains /(losses) arising from contingencies other than those related to principal activities of the Company		
Custody fee income from entrusted operations		
Other non-operating income/expenses except for items mentioned above	605,362.18	
Other extraordinary gains/(losses) defined		
Less: Income tax effects	582,940.72	
Non-controlling interests effects (after tax)	<u>807,235.01</u>	
Total	<u>2,479,300.50</u>	

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

<u>Profit for the reporting period</u>	<u>Weighted average return on net assets (%)</u>	<u>EPS</u>	
		<u>Basic (Yuan per share)</u>	<u>Diluted (Yuan per share)</u>
Net profit attributable to ordinary shareholders	1.44	0.09	0.09
Net profit attributable to ordinary shareholders after extraordinary gains and losses	1.21	0.07	0.07

16.3 Supplementary Information on Changes in Accounting Policies

Please see Note 3.28 “Changes in Significant Accounting Policies and Accounting Estimates” for details.

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

Date: 7 August 2025