

Auditor's Report on Review of Financial Information

Zhuhai ACCESS Semiconductor Co., Ltd.

RSMRZ[2025]NO.510Z0006

RSM CHINA CPA LLP
BEIJING · CHINA

*If there is any conflict of meaning between the Chinese and English versions, the
Chinese version will prevail*

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(English Translation for Reference Only)

Auditor's Report on Review of Financial Information

RSMRZ[2025]NO.510Z0006

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

We have reviewed the financial statements of Zhuhai ACCESS Semiconductor Co., Ltd (hereinafter referred to as “the Company”), which comprise the consolidated and the parent company’s statement of financial position as at 30 September 2025, the consolidated and the parent company’s statement of profit or loss and other comprehensive income, the consolidated and the parent company’s statement of cash flows and the notes to the financial statements. The Company's management is responsible for the preparation of the financial statements. Our responsibility is to issue an auditor’s report on the finance statements based on our review.

We conducted our review in accordance with Chinese Review Standard No.2101 “Review of Financial Statements issued by the Chinese Institute of Certified Public Accountants”. This Standard requires that we plan and perform the review to obtain limited assurance as to whether the financial statements are free from material misstatement. A review of financial statements primarily consists of making inquiries of the company personnel and applying analytical to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements of the Company are not presented fairly, in all material aspects, in accordance with the Accounting System for Business Enterprises.

This review report is intended solely for the purpose of preparing the consolidated financial statements of the Group to Amitec Advanced Multilayer Interconnect Technologies Ltd., and should not be used for any other purpose.

(This is the seal page of report for RSMRZ[2025]NO.510Z0006 of Zhuhai ACCESS Semiconductor Co., Ltd..)

RSM China CPA LLP

Beijing · China

Zhou Junchao

China Certified Public accountant
(engagement partner)

Xu Yuxia

China Certified Public accountant

Wang Zhulin

China Certified Public accountant

5 November 2025

Consolidated Statement of Financial Position

30 September 2025

Prepared by: Zhuhai ACCESS Semiconductor Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	2025/9/30	2024/12/31	Item	Note	2025/9/30	2024/12/31
Current assets:				Current liabilities			
Monetary funds	5.1	305,324,960.27	235,059,212.68	Short-term borrowings	5.20	256,532,119.67	168,571,232.35
Financial assets held-for-trading	5.2		40,016,055.55	Financial liabilities held-for-trading			
Derivative financial assets				Derivative financial liabilities			
Notes receivable	5.3		3,938,235.01	Notes payable	5.21	51,629,889.60	98,332,234.65
Accounts receivable	5.4	489,464,693.74	435,453,299.08	Accounts payable	5.22	219,603,177.95	181,434,407.83
Accounts receivable financing	5.5	18,748,592.74	12,774,698.39	Receipts in advance			
Advances to suppliers	5.6	22,437,648.56	13,871,979.57	Contract liabilities	5.23	14,465,722.27	30,642,796.03
Other receivables	5.7	7,599,932.81	6,198,851.49	Employee benefits payable	5.24	33,338,209.73	34,095,500.28
Including: Interests receivable				Taxes payable	5.25	29,297,369.23	24,288,138.26
Dividend receivable				Other payables	5.26	108,080,706.97	139,784,490.42
Inventories	5.8	270,335,911.72	186,384,950.78	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	5.9	43,692,444.45	153,283,777.79	Non-current liabilities maturing within one year	5.27	211,592,179.31	235,378,701.16
Other current assets	5.10	60,438,434.08	19,970,365.41	Other current liabilities	5.28	1,737,827.58	3,712,439.54
Total current assets		1,218,042,618.37	1,106,951,425.75	Total current liabilities		926,277,202.31	916,239,940.52
Non-current assets:				Non-current liabilities:			
Debt investments	5.11	52,011,527.87	51,050,833.33	Long-term borrowings	5.29	151,219,959.47	238,110,662.68
Other debt investments				Bonds payable			
Long-term receivables				Including: Preference share			
Long-term equity investments				Perpetual debt			
Other equity instrument investment	5.12	166,806.24	164,646.66	Lease liabilities	5.30	6,813,426.20	8,662,751.51
Other non-current financial assets				Long-term payables			
Investment properties				Long-term employee benefits payable			
Fixed assets	5.13	2,696,304,915.48	2,557,626,249.67	Estimated liabilities			
Construction in progress	5.14	166,066,669.29	267,390,783.66	Deferred income	5.31	91,346,926.22	91,577,058.69
Productive biological assets				Deferred tax liabilities	5.18	38,707,407.44	35,250,553.34
Oil and gas assets				Other non-current liabilities			
Right-of-use assets	5.15	27,942,348.49	33,917,293.18	Total non-current liabilities		288,087,719.33	373,601,026.22
Intangible assets	5.16	69,474,078.79	77,843,321.99	Total liabilities		1,214,364,921.64	1,289,840,966.74
Development expenditures				Owners' equity:			
Goodwill				Share capital	5.32	891,673,045.00	891,673,045.00
Long-term deferred expenses	5.17	30,750,673.05	31,221,098.70	Other equity instruments			
Deferred tax assets	5.18	45,825,907.25	45,712,954.69	Including: Preference shares			
Other non-current assets	5.19	19,569,413.29	10,382,958.98	Perpetual debt			
Total non-current assets		3,108,112,339.75	3,075,310,140.86	Capital reserves	5.33	972,875,630.59	945,948,706.47
				Less: Treasury stock			
				Other comprehensive income	5.34	505,872.45	732,913.60
				Special reserves			
				Surplus reserves	5.35	110,379,675.81	110,379,675.81
				Retained earnings	5.36	1,136,355,812.63	943,686,258.99
				Total owner's equity attributable to parent company		3,111,790,036.48	2,892,420,599.87
				Non-controlling interests			
				Total owners' equity		3,111,790,036.48	2,892,420,599.87
Total assets		4,326,154,958.12	4,182,261,566.61	Total liabilities and owners' equity		4,326,154,958.12	4,182,261,566.61

Legal Representative:

Chief Financial Officer:

Finance Manager :

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the nine months ended 30 September 2025

Prepared by: Zhuhai ACCESS Semiconductor Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	Nine months ended 30 September 2025	Nine months ended 30 September 2024
I. Revenue		1,450,040,451.41	1,337,105,871.54
Including: operating revenue	5.37	1,450,040,451.41	1,337,105,871.54
II. Cost of sales		1,232,686,714.11	1,150,425,036.65
Including: operating cost	5.37	1,065,037,745.26	1,012,384,709.36
Taxes and surcharges	5.38	13,022,918.78	15,467,036.57
Selling and distribution expenses	5.39	9,766,896.04	8,068,967.56
General and administrative expenses	5.40	58,439,064.43	37,340,702.34
Research and development expenses	5.41	69,422,413.28	60,406,899.01
Finance costs	5.42	16,997,676.32	16,756,721.81
Including: Interest expense	5.42	15,199,420.64	17,646,424.67
Interest income	5.42	3,040,921.33	2,516,357.25
Add: Other income	5.43	14,434,517.43	20,529,390.05
Investment income/(losses)	5.44	3,047,720.68	6,457,936.65
Including: Investment income from associates and joint ventures			
Gains/(losses) from derecognition of financial assets measured at amortised cost			
Gains/(losses) from changes in fair values			65,391.58
Credit impairment losses	5.45	1,932,122.47	-1,143,932.97
Asset impairment losses	5.46	-18,056,738.65	-17,296,089.52
Gains/(losses) from disposal of assets			
III. Profit/(loss) from operations		218,711,359.23	195,293,530.68
Add: Non-operating income	5.47	891,658.00	1,040,714.73
Less: Non-operating expenses	5.48	404,225.34	709,982.65
IV. Profit/(loss) before tax		219,198,791.89	195,624,262.76
Less: Income tax expenses	5.49	26,529,238.25	29,422,676.45
V. Net profit/(loss) for the year		192,669,553.64	166,201,586.31
(I) Net profit/(loss) by continuity			
Net profit/(loss) from continuing operation		192,669,553.64	166,201,586.31
Net profit/(loss) from discontinued operation			
(II) Net profit/(loss) by ownership attribution			
Attributable to owners of the parent		192,669,553.64	166,201,586.31
Attributable to non-controlling interests			
VI. Other comprehensive income for the year, after tax		-227,041.15	-80,615.73
(a) Attributable to owners of the parent		-227,041.15	-80,615.73
(i) Other comprehensive income that will not be reclassified subsequently to profit or loss		2,159.58	-
1. Remeasurement gains or losses of a defined benefit plan			
2. Other comprehensive income using the equity method that will not be reclassified subsequently to profit or loss			
3. Changes in fair value of other equity instrument investment		2,159.58	-
4. Changes in fair value of the Company's own credit risks			
(ii) Other comprehensive income to be reclassified subsequently to profit or loss		-229,200.73	-80,615.73
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		-229,200.73	-80,615.73
(b) Attributable to non-controlling interests			
VII. Total comprehensive income for the year		192,442,512.49	166,120,970.58
Attributable to owners of the parent		192,442,512.49	166,120,970.58
Attributable to non-controlling interests			

Legal Representative:

Chief Financial Officer:

Finance Manager:

Consolidated Statement of Cash Flows

For the nine months ended 30 September 2025

Prepared by: Zhuhai ACCESS Semiconductor Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	Nine months ended 30 September 2024	Nine months ended 30 September 2025
I. Cash flows from operating activities			
Cash received from the sale of goods and the rendering of services		1,461,297,049.50	1,473,236,573.18
Cash received from tax refund		18,982,889.26	9,228,244.85
Other cash received relating to operating activities		13,298,108.00	58,619,634.39
Subtotal of cash inflows from operating activities		1,493,578,046.76	1,541,084,452.42
Cash payments for goods purchased and services received		848,894,494.38	851,329,772.10
Cash payments to and on behalf of employees		242,849,462.35	212,720,562.82
Payments for taxes		62,623,319.56	103,482,820.73
Other cash payments relating to operating activities		83,969,635.95	40,189,880.90
Subtotal of cash outflows from operating activities		1,238,336,912.24	1,207,723,036.55
Net cash flows from operating activities		255,241,134.52	333,361,415.87
II. Cash flows from investing activities			
Cash received from disposal and redemption of investments		511,820,729.57	342,829,400.00
Cash received from returns on investments		11,607,249.99	5,714,332.41
Net cash received from disposals of fixed assets, intangible assets and other long-term assets			8,367.20
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		523,427,979.56	348,552,099.61
Cash payments to acquire fixed, intangible and other long-term assets		257,329,204.72	338,329,597.02
Cash payments to acquire investments		414,319,229.61	322,829,400.00
Net cash payments to acquire subsidiaries and other business units			
Other cash payments relating to investing activities			
Subtotal of cash outflows from investing activities		671,648,434.33	661,158,997.02
Net cash flows from investing activities		-148,220,454.77	-312,606,897.41
III. Cash flows from financing activities			
Cash received from capital contributions			
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries			
Cash received from borrowings		233,048,071.59	127,000,000.00
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities		233,048,071.59	127,000,000.00
Cash repayments of debts		251,143,526.30	140,360,091.30
Cash payments for dividends, distribution of profit and interest expenses		12,286,654.58	16,532,883.16
Including: Dividends, distribution of profit paid to non-controlling shareholders of subsidiaries			
Other cash payments relating to financing activities		3,832,091.46	
Subtotal of cash outflows from financing activities		267,262,272.34	156,892,974.46
Net cash flows from financing activities		-34,214,200.75	-29,892,974.46
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-6,435,687.66	-1,703,780.29
V. Net increase / (decrease) in cash and cash equivalents		66,370,791.34	-10,842,236.29
Plus: Cash and cash equivalents at the beginning of the period		210,165,380.53	308,694,924.34
VI. Cash and cash equivalents at the end of the period		276,536,171.87	297,852,688.05

Legal Representative:

Chief Financial Officer:

Finance Manager:

Statement of Financial Position

30 September 2025

Prepared by: Zhuhai ACCESS Semiconductor Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	2025/9/30	2024/12/31	Item	Note	2025/9/30	2024/12/31
Current assets:				Current liabilities:			
Monetary funds		63,251,016.82	140,259,325.13	Short-term borrowings		102,052,763.89	69,584,937.54
Financial assets held-for-trading				Financial liabilities held-for-trading			
Derivative financial assets				Derivative financial liabilities			
Notes receivable			5,051,938.26	Notes payable		30,000,000.00	137,050,844.52
Accounts receivable	13.1	359,909,015.89	352,782,338.75	Accounts payable		262,389,340.98	241,035,082.16
Accounts receivable financing		18,748,592.74	12,774,698.39	Receipts in advance			
Advances to suppliers		9,558,367.53	5,571,781.10	Contract liabilities		7,430,992.57	22,912,549.06
Other receivables	13.2	57,134,160.47	45,187,463.08	Employee benefits payable		15,574,320.41	18,922,757.03
Including: Interests receivable				Taxes payable		17,931,551.92	18,833,520.33
Dividend receivable				Other payables		3,775,593.90	12,268,143.14
Inventories		93,423,516.12	81,669,923.75	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		43,692,444.45	153,283,777.79	Non-current liabilities maturing within one year		17,155,795.47	22,162,537.46
Other current assets		46,839,454.47	6,775,256.89	Other current liabilities		966,029.02	2,907,437.87
Total current assets		692,556,568.49	803,356,503.14	Total current liabilities		457,276,388.16	545,677,809.11
Non-current assets:				Non-current liabilities:			
Debt investments		52,011,527.87	51,050,833.33	Long-term borrowings			
Other debt investments				Bonds payable			
Long-term receivables				Including: Preference share			
Long-term equity investments	13.3	2,382,961,310.35	2,207,961,310.35	Perpetual debt			
Other equity instrument investment				Lease liabilities		6,813,426.20	8,662,751.51
Other non-current financial assets				Long-term payables			
Investment properties				Long-term employee benefits payable			
Fixed assets		363,468,413.56	401,620,015.35	Estimated liabilities			
Construction in progress		1,873,868.62	4,270,637.49	Deferred income		19,049,362.33	18,953,668.02
Productive biological assets				Deferred tax liabilities			8,930,731.47
Oil and gas assets				Other non-current liabilities			
Right-of-use assets		13,082,312.45	17,452,373.26	Total non-current liabilities		25,862,788.53	36,547,151.00
Intangible assets		3,383,447.29	9,568,557.58	Total liabilities		483,139,176.69	582,224,960.11
Development expenditures				Owners' equity:			
Goodwill				Share capital		891,673,045.00	891,673,045.00
Long-term deferred expenses		27,756,071.58	28,099,593.11	Other equity instruments			
Deferred tax assets		424,333.75		Including: Preference shares			
Other non-current assets		4,469,900.00	263,646.02	Perpetual debt			
Total non-current assets		2,849,431,185.47	2,720,286,966.49	Capital reserves		972,875,630.59	945,948,706.47
				Less: Treasury stock			
				Other comprehensive income			
				Special reserves			
				Surplus reserves		110,379,675.81	110,379,675.81
				Retained earnings		1,083,920,225.87	993,417,082.24
				Total owners' equity		3,058,848,577.27	2,941,418,509.52
Total assets		3,541,987,753.96	3,523,643,469.63	Total liabilities and owners' equity		3,541,987,753.96	3,523,643,469.63

Legal Representative:

Chief Financial Officer :

Finance Manager :

Statement of Profit or Loss and Other Comprehensive Income

For the nine months ended 30 September 2025

Prepared by: Zhuhai ACCESS Semiconductor Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	Nine months ended 30 September 2025	Nine months ended 30 September 2024
I. Revenue	13.4	599,804,624.63	818,648,337.63
Less: Costs of sales	13.4	435,517,849.58	557,261,494.00
Taxes and surcharges		5,020,720.59	8,484,399.74
Selling and distribution expenses		6,865,332.48	7,706,101.76
Administrative expenses		35,512,124.95	18,880,936.65
Research and development expenses		20,071,053.23	21,934,648.73
Finance costs		1,428,178.67	925,800.98
Including: Interest expense		2,652,670.30	1,464,125.71
Interest income		2,371,761.13	1,475,896.90
Add: Other income		7,867,960.02	7,781,412.34
Investment income/(losses)	13.5	2,753,040.47	6,251,617.30
Including: Investment income from associates and joint ventures			
Gains/(losses) from derecognition of financial assets measured at amortised cost			
Gains/(losses) from changes in fair values			39,803.57
Credit impairment losses		2,397,795.19	-835,697.91
Asset impairment losses		-6,127,801.95	-2,523,241.54
Gains/(losses) from disposal of assets		357,503.29	636,850.08
II. Profit/(loss) from operations		102,637,862.15	214,805,699.61
Add: Non-operating income		811,211.07	1,011,007.52
Less: Non-operating expenses		385,174.76	642,730.62
III. Profit/(loss) before tax		103,063,898.46	215,173,976.51
Less: Income tax expenses		12,560,754.83	29,138,200.59
IV. Net profit/(loss) for the year		90,503,143.63	186,035,775.92
Net profit/(loss) from continuing operation		90,503,143.63	186,035,775.92
Net profit/(loss) from discontinued operation			
V. Other comprehensive income for the year, after tax			
(i) Other comprehensive income that will not be reclassified subsequently to profit or loss			
(ii) Other comprehensive income to be reclassified subsequently to profit or loss			
VI. Total comprehensive income for the year		90,503,143.63	186,035,775.92

Legal Representative:

Chief Financial Officer:

Finance Manager :

Statement of Cash Flows

For the nine months ended 30 September 2025

Prepared by: Zhuhai ACCESS Semiconductor Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	Nine months ended 30 September 2025	Nine months ended 30 September 2024
I. Cash flows from operating activities			
Cash received from the sale of goods and the rendering of services		675,504,067.99	1,385,271,366.79
Cash received from tax refund		4,758,730.99	
Other cash received relating to operating activities		474,016,158.33	9,493,095.83
Subtotal of cash inflows from operating activities		1,154,278,957.31	1,394,764,462.62
Cash payments for goods purchased and services received		514,302,989.27	986,581,321.07
Cash payments to and on behalf of employees		93,955,238.10	116,200,188.38
Payments for taxes		45,344,310.95	96,993,481.45
Other cash payments relating to operating activities		495,159,357.46	18,220,571.13
Subtotal of cash outflows from operating activities		1,148,761,895.78	1,217,995,562.03
Net cash flows from operating activities		5,517,061.53	176,768,900.59
II. Cash flows from investing activities			
Cash received from disposal and redemption of investments		336,820,729.57	262,829,400.00
Cash received from returns on investments		11,296,514.23	5,508,013.06
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		17,627,179.90	30,134,428.20
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		365,744,423.70	298,471,841.26
Cash payments to acquire fixed, intangible and other long-term assets		9,430,586.86	7,473,456.72
Cash payments to acquire investments		454,319,229.61	522,829,400.00
Net cash payments to acquire subsidiaries and other business units			
Other cash payments relating to investing activities			
Subtotal of cash outflows from investing activities		463,749,816.47	530,302,856.72
Net cash flows from investing activities		-98,005,392.77	-231,831,015.46
III. Cash flows from financing activities			
Cash received from capital contributions			
Cash received from borrowings		95,000,000.00	30,000,000.00
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities		95,000,000.00	30,000,000.00
Cash repayments of debts		62,541,494.48	35,981,216.30
Cash payments for dividends, distribution of profit and interest expenses		1,684,573.66	1,207,971.06
Other cash payments relating to financing activities		1,869,400.00	
Subtotal of cash outflows from financing activities		66,095,468.14	37,189,187.36
Net cash flows from financing activities		28,904,531.86	-7,189,187.36
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-672,960.19	-1,108,514.42
V. Net increase / (decrease) in cash and cash equivalents		-64,256,759.57	-63,359,816.65
Plus: Cash and cash equivalents at the beginning of the period		127,496,508.47	181,651,967.19
VI. Cash and cash equivalents at the end of the period		63,239,748.90	118,292,150.54

Legal Representative:

Chief Financial Officer:

Finance Manager:

Zhuhai ACCESS Semiconductor Co., Ltd.**Notes to the Financial Statements**

For nine months ended 30 September 2025

(All amounts are expressed in Renminbi Yuan ("RMB") unless otherwise stated)

1. BASIC INFORMATION ABOUT THE COMPANY

Zhuhai ACCESS Semiconductor Co., Ltd. (hereinafter referred to as "the Company", "the Group") is a joint-stock limited company registered in Guangdong Province. The Company was formerly known as Zhuhai Advanced Chip Carriers & Electronic Substrate Solutions Technologies Co., Ltd., which was jointly established through capital contributions by Zhuhai Founder Technology Multilayer Circuit Board Co., Ltd. and Amitec Advanced Multilayer Interconnect Technologies Ltd. At the time of its establishment, the registered capital was USD 2 million, with a total investment of USD 2.85 million.

On 15 May 2012, the board of directors of the Company passed a resolution approving the conversion of the company's audited net assets as of 30 April 2012 into shares, thereby transforming the Company into a joint-stock limited company as a whole. On the same day, all shareholders, acting as the promoters of the joint-stock limited company to be established through the overall change, jointly signed the "Agreement of Promoters," converting the audited net assets as of 30 April 2012 into a total of 596 million shares to effect the overall transformation into a joint-stock limited company. After various equity changes, as of 30 September 2025, the registered capital of the Company was RMB 891,673,045.

The Company's Unified Social Credit Code is 91440400787921507Y, with Mr. Chen Xianming as the legal representative. The Company's registered address is FPC Factory Building, 3209 Zhufeng North Avenue, Doumen District, Zhuhai City.

The Company's principal operating activities in the research and development, production, and sales of rigid organic IC packaging carriers and embedded packaging modules.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**2.1 Basic Accounting Assumption**

Based on going concern, according to actually occurred transactions and events, the Company prepares its financial statements in accordance with the Accounting Standards for Business Enterprises – Basic standards and concrete accounting standards, Accounting Standards for Business Enterprises – Application Guidelines, Accounting Standards for Business Enterprises – Interpretations and other relevant provisions. In addition, the Company discloses the relevant financial information in accordance with *"Rules No.15 for the Information Disclosure and Reporting of Companies Offering Securities to the Public - General Requirements for Financial Reporting (2023 Revision)"* issued by CSRC.

2.2 Going Concern

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

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

3.1 Statement of Compliance with the Accounting Standards for Business Enterprises

The Company prepares its financial statements in accordance with the requirements of the Accounting Standards for Business Enterprises, truly and completely reflecting the Company's financial position as at 30 September 2025, and its operating results, changes in shareholders' equity, cash flows and other related information for the period ended.

3.2 Accounting Period

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

3.3 Operating Cycle

The normal operating cycle of the Company is twelve months.

3.4 Functional Currency

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

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

3.5 Determining Factor and Basis of Selection of Materiality

Item	Factor and basis of materiality
Significant Accounts Payable and Other Payable	Individual item amount more than 5 million

3.6 Judgment of Control and Method of Preparing the Consolidated Financial Statements

(a) Judgment of control and consolidation decision

Control exists when the Company has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns. The definition of control contains there elements: - power over the investee; exposure, or rights to variable returns from the Company's involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. The Company controls an investee if and only if the Company has all the

above three elements.

The scope of consolidated financial statements shall be determined on the basis of control. It not only includes subsidiaries determined based on voting rights (or similar) or together with other arrangement, but also structured entities under one or more contractual arrangements.

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

(b) Method of preparing the consolidated financial statements

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

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

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

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

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

(iv) Make adjustments to special transactions from the perspective of the group.

(c) Special consideration in consolidation elimination

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

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

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

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

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

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

3.7 Cash and Cash Equivalents

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

3.8 Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

(a) Determination of the exchange rate for foreign currency transactions

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

(b) Translation of monetary items denominated in foreign currency on the balance sheet date

The foreign currency monetary items shall be translated at the spot exchange rate at the balance sheet date. Exchange differences arising from the difference between the spot exchange rate at the balance sheet date and the spot exchange rate at the time of initial recognition or the previous balance sheet date shall be recognised in profit or loss for the current period. The foreign currency non-monetary items measured at historical cost shall be translated at the spot exchange

rate on the transaction date. For inventories measured at the lower of cost and net realizable value (NRV), where the inventories are purchased in a foreign currency and their NRV is denominated in that foreign currency at the balance sheet date, the NRV shall first be translated into the functional currency using the spot exchange rate at the balance sheet date. This translated amount is then compared with the inventory cost denominated in the functional currency to determine the carrying amount of such inventories at the period-end. For foreign currency non-monetary items measured at fair value,, the translation shall be performed using the spot exchange rate at the date the fair value is determined. For financial assets measured at fair value through profit or loss, the difference between the translated functional currency amount and the original functional currency amount shall be recognised in profit or loss. For non-trading equity instruments designated as fair value through other comprehensive income, the corresponding exchange differences arising from translation shall be recorded directly in other comprehensive income.

(c) Translation of foreign currency financial statements

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

- (i) The asset and liability items in the statement of financial position shall be translated at the spot exchange rates at the date of that statement of financial position. The owners' equity items except undistributed profit shall be translated at the spot exchange rates when they are incurred.
- (ii) The income and expense items in the statement of profit and other comprehensive income shall be translated at the spot exchange rates or approximate exchange rate at the date of transaction.
- (iii) Foreign currency cash flows and cash flows of foreign subsidiaries shall be translated at the spot exchange rate or approximate exchange rate when the cash flows are incurred. The effect of exchange rate changes on cash is presented separately in the statement of cash flows as an adjustment item.
- (iv) The differences arising from the translation of foreign currency financial statements shall be presented separately as "other comprehensive income" under the owners' equity items of the consolidated statement of financial position.

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

3.9 Financial Instruments

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

(a) Recognition and derecognition of financial instrument

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

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

- (i) The rights to the contractual cash flows from a financial asset expire
- (ii) The financial asset has been transferred and meets one of the following derecognition conditions:

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

Purchase or sale of financial assets in a regular-way shall be recognised and derecognised using trade date accounting. A regular-way purchase or sale of financial assets is a transaction under a contract whose terms require delivery of the asset within the time frame established generally by regulations or convention in the market place concerned. Trade date is the date at which the entity commits itself to purchase or sell an asset.

(b) Classification and measurement of financial assets

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

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

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

- (i) Financial asset at amortised cost

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

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

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

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

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

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

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

(c) Classification and measurement of financial liabilities

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

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

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

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

the own credit risk of the issuer shall be presented in other comprehensive income. At derecognition, cumulative gain or loss previously recognised under OCI is reclassified to retained earnings.

(ii) Loan commitments and financial guarantee contracts

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

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

(iii) Financial liabilities at amortised cost

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

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

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

(ii) If a financial instrument must or may be settled in the Company's own equity instruments, it should be considered that the Company's own equity instruments are alternatives of cash or another financial instrument, or to entitle the holder of the equity instruments to sharing the remaining rights over the net assets of the issuer. If the former is the case, the instrument is a liability of the issuer; otherwise, it is an equity instrument of the issuer. Under some circumstances, it is regulated in the contract that the financial instrument must or may be settled in the Company's own equity instruments, where, amount of contractual rights and obligations are calculated by multiplying the number of the equity instruments to be available or delivered by its fair value upon settlement. Such contracts shall be classified as financial liabilities, regardless that the amount of contractual rights and liabilities is fixed, or fluctuate totally or partially with variables other than market price of the entity's own equity instruments (such as interest rate, price of some kind of goods or some kind of financial instrument).

(d) Impairment of financial instrument

The Company shall recognise a loss allowance based on expected credit losses on a financial

asset that is measured at amortised cost, a debt investment at fair value through other comprehensive income, a contract asset, a lease receivable, a loan commitment and a financial guarantee contract.

(i) Measurement of expected credit losses

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

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

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

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

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

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

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

Receivables

For the notes receivable, accounts receivable, other receivables, and accounts receivable financing which are demonstrated to be impaired by any objective evidence, or applicable for individual assessment, the Company shall individually assess for impairment and recognise the loss allowance for expected credit losses. If the Company determines that no objective evidence of impairment exists for notes receivable, accounts receivable, other receivables, accounts receivable financing 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 with similar credit risk characteristics and collectively calculated the expected credit loss. The determination basis of groups is as following:

Determination basis of notes receivable is as following:

Group 1: Commercial acceptance bills

Group 2: Bank acceptance bills

For each group, the Company calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of accounts receivable is as following:

Group 1: Accounts receivables due from other customers

Group 2: Accounts receivables due from customers within the scope of consolidation

For each group, the Company calculates expected credit losses through preparing an aging analysis schedule with the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of other receivables is as following:

Group 1: Low-Risk Portfolio, including interest receivable, dividends receivable, and receivables from related parties within the scope of consolidation

Group 2: Deposits and guarantees receivable

Group 3: Others

For each group, the Company calculates expected credit losses through default exposure and the 12-months or lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of accounts receivable financing is as following:

Group 1: Bank acceptance bills

For each group, the Company calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

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.

(ii) 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.

(iii) 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.

(iv) Credit-impaired financial asset

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

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

(v) Presentation of impairment of expected credit loss

In order to reflect the changes of credit risk of financial instrument since initial recognition, the Company shall at each reporting date remeasure the expected credit loss and recognise in profit or loss, as an impairment gain or loss, the amount of expected credit losses addition (or reversal). For financial asset at amortised cost, the loss allowance shall reduce the carrying amount of the financial asset in the statement of financial position; for debt investment at fair value through other comprehensive income, the loss allowance shall be recognised in other comprehensive

income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

(vi) Write-off

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

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

(e) Transfer of financial assets

Transfer of financial assets refers to following two situations:

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

(i) Derecognition of transferred assets

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

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

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

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

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

If the transferred asset is a part of a larger financial asset and the part transferred qualifies for derecognition, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognised (For this purpose, a retained servicing asset shall be treated as a part that continues to be recognised) and the part that is derecognised, based on the relative fair values of those parts on the date of the transfer. The difference between following two amounts shall be recognised in profit or loss:

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

(ii) Continuing involvement in transferred assets

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

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

(iii) Continue to recognise the transferred assets

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

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

(f) Offsetting financial assets and financial liabilities

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

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the

Company shall not offset the transferred asset and the associated liability.

(g) Determination of fair value of financial instruments

Determination of fair value of financial assets and financial liabilities please refer to Note 3.10.

3.10 Fair Value Measurement

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

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

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

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

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

● **Valuation techniques**

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

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

- Fair value hierarchy

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

3.11 Inventories

(a) Classification of inventories

Inventories are finished goods or products held for sale in the ordinary course of business, in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process or in the rendering of services, including raw materials, work in progress, goods in stock, turnover material, goods in transit, etc.

(b) Measurement method of cost of inventories sold or used

The cost of raw materials used determined on the first in- first out basis. The cost of finished goods sold is determined on the weighted average basis by the month-end.

(c) Inventory system

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

(d) Recognition Criteria and Provision for impairment of inventory

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

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

(i) In normal operation process, finished goods, products and materials for direct sale, their net realizable values are determined at estimated selling prices less estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of 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.

(ii) For materials in stock need to be processed, in the ordinary course of production and business, net realisable value is determined at the estimated selling price less the estimated costs of completion, the estimated selling expenses and relevant taxes. If the net realisable value of

the finished products produced by such materials is higher than the cost, the materials shall be measured at cost; if a decline in the price of materials indicates that the cost of the finished products exceeds its net realisable value, the materials are measured at net realisable value and differences shall be recognised at the provision for impairment.

(iii) Provisions for inventory impairment are generally determined on an individual basis. For inventories with large quantity and low unit price, the provisions for inventory impairment are determined on group basis.

(iv) If any factor rendering write-downs of the inventories has been eliminated at the reporting date, the amounts written down are recovered and reversed to the extent of the inventory impairment, which has been provided for. The reversal shall be included in profit or loss.

(e) Amortisation method of low-value consumables

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

Package material: One-off writing off method is adopted

3.12 Contract Assets and Contract Liabilities

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

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

3.13 Long-term Equity Investments

The Company's long-term equity investments are all investments in subsidiaries.

(a) Determination of initial investment cost

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

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

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

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

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

(b) Subsequent measurement and recognition of profit or loss

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

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

(c) Impairment testing and provision for impairment loss

For investment in subsidiaries, associates or a joint ventures, provision for impairment loss please refer to Note 3.18.

3.14 Fixed Assets

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

(a) Recognition criteria of fixed assets

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

- (i) It is probable that the economic benefits relating to the fixed assets will flow into the Company;
- (ii) The costs of the fixed assets can be measured reliably.

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

(b) Depreciation methods of fixed assets

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

Category	Depreciation method	Estimated useful life (year)	Residual rates (%)	Annual depreciation rates (%)
Buildings and constructions	the straight-line-method	5-35	10	2.57-18
Machinery equipment	the straight-line-method	10	10	9
Vehicles	the straight-line-method	5.00	10	18
Electrical equipment and others	the straight-line-method	5-10	10	9-18

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

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

3.15 Construction in Progress

(a) Classification of construction in progress

Construction in progress is measured on an individual project basis.

(b) Recognition criteria and timing of transfer from construction in progress to fixed assets

The initial book values of the fixed assets are stated at total expenditures incurred before they are ready for their intended use, including construction costs, original price of machinery equipment, other necessary expenses incurred to bring the construction in progress to get ready for its intended use and borrowing costs of the specific loan for the construction or the proportion of the general loan used for the constructions incurred before they are ready for their intended use. The construction in progress shall be transferred to fixed asset when the installation or construction is ready for the intended use. For construction in progress that has been ready for their intended use but relevant budgets for the completion of projects have not been completed, the estimated values of project budgets, prices, or actual costs should be included in the costs of relevant fixed assets, and depreciation should be provided according to relevant policies of the Company when the fixed assets are ready for intended use. After the completion of budgets needed for the completion of projects, the estimated values should be substituted by actual costs, but depreciation already provided is not adjusted.

3.16 Borrowing Costs

(a) Recognition criteria and period for capitalization of borrowing costs

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

- (i) Expenditures for the asset are being incurred;
- (ii) Borrowing costs are being incurred, and;
- (iii) Acquisition, construction or production activities that are necessary to prepare the assets for their intended use or sale are in progress.

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

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

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

(b) Capitalization rate and measurement of capitalized amounts of borrowing costs

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

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

3.17 Intangible Assets

(a) Measurement method of intangible assets

Intangible assets are recognised at actual cost at acquisition.

(b) The useful life and amortisation of intangible assets

- (i) The estimated useful lives of the intangible assets with finite useful lives are as follows:

Category	Estimated useful life	Basis
Land use right	50 years	Legal life
Software	5 years	The service life is determined by reference to the period that can bring economic benefits to the Company
Patents	14 years, 20 years	The service life is determined by reference to the period

Category	Estimated useful life	Basis
		that can bring economic benefits to the Company

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

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

(iii) Amortisation of the intangible assets

For intangible assets with finite useful lives, their useful lives should be determined upon their acquisition and systematically amortised on a straight-line basis [units of production method] over the useful life. The amortisation amount shall be recognised into current profit or loss according to the beneficial items. The amount to be amortised is cost deducting residual value. For intangible assets which has impaired, the cumulative impairment provision shall be deducted as well. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless: there is a commitment by a third party to purchase the asset at the end of its useful life; or there is an active market for the asset and residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life.

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

(c) Scope of Research and Development Expenditures

The Company classifies the expenses directly related to research and development activities as research and development expenditures, including remuneration of research and development staff, direct material, depreciation cost and long-term amortised expense, intangible assets amortisation cost, and other expenses, etc.

(d) Criteria of classifying expenditures on internal research and development projects into research phase and development phase

Preparation activities related to materials and other relevant aspects undertaken by the Company for the purpose of further development shall be treated as research phase.

Expenditures incurred during the research phase of internal research and development projects shall be recognised in profit or loss when incurred.

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

phase.

(e) Criteria for capitalization of qualifying expenditures during the development phase

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

- (i) Technical feasibility of completing the intangible assets so that they will be available for use or sale;
- (ii) Its intention to complete the intangible asset and use or sell it;
- (iii) The method that the intangible assets generate economic benefits, including the Company can demonstrate the existence of a market for the output of the intangible assets or the intangible assets themselves or, if it is to be used internally, the usefulness of the intangible assets;
- (iv) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (v) Its ability to measure reliably the expenditure attributable to the intangible asset.

3.18 Impairment of Long-Term Assets

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

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

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

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

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

3.19 Long-term Deferred Expenses

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

Long-term deferred expenses are evenly amortised over the beneficial period.

3.20 Employee Benefits

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

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

(a) Short-term employee benefits

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

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

(ii) Employee welfare

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

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

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

(iv) Short-term paid absences

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

recognise relevant employee benefit of non-accumulating paid absences when the absences actually occurred.

(b) Post-employment benefits

Defined contribution plans

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

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

(c) Termination benefits

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

- (i) When the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal.
- (ii) When the Company recognises costs or expenses related to a restructuring that involves the payment of termination benefits.

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

3.21 Estimated Liabilities

(a) Recognition criteria of estimated liabilities

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

- (i) That obligation is a current obligation of the Company;
- (ii) It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation; and
- (iii) The amount of the obligation can be measured reliably.

(b) Measurement method of estimated liabilities

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

3.22 Share-based Payments

(a) Classification of share-based payments

Share-based payments of the Company include equity-settled share-based payments.

(b) Determining fair value of equity instruments

(i) The fair value of shares granted to the employees can be determined by reference to the quotations in the active market, adjusted in accordance with the terms and conditions granted (excluding vesting conditions other than market conditions).

(ii) For share option granted to the employees, it is usually difficult to obtain its market price. If the share option with similar terms and conditions is not available, the Company estimates the fair value of those options using an applicable option pricing model.

(c) Basis of best estimate of equity instruments expected to vest

Every balance sheet date during the vesting period, the Company makes best estimate according to the most updated number of employees that are eligible to exercise their options and revises the number of equity instruments expected to vest in order to make the best estimate of equity instruments expected to vest.

(d) Accounting for implementation of share-based payment programs

(i) For equity-settled share-based payment transaction in which services are received, if the equity instrument granted vest immediately, the Company shall recognise relevant costs or expenses at the fair value of the equity instruments at grant date and the corresponding increase in capital reserve.

(ii) If the equity instrument do not vest until services during the vesting period are completed or performance conditions are satisfied, at the end of each reporting period during the vesting period, the Company shall recognise relevant costs or expenses and the corresponding increase in capital reserve for services received in the reporting period at the fair value of the equity instruments at grant date, based on the best available estimate of the number of equity instruments expected to vest.

(e) Accounting for modification of share-based payment programs

When the Company modifies terms and conditions of the share-based payment program, if the modification increases the fair value of the equity instruments granted, the increased amount

should be recognised for service received accordingly; if the quantity granted of the equity instruments is increased, the increased amount should be recognised for service received accordingly as well. If the modification reduces the total fair value of the share-based payment arrangement, or the terms are changed in such a way that the arrangement is no longer for the benefit of the employee, the entity is still required to account for the services received as consideration for the equity instruments granted as if that modification had not occurred unless a part or all of the equity instruments are cancelled.

(f) Accounting for termination of share-based payment programs

If a grant of equity instruments is cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Company shall:

(i) Account for the cancellation or settlement as an acceleration of vesting, and therefore recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

(ii) Account for any payment made to the employee on the cancellation or settlement of the grant as the repurchase of an equity interest, and recognize any excess of the payment over the fair value of the equity instruments measured at the repurchase date as an expense.

If the Company repurchases vested equity instruments, the payment made to the employee shall be accounted for as a deduction from equity, and recognize any excess of the payment over the fair value of the equity instruments measured at the repurchase date shall be recognised in current profit or loss.

3.23 Revenue

(a) General Principle

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

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

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

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. When determining the transaction price of the

contract, if the contract includes a variable consideration, the Company shall determine the best estimate of the variable consideration based on the expected value or the most likely amount and include in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. If the contract contains a significant financing component, the Company shall determine the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the transaction price and the promised consideration shall be amortised using the effective interest method within the contract period. The Company need not consider the effects of a significant financing component if the period between when the Company transfers control of a good or service to a customer and when the customer pays for that good or service will be one year or less.

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

- (i) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- (ii) the Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced;
- (iii) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

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

The Company shall recognise revenue at the point in which a customer obtains control of a promised good or service if a performance obligation is satisfied at a point in time. To determine the point in time at which a customer obtains control of a promised good or service, the Company shall consider indicators of the transfer of control, which include, but are not limited to, the followings:

- (i) The Company has a present right to payment for the good or service – a customer is presently obliged to pay for the good or service;
- (ii) The Company has transferred legal title of an asset to a customer - the customer has legal title to the asset;

- (iii) The Company has transferred physical possession of an asset to a customer - the customer has physical possession of the asset;
- (iv) The Company has transferred the significant risks and rewards of ownership of the asset to a customer - the customer has the significant risks and rewards of ownership of the asset;
- (v) The customer has accepted the asset.

Sale with a right of return

For sales with a right of return, when the customer obtains the control of a product, the Company shall recognise revenue for the transferred products in the amount of consideration to which the Company expects to be entitled and a refund liability at the amounts receivable for which the Company does not expect to be entitled; meanwhile, an asset shall be recognised as receivables on the cost of return measured at the former carrying amount of the product expected to be returned less any expected costs to recover those products (including potential decreases in the value to the entity of returned products), and the net amount of the former carrying amount of the product when transferred to the customer less above mentioned cost shall be recorded into the cost of sales. At the end of each reporting period, the Company shall re-assess the expectations about the sales return and remeasure above mentioned assets and liabilities.

Warranties

In accordance with the contract, the law or other requirements, the Company provides a warranty in connection with the sale of a product or construction of a project. For warranties which provide a customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications, the Company shall treat it in accordance with "Accounting Standards for Business Enterprise No. 13-Contingencies". If a warranty, or a part of a warranty, provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the Company shall treat it as a performance obligation, and allocate the transaction price to the warranty based on the relative proportion to the stand-alone selling price of the product and the service, and recognise revenue when the customer obtains the control of the service. In assessing whether a warranty provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the Company shall consider factors such as: whether the warranty is required by law; the length of the warranty coverage period and the nature of the tasks that the Company promises to perform.

Principal versus agent considerations

The Company determines whether it is a principal or an agent of the transaction on the basis of whether it has control over the goods or services before they are transferred to customers. If the Company obtains the control of the specified goods or services from another party and then transfers the goods or services to the customer, the Company is therefore a principal, and recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified goods or services transferred. Otherwise, the Company is an agent, and shall recognise revenue in the amount of any fee or commission to which it expects to be

entitled in exchange for arranging for the specified goods or services to be provided by another party. The fee or commission might be the net amount of received or receivable consideration that the Company retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party or determined based on the specified commission amount or proportion.

Consideration payable to a customer

The Company shall account for consideration payable to a customer as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Company. The reduction of revenue shall be recognised when (or as) the later of either of the following events occurs: the Company recognises revenue for the transfer of the related goods or services to the customer; and the Company pays or promises to pay the consideration.

Customers' unexercised rights

Upon receipt of a prepayment for a good or service from a customer, the Company shall recognise a contract liability in the amount of the prepayment and recognise revenue when it satisfies its performance obligation. If the prepayment to the Company is non-refundable and the customer may not exercise part or all of its contractual rights, and the Company expects to be entitled to a breakage amount related to those unexercised rights of the customer, the Company shall recognise the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer; otherwise, the Company shall recognise the remaining balance of above mentioned liability as revenue when the likelihood of the customer exercising its remaining rights becomes remote.

(b) Specific Method

Revenue recognition methods of the Company are as follows:

The Company's product sales are categorized into domestic sales and export sales.

For domestic sales, revenue is recognized when the customer obtains control of the goods upon their completion and dispatch in accordance with customer orders. Specifically, for domestic customers utilizing the supplier platform system, revenue is recognized upon confirmation of receipt and warehouse entry in the system. For domestic customers not using the platform system, revenue is recognized upon delivery and the customer's acknowledgment of receipt.

For export sales, under the EXW delivery method, revenue is recognized when the goods are delivered to the carrier designated by the customer at the seller's factory or designated place. Under the FCA delivery method, revenue is recognized when the goods are handed over to the carrier designated by the customer and the transportation document issued by the carrier is obtained.

3.24 Government Grants

(a) Recognition of government grants

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

- (i) The Company will comply with the conditions attaching to them; and
- (ii) The grants will be received.

(b) Measurement of government grants

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

(c) Accounting for government grants

(i) Government grants related to assets

Government grants pertinent to assets mean the government grants that are obtained by the Company used for purchase or construction, or forming the long-term assets by other ways. Government grants pertinent to assets shall be recognised as deferred income, and should be recognised in profit or loss on a systematic basis over the useful lives of the relevant assets. Grants measured at their nominal value shall be directly recognised in profit or loss of the period when the grants are received. When the relevant assets are sold, transferred, written off or damaged before the assets are terminated, the remaining deferred income shall be transferred into profit or loss of the period of disposing relevant assets.

(ii) Government grants related to income

Government grants other than related to assets are classified as government grants related to income. Government grants related to income are accounted for in accordance with the following principles:

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

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

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

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

(iii) Loan interest subsidy

When loan interest subsidy is allocated to the bank, and the bank provides a loan at lower-

market rate of interest to the Company, the loan is recognised at the actual received amount, and the interest expense is calculated based on the principal of the loan and the lower-market rate of interest.

When loan interest subsidy is directly allocated to the Company, the subsidy shall be recognised as offsetting the relevant borrowing cost.

(iv) Repayment of the government grants

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

3.25 Deferred Tax Assets and Deferred Tax Liabilities

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

(a) Recognition of deferred tax assets

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

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

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

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

At the end of each reporting period, if there is sufficient evidence that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, the Company recognises a previously unrecognised deferred tax asset.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. The Company shall reduce the carrying amount of a deferred tax asset to the extent that it is no

longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(b) Recognition of deferred tax liabilities

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

(i) No deferred tax liability shall be recognised for taxable temporary differences arising from:

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

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

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

(c) Recognition of deferred tax liabilities or assets involved in special transactions or events

(i) Items directly recognised in equity

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

(ii) Unused tax losses and unused tax credits

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

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

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

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

(iii) Temporary difference generated in consolidation elimination

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

(iv) Share-based payment settled by equity

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

(d) Basis for deferred income tax assets and deferred income tax liabilities presented on a net basis

The Company shall offset deferred tax assets and deferred tax liabilities if, and only if:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.26 Leases

(a) Identifying a lease

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

(b) Identifying a separate lease component

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

(c) The Company as a lessee

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

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

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

(i) Right-of-use asset

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

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

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

- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Company recognises and measures the cost in accordance with the recognition criteria and measurement method for estimated liabilities, details please refer to Notes 3.22. Those costs incurred to produce inventories shall be included in the cost of inventories.

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

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

Category	Depreciation method	Estimated useful life (year)	Residual rates (%)
Buildings and constructions	the straight-line	the period that can bring economic benefits to the Company	-
Machinery equipment	the straight-line	the period that can bring economic benefits to the Company	-

(ii) Lease liability

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

- fixed payments and in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease;
- amounts expected to be payable by the lessee under residual value guarantees.

In order to calculate the present value of the lease payments, interest rate implicit in the lease

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

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

(d) The Company as a lessor

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

(i) Operating leases

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

(ii) Finance leases

At the commencement date, the Company shall recognise the lease receivables at an amount equal to the net investment in the lease (the sum of the present value of the unguaranteed residual values and the lease payment that are not received at the commencement date discounted at the interest rate implicit in the lease) and derecognise the asset relating to the finance lease. The Company shall recognise interest income using the interest rate implicit in the lease over the lease term.

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

(e) Lease modifications

(i) A lease modification accounted for as a separate lease

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

- the modification increases the scope of the lease by adding the right to use one or more

underlying assets; and

- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope.

(ii) A lease modification not accounted for as a separate lease

The Company as a lessee

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

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

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

The Company as a lessor

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

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

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

(f) Sale and leaseback

The Company shall determine whether the transfer of an asset under the sale and leaseback transaction is a sale of that asset according to the policies in Note 3.24.

The Company as a seller (lessee)

If the transfer of the asset is not a sale, the Company shall continue to recognise the transferred asset and shall recognise a financial liability equal to the transfer proceeds. It shall account for the financial liability according to Note 3.9. If the transfer of the asset is a sale, the Company shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Company. Accordingly, the Company shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

3.27 Significant Accounting Judgements and Estimates

The Company continuously assesses the significant accounting estimates and key assumptions according to its historical experiences and other elements, including reasonable expectations on the future events. The significant estimates and key assumptions that may result in significant adjustment on the assets and liabilities' carrying value in the following fiscal year are listed as below:

Classification of financial assets

Significant estimates and key assumptions involved in classification of financial assets include determination of business model and contractual cash flow characteristics.

The Company's business model is determined at a level that reflects how groups of financial assets are managed. Evidences that the Company must consider include but not limited to:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of financial assets and their management methods;
- how managers of the business are compensated.

In order to assess whether the contractual cash flows are consistent with a basic lending arrangement, the Company must consider whether the financial asset contains a contractual term that could change the timing or amount of the principal (for example, if the asset can be prepaid before maturity) and whether the interest consists of consideration for time value of the money, credit risk, other basic lending risk and costs, as well as profit margin. For example, the Company shall consider whether the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding as well as reasonable additional compensation for the early termination of the contract.

3.28 Changes in Significant Accounting Policies and Accounting Estimates

(a) Changes in accounting policies

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

(b) Significant changes in accounting estimates

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

4. TAXATION

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

Categories of tax	Basis of tax assessment	Tax rate (%)
Value added tax (VAT)	Taxable revenues	3, 5, 6, 9, 13
Urban maintenance and construction tax	Turnover taxes	7
Educational surcharge	Turnover taxes	3
Local educational surcharge	Turnover taxes	2
Corporate income tax	Taxable income	8.84, 15, 16.5, 21, 25

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

Name of Taxpayer	Rate of Income Tax (%)
ACCESS Substrates HK Limited	16.5
Zhuhai Yuexin Semiconductor Co., Ltd., Yueya Semiconductor Technology (Zhuhai) Co., Ltd.	25
ACCESS Technologies USA	8.84, 21

4.2 Tax Preference

(a) Corporate income tax

On 28 December 2023, the Company was recognized as a high-tech enterprise jointly by the Guangdong Science and Technology Department, the Department of Finance of Guangdong Province, and the Guangdong Provincial Tax Service of the State Taxation Administration, with the High-Tech Enterprise Certificate Number of GR202344002873. In accordance with *the Enterprise Income Tax Law of the People's Republic of China* and *the Measures for the Administration of the Recognition of Hi-tech Enterprises*, the Company is eligible for the enterprise income tax on important high- and new-tech enterprises that are necessary to be supported by the state being levied at the reduced tax rate of 15% for the year 2023 to 2025.

On 6 November 2023, the subsidiary Nantong ACCESS Semiconductor Co., Ltd. was recognized as a high-tech enterprise jointly by the Jiangsu Science and Technology Department, the Department of Finance of Jiangsu Province, and the Jiangsu Provincial Tax Service of the State Taxation Administration, with the High-Tech Enterprise Certificate Number of GR202332006449. In accordance with *the Enterprise Income Tax Law of the People's Republic of China* and *the Measures for the Administration of the Recognition of Hi-tech Enterprises*, the Company is eligible for the enterprise income tax on important high- and new-tech enterprises that are necessary to be supported by the state being levied at the reduced tax rate of 15% for the year 2023 to 2025.

(b) Value-added Tax

In accordance with *the Notice by the Ministry of Finance and the State Taxation Administration of the Additional Value-Added Tax Credit Policy for Advanced Manufacturing Enterprises*

(Announcement No. 43 [2023] of the Ministry of Finance and the State Taxation Administration), from 1 January 2023 to 31 December 2027, an advanced manufacturing enterprise is eligible to credit the amount of input tax creditable in the current period plus an additional 5% of that amount against the tax payable. The Company and its wholly-owned subsidiary, Nantong ACCESS Semiconductor Co., Ltd., are eligible for this VAT preferential policy for the reporting period.

In accordance with the requirements of the *Notice by the Ministry of Finance and the State Taxation Administration of the Additional Value-Added Tax Credit Policies for Integrated Circuit Enterprises* (No. 17 [2023], MOF) and the *Notice by the Ministry of Industry and Information Technology, the National Development and Reform Commission, the Ministry of Finance, and the State Taxation Administration of Relevant Requirements for the Development of the List of Integrated Circuit Enterprises Eligible for Claiming Additional Value-Added Tax Credits in 2023* (Letter No. 228 [2023] of the Ministry of Industry and Information Technology), the Company's subsidiary, Zhuhai Yuexin Semiconductor Co., Ltd., is eligible to claim an additional 15% of input VAT credits as a tax offset for the reporting period under this preferential policy for Integrated Circuit Enterprises.

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Monetary funds

Items	30 September 2025	31 December 2024
Cash on hand	180,876.91	177,188.28
Cash in bank	276,355,294.96	209,988,192.25
Other monetary funds	28,788,788.40	24,893,832.15
Total	305,324,960.27	235,059,212.68
Including: The total amount deposited overseas	45,683,602.62	5,619,465.24

5.2 Financial Assets Held-for-trading

Items	30 September 2025	31 December 2024
Financial assets at fair value through profit or loss		40,016,055.55
Including: Structured Deposit		40,016,055.55

5.3 Notes Receivable

(a) Notes receivable by category

Items	30 September 2025			31 December 2024		
	Book Balance	Provision for bad debt	Carrying amount	Book Balance	Provision for bad debt	Carrying amount
Bank				3,938,235.01		3,938,235.01

Items	30 September 2025			31 December 2024		
	Book Balance	Provision for bad debt	Carrying amount	Book Balance	Provision for bad debt	Carrying amount
acceptance bills						

(b) No pledged notes receivable at 30 September 2025**(c) No notes receivable discounted or endorsed to third parties but not yet matured at 30 September 2025****5.4 Accounts Receivable****(a) Accounts receivable by aging**

Aging	30 September 2025	31 December 2024
Within one year	502,001,935.88	449,866,901.51
1-2 years	50,947.64	175,674.13
2-3 years	343,424.91	328,602.89
3-4 years		
4-5 years		
Over 5 years	311,164.07	312,527.29
Subtotal	502,707,472.50	450,683,705.82
Less: provision for bad debt	13,242,778.76	15,230,406.74
Total	489,464,693.74	435,453,299.08

(b) Accounts receivable by bad debt provision method

Category	30 September 2025				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognised individually					
Provision for bad debt recognised by groups	502,707,472.50	100.00	13,242,778.76	2.63	489,464,693.74
Including:Group1	502,707,472.50	100.00	13,242,778.76	2.63	489,464,693.74
Total	502,707,472.50	100.00	13,242,778.76	2.63	489,464,693.74

(Continued)

Category	31 December 2024				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognised individually					
Provision for bad debt recognised by groups	450,683,705.82	100.00	15,230,406.74	3.38	435,453,299.08
Including: Group 1	450,683,705.82	100.00	15,230,406.74	3.38	435,453,299.08
Total	450,683,705.82	100.00	15,230,406.74	3.38	435,453,299.08

Detailed explanation of provision for bad debt:

As at 30 September 2025 and 31 December 2024, accounts receivable with bad debt provision recognised by group 1

Aging	30 September 2025			31 December 2024		
	Accounts receivable	Provision for bad debt	Provision ratio (%)	Accounts receivable	Provision for bad debt	Provision ratio (%)
Not overdue	455,976,493.82	4,559,764.94	1.00	336,115,526.38	3,361,155.27	1.00
Overdue less than 30 days	32,323,484.73	1,616,174.24	5.00	49,607,162.76	2,480,358.14	5.00
Overdue 31-90 days (Inclusive)	254,470.79	25,447.08	10.00	41,498,443.83	4,149,844.39	10.00
Overdue 91-365 days (Inclusive)	1,208,045.21	241,609.04	20.00	22,709,341.74	4,541,868.34	20.00
Overdue 1-2 years	12,290,388.99	6,145,194.50	50.00	112,101.03	56,050.52	50.00
Overdue more than 2 years	654,588.96	654,588.96	100.00	641,130.08	641,130.08	100.00
Total	502,707,472.50	13,242,778.76	2.63	450,683,705.82	15,230,406.74	3.38

(c) Changes of provision for bad debt during the reporting period

Category	31 December 2024	Changes during the reporting period				30 September 2025
		Provision	Recovery or reversal	Elimination or write-off	Others	
by Aging	15,230,406.74		1,969,251.36		18,376.62	13,242,778.76

(d) No accounts receivable written off during the reporting period

(e) Top five closing balances by entity

Entity name	Balance of accounts receivable as at 30 September 2025	Proportion of the balance to the total accounts receivable (%)	Provision for bad debt of accounts receivable
Huawei Technologies Co.,Ltd.	87,817,144.22	17.47	878,171.44
infineon Technologies Asia Pacific Pte L	52,526,970.37	10.45	525,269.70
JCET Group Co., Ltd.	47,440,241.15	9.44	924,898.38
Siliconware Precision Industries Co.,Ltd	38,868,410.55	7.73	388,684.11
Vanchip (Tianjin) Technology Co., Ltd.	28,374,950.36	5.64	283,749.50
Total	255,027,716.65	50.73	3,000,773.13

5.5 Accounts Receivable Financing**(a) Accounts receivable financing by category**

Items	Fair value as at 30 September 2025	Fair value as at 31 December 2024
Notes receivable	18,748,592.74	12,774,698.39

(b) No pledged accounts receivable financing at 30 September 2025**(c) Accounts receivable financing which were discounted or endorsed but not due at 30 September 2025**

Items	30 September 2025		31 December 2024	
	Amount derecognised	Amount not derecognised	Amount derecognised	Amount not derecognised
Bank acceptance bills	27,186,580.05		6,297,155.49	

5.6 Advances to Suppliers**(a) Advances to suppliers by aging**

Aging	30 September 2025		31 December 2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Within one year	22,146,926.23	98.70	13,186,309.96	95.06
1 to 2 years	241,788.42	1.08	636,823.61	4.59
2 to 3 years	87.91		696.00	0.01
Over 3 years	48,846.00	0.22	48,150.00	0.35
Total	22,437,648.56	100.00	13,871,979.57	100.00

(b) Top five closing balances by entity

Entity name	Balance as at 30 September 2025	Proportion of the balance to the total advances to suppliers (%)
Yantai Zhaojin Kanfort Precious Metals Incorporated Company	11,121,696.46	49.57
Ajinomoto Fine-Techno Co., Inc.	8,527,637.41	38.01
State Grid Jiangsu Electric Power Co., Ltd. Nantong Power Supply Branch	607,770.80	2.71
Guangzhou Jingdong Trading Co., Ltd.	349,444.50	1.56
Xi'an Jianda Bolin Technology Co., Ltd.	296,816.02	1.32
Total	20,903,365.19	93.16

5.7 Other Receivables

(a) Other receivables by category

Items	30 September 2025	31 December 2024
Other receivables	7,599,932.81	6,198,851.49

(d) Other Receivables

(i) Other receivables by aging

Aging	30 September 2025	31 December 2024
Within one year	3,515,023.16	1,608,966.57
1-2 years	20,000.00	487,570.24
2-3 years	510,000.00	510,000.00
3-4 years		
4-5 years		
Over 5 years	3,669,708.42	3,669,984.56
Subtotal	7,714,731.58	6,276,521.37
Less: provision for bad debt	114,798.77	77,669.88
Total	7,599,932.81	6,198,851.49

(ii) Other receivables by nature

Nature	30 September 2025	31 December 2024
Deposit, Security Deposit	5,418,756.12	4,724,339.56
Petty Cash	475,100.00	196,093.00
Payments withheld and paid on behalf of others and others	1,820,875.46	1,356,088.81
Subtotal	7,714,731.58	6,276,521.37
Less: provision for bad debt	114,798.77	77,669.88

Nature	30 September 2025	31 December 2024
Total	7,599,932.81	6,198,851.49

(iii) Changes of provision for bad debt during the reporting period

Category	31 December 2024	Changes during the reporting period				30 September 2025
		Provision	Recovery or reversal	Elimination or write-off	Others	
by Aging	77,669.88	37,128.89				114,798.77

(v) Top five closing balances by entity

Entity name	Nature	Balance as at 30 September 2025	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Nantong Gangzha District Finance Bureau	Deposit, Security Deposit	3,640,000.00	Over 5 years	47.18	
Customs deposit	Deposit, Security Deposit	1,219,047.70	Within 1 year	15.80	
Nantong Dazhong Gas Co., Ltd.	Deposit, Security Deposit	500,000.00	2 - 3 years	6.48	
Withhold and remit social security	Withhold and remit social security	391,090.70	Within 1 year	5.07	19,554.53
Kaiyi Compressor (Jiangmen) Co., Ltd.	Others	341,260.34	Within 1 year	4.42	17,063.02
Total		6,091,398.74		78.96	36,617.55

5.8 Inventories

(a) Inventories by category

Items	30 September 2025			31 December 2024		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Raw materials	77,038,904.90	79,845.48	76,959,059.42	36,834,317.02	73,298.39	36,761,018.63

Items	30 September 2025			31 December 2024		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Work in process	149,171,975.55	7,803,837.93	141,368,137.62	108,037,339.07	15,742,811.49	92,294,527.58
Goods in stock	3,570,510.15	251,088.03	3,319,422.12	10,599,576.82	1,833,956.97	8,765,619.85
Low value consumables	13,563,347.40		13,563,347.40	11,584,169.95		11,584,169.95
Goods in transit	36,382,594.45	1,256,649.29	35,125,945.16	40,475,271.52	3,495,656.75	36,979,614.77
Total	279,727,332.45	9,391,420.73	270,335,911.72	207,530,674.38	21,145,723.60	186,384,950.78

(b) Provision for impairment

Items	31 December 2024	Increase during the reporting period		Decrease during the reporting period		30 September 2025
		Provision	Others	Reversal or elimination	Others	
Raw materials	73,298.39	106,109.78		99,562.69		79,845.48
Work in process	15,742,811.49	8,879,394.56		16,818,368.12		7,803,837.93
Goods in stock	1,833,956.97	515,038.70		2,097,907.64		251,088.03
Goods in transit	3,495,656.75	2,439,588.72		4,678,596.18		1,256,649.29
Total	21,145,723.60	11,940,131.76		23,694,434.63		9,391,420.73

5.9 Non-current Assets Maturing within One Year

Items	30 September 2025	31 December 2024
Debt investment maturing within one year	43,692,444.45	153,283,777.79

5.10 Other Current Assets

Items	30 September 2025	31 December 2024
Reclassification from debit side balance of VAT payable	17,703,313.45	19,970,365.41
Time deposits	42,735,040.17	
Prepaid corporate income tax	80.46	
Total	60,438,434.08	19,970,365.41

5.11 Debt Investment

Items	30 September 2025			31 December 2024		
	Book balance	Provision for loss allowance	Carrying amount	Book balance	Provision for loss allowance	Carrying amount
Time deposits	95,703,972.32		95,703,972.32	204,334,611.12		204,334,611.12
Less: Debt investment maturing within one year	43,692,444.45		43,692,444.45	153,283,777.79		153,283,777.79
Total	52,011,527.87		52,011,527.87	51,050,833.33		51,050,833.33

5.12 Other equity instrument investment

Items	31 December 2024	Changes during the reporting period					30 September 2025
		Additional investment	Decrease in investment	Gains recognised in other comprehensive income	Losses recognised in other comprehensive income	Others	
Nantong Collaborative Innovation Semiconductor Technology Co., Ltd.	164,646.66			2,159.58			166,806.24

5.13 Fixed Assets

(a) Fixed assets by category

Items	30 September 2025	31 December 2024
Fixed assets	2,696,304,915.48	2,557,626,249.67

(b) Fixed assets

(i) Details of fixed assets

Items	Buildings and constructions	Machinery equipment	Vehicles	Electronic equipment and others	Total
Initial cost:					
Balance as at 31 December 2024	1,412,851,530.24	2,355,439,733.83	2,879,173.26	58,212,764.96	3,829,383,202.29
Increase during the reporting period	127,226,996.15	182,840,034.12		9,537,310.51	319,604,340.78

Items	Buildings and constructions	Machinery equipment	Vehicles	Electronic equipment and others	Total
(i) Acquisition				1,203,464.47	1,203,464.47
(ii) Transfer from construction in progress	127,226,996.15	180,062,789.37		8,333,846.04	315,623,631.56
(iii) Others		2,777,244.75			2,777,244.75
Decrease during the reporting period		13,866,172.27		349,461.94	14,215,634.21
(i) Disposal		13,866,172.27		349,281.74	14,215,454.01
(ii) Others				180.20	180.20
Balance as at 30 September 2025	1,540,078,526.39	2,524,413,595.68	2,879,173.26	67,400,613.53	4,134,771,908.86
Accumulated depreciation:					
Balance as at 31 December 2024	269,535,061.59	960,840,803.42	1,695,701.86	29,299,471.71	1,261,371,038.58
Increase during the reporting period	36,241,413.10	132,950,868.32	240,231.73	5,127,962.81	174,560,475.96
(i) Provision	36,241,413.10	131,923,288.04	240,231.73	5,127,962.81	173,532,895.68
(ii) Others		1,027,580.28			1,027,580.28
Decrease during the reporting period		10,719,115.55		324,130.71	11,043,246.26
(i) Disposal		10,719,115.55		324,058.52	11,043,174.07
(ii) Others				72.19	72.19
Balance as at 30 September 2025	305,776,474.69	1,083,072,556.19	1,935,933.59	34,103,303.81	1,424,888,268.28
Provision for impairment:					
Balance as at 31 December 2024		10,382,999.40		2,914.64	10,385,914.04
Increase during the reporting period		5,788,682.01		5,418.54	5,794,100.55
(i) Provision		5,788,682.01		5,418.54	5,794,100.55
Decrease during the reporting period		2,601,289.49			2,601,289.49
(i) Disposal		2,601,289.49			2,601,289.49
Balance as at 30		13,570,391.92		8,333.18	13,578,725.10

Items	Buildings and constructions	Machinery equipment	Vehicles	Electronic equipment and others	Total
September 2025					
Carrying amount:					
Balance as at 30 September 2025	1,234,302,051.70	1,427,770,647.57	943,239.67	33,288,976.54	2,696,304,915.48
Balance as at 31 December 2024	1,143,316,468.65	1,384,215,931.01	1,183,471.40	28,910,378.61	2,557,626,249.67

(ii) Fixed assets without certificate of title

Items	Carrying amount as at 30 September 2025	Reason
Nantong Factory Plant	78,155,111.95	The ownership certificate is being processed
Nantong Factory Building 2	104,449,996.56	
Nantong Substation	3,735,876.54	
Total	186,340,985.05	

5.14 Construction in Progress

(a) Construction in progress by category

Items	30 September 2025	31 December 2024
Construction in progress	166,066,669.29	267,390,783.66

(b) Construction in progress

Items	30 September 2025			31 December 2024		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Plant Construction Project	4,828,429.52		4,828,429.52	114,839,056.10		114,839,056.10
Machinery and Equipment	161,238,239.77		161,238,239.77	152,551,727.56		152,551,727.56
Total	166,066,669.29		166,066,669.29	267,390,783.66		267,390,783.66

5.15 Right-of-use Assets

Items	Buildings and constructions	Machinery equipment	Total
Initial cost:			

Items	Buildings and constructions	Machinery equipment	Total
Balance as at 31 December 2024	14,516,763.61	43,552,742.39	58,069,506.00
Increase during the reporting period		956,323.55	956,323.55
Decrease during the reporting period		2,777,244.75	2,777,244.75
Balance as at 30 September 2025	14,516,763.61	41,731,821.19	56,248,584.80
Accumulated depreciation:			
Balance as at 31 December 2024	12,013,873.44	12,138,339.38	24,152,212.82
Increase during the reporting period	2,252,601.27	2,901,230.06	5,153,831.33
(i) Provision	2,252,601.27	2,901,230.06	5,153,831.33
Decrease during the reporting period		999,807.84	999,807.84
(i) Maturity of right-of-use assets		999,807.84	999,807.84
Balance as at 30 September 2025	14,266,474.71	14,039,761.60	28,306,236.31
Provision for impairment:			
Balance as at 31 December 2024			
Increase during the reporting period			
(i) Provision			
Decrease during the reporting period			
(i) Disposal			
Balance as at 30 September 2025			
Carrying amount:			
Balance as at 30 September 2025	250,288.90	27,692,059.59	27,942,348.49
Balance as at 31 December 2024	2,502,890.17	31,414,403.01	33,917,293.18

5.16 Intangible Assets

(a) General information of intangible assets

Items	Land use rights	Patents	Software	Emission Right	Total
Initial cost:					
Balance as at 31 December 2024	65,484,708.94	95,043,899.36	31,188,155.95	2,913,962.27	194,630,726.52
Increase during the			1,959,048.58		1,959,048.58

Items	Land use rights	Patents	Software	Emission Right	Total
reporting period					
(i) Acquisition			1,959,048.58		1,959,048.58
Decrease during the reporting period			892.00		892.00
(i) Others			892.00		892.00
Balance as at 30 September 2025	65,484,708.94	95,043,899.36	33,146,312.53	2,913,962.27	196,588,883.10
Accumulated amortisation:					
Balance as at 31 December 2024	6,426,446.20	88,820,578.54	19,549,172.19	1,991,207.60	116,787,404.53
Increase during the reporting period	910,124.33	5,091,808.16	3,816,415.83	509,943.46	10,328,291.78
(i) Acquisition	910,124.33	5,091,808.16	3,816,415.83	509,943.46	10,328,291.78
Decrease during the reporting period			892.00		892.00
(i) Others			892.00		892.00
Balance as at 30 September 2025	7,336,570.53	93,912,386.70	23,364,696.02	2,501,151.06	127,114,804.31
Provision for impairment:					
Balance as at 31 December 2024					
Increase during the reporting period					
(i) Acquisition					
Decrease during the reporting period					
(i) Disposal					
Balance as at 30 September 2025					
Carrying amount:					
Balance as at 30 September 2025	58,148,138.41	1,131,512.66	9,781,616.51	412,811.21	69,474,078.79
Balance as at 31	59,058,262.74	6,223,320.82	11,638,983.76	922,754.67	77,843,321.99

Items	Land use rights	Patents	Software	Emission Right	Total
December 2024					

(b) No land use rights without certificate of title at 30 September 2025

5.17 Long-term Deferred Expenses

Items	31 December 2024	Increase during the reporting period	Decrease during the reporting period		30 September 2025
			Amortisation	Other decrease	
Wastewater Treatment Station Project	22,877,667.40		472,606.75		22,405,060.65
Equipment Auxiliary Projects	8,343,431.30	1,755,723.31	1,753,542.21		8,345,612.40
Total	31,221,098.70	1,755,723.31	2,226,148.96		30,750,673.05

5.18 Deferred Tax Assets and Deferred Tax Liabilities

(a) Deferred tax assets before offsetting

Items	30 September 2025		31 December 2024	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment loss	9,391,420.73	1,708,564.45	21,145,723.60	3,219,911.60
Provision for credit impairment	13,357,577.53	2,047,927.29	15,308,076.62	2,313,467.24
Unrealised intragroup profit	17,344,448.73	3,409,132.47	17,250,334.95	3,244,456.46
Deductible losses	833,573,569.85	146,178,276.85	838,449,391.38	147,938,095.70
Deferred income	91,346,926.22	15,020,863.56	91,577,058.69	14,916,459.21
Provision for impairment of fixed assets	5,387,206.98	808,081.04	1,894,919.86	284,237.98
Lease liabilities	29,179,906.97	4,376,986.05	30,004,105.56	4,500,615.84
Share-based payments	29,955,696.84	4,493,354.53	3,028,772.72	454,315.91
Total	1,029,536,753.85	178,043,186.24	1,018,658,383.38	176,871,559.94

(b) Deferred tax liabilities before offsetting

Items	30 September 2025		31 December 2024	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Tax-accounting differences in fixed asset depreciation	857,067,532.12	166,733,334.15	849,285,991.21	161,321,564.61
Right-of-use asset	27,942,348.49	4,191,352.28	33,917,293.18	5,087,593.98
Total	885,009,880.61	170,924,686.43	883,203,284.39	166,409,158.59

(c) Net balance of deferred tax liabilities and deferred tax assets after offsetting

Items	Offset amount at 30 September 2025	Net balance after offsetting at 30 September 2025	Offset amount at 31 December 2024	Net balance after offsetting at 31 December 2024
Deferred tax assets	132,217,278.99	45,825,907.25	131,158,605.25	45,712,954.69
Deferred tax liabilities	132,217,278.99	38,707,407.44	131,158,605.25	35,250,553.34

5.19 Other Non-current Assets

Items	30 September 2025			31 December 2024		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Payment for long-term assets	15,539,413.29		15,539,413.29	10,382,958.98		10,382,958.98
Issuing expenses	4,030,000.00		4,030,000.00			
Total	19,569,413.29		19,569,413.29	10,382,958.98		10,382,958.98

5.20 Short-term Borrowings**(a) Disclosure of short-term borrowings by category**

Items	30 September 2025	31 December 2024
Guarantee loans	124,479,355.78	37,472,168.98
Credit loans	102,052,763.89	67,043,443.06
Loan obtained through letter of credit and bill discounting	30,000,000.00	64,055,620.31
Total	256,532,119.67	168,571,232.35

(b) Overdue short-term borrowings

As at 30 September 2025, no overdue short-term borrowings.

5.21 Notes Payable

Category	30 September 2025	31 December 2024
Bank acceptance bills	51,629,889.60	98,332,234.65

5.22 Accounts Payable

(a) Accounts payable by nature

Items	30 September 2025	31 December 2024
Payables for goods	176,121,501.72	144,435,027.00
Payables for others	43,481,676.23	36,999,380.83
Total	219,603,177.95	181,434,407.83

(b) No significant accounts payable with aging of over one year

5.23 Contract liabilities

(a) Details of contract liabilities

Items	30 September 2025	31 December 2024
Advances for goods	14,465,722.27	30,642,796.03

(b) No significant contract liabilities with aging over one year

5.24 Employee Benefits Payable

(a) Details of employee benefits payable

Items	31 December 2024	Increase during the reporting period	Decrease during the reporting period	30 September 2025
Short-term employee benefits	33,834,444.03	224,945,591.46	225,441,825.76	33,338,209.73
Post-employment benefits-defined contribution plans	261,056.25	16,385,047.25	16,646,103.50	
Termination benefits		176,187.54	176,187.54	
Total	34,095,500.28	241,506,826.25	242,264,116.80	33,338,209.73

(b) Short-term employee benefits

Items	31 December 2024	Increase during the reporting period	Decrease during the reporting period	30 September 2025
Salaries, bonuses, allowances and subsidies	33,657,727.55	197,767,351.50	198,238,808.73	33,186,270.32
Employee benefits		14,956,129.78	14,956,129.78	
Social insurance		5,614,027.42	5,614,027.42	
Including: Health insurance		4,961,942.65	4,961,942.65	

Items	31 December 2024	Increase during the reporting period	Decrease during the reporting period	30 September 2025
Injury insurance		652,084.77	652,084.77	
Housing accumulation fund		4,872,051.62	4,872,051.62	
Labour union funds and employee education funds	176,716.48	1,736,031.14	1,760,808.21	151,939.41
Total	33,834,444.03	224,945,591.46	225,441,825.76	33,338,209.73

(c) Defined contribution plans

Items	31 December 2024	Increase during the reporting period	Decrease during the reporting period	30 September 2025
Post-employment benefits:	261,056.25	16,385,047.25	16,646,103.50	
1. Basic endowment insurance	261,056.25	15,723,156.76	15,984,213.01	
2. Unemployment insurance		661,890.49	661,890.49	
Total	261,056.25	16,385,047.25	16,646,103.50	

5.25 Taxes Payable

Items	30 September 2025	31 December 2024
Corporate income tax	14,450,415.64	14,916,779.47
Property tax	5,977,985.84	1,147,123.18
Value added tax (VAT)	5,213,776.35	4,845,689.28
Employment Security Funds for the Disabled	2,025,605.54	1,367,363.72
Stamp duty	564,647.89	386,270.92
Individual income tax	489,335.04	463,852.30
Urban land use tax	210,005.49	126,665.58
Environmental Protection Tax	12,672.39	86,728.34
City construction tax	205,872.94	552,804.86
Educational surcharge and local educational surcharge	147,052.11	394,860.61
Total	29,297,369.23	24,288,138.26

5.26 Other Payables**(a) Other payables by category**

Items	30 September 2025	31 December 2024
Other payables	108,080,706.97	139,784,490.42

(b) Other payables**(i) Other payables by nature**

Items	30 September 2025	31 December 2024
Payable for Construction	72,915,507.45	88,990,749.91
Payable for Equipment	33,341,336.75	44,867,951.87
Guarantee deposit and deposit	15,000.00	82,832.44
Compensation payment		4,532,470.24
Others	1,808,862.77	1,310,485.96
Total	108,080,706.97	139,784,490.42

(ii) Significant other payables with aging over one year

Items	Balance as at 30 September 2025	Reason
The First Company of China Eighth Engineering Bureau Ltd.	26,236,184.39	Quality guarantee deposit and final completion settlement

5.27 Non-current Liabilities Maturing within One Year

Items	30 September 2025	31 December 2024
Long-term borrowings due within one year	189,225,698.54	206,437,347.11
Lease liabilities due within one year	22,366,480.77	21,341,354.05
Other non-current liabilities due within one year		7,600,000.00
Total	211,592,179.31	235,378,701.16

5.28 Other Current Liabilities

Items	30 September 2025	31 December 2024
Pending Output VAT	1,737,827.58	3,712,439.54
Notes endorsed but not due yet		
Total	1,737,827.58	3,712,439.54

5.29 Long-term Borrowings

Items	30 September 2025	31 December 2024
Guarantee loans		10,009,777.78
Mortgage and guarantee loans	340,445,658.01	434,538,232.01
Subtotal	340,445,658.01	444,548,009.79
Less: Long-term borrowings due within one year	189,225,698.54	206,437,347.11
Total	151,219,959.47	238,110,662.68

5.30 Lease liabilities

Items	30 September 2025	31 December 2024
Lease payments	30,777,690.77	32,696,169.12
Less: Unrealised finance expenses	1,597,783.80	2,692,063.56
Subtotal	29,179,906.97	30,004,105.56
Less: lease liabilities due within one year	22,366,480.77	21,341,354.05
Total	6,813,426.20	8,662,751.51

5.31 Deferred Income

Items	31 December 2024	Increase during the reporting period	Decrease during the reporting period	30 September 2025	Reason
Government grants	91,577,058.69	8,303,135.00	8,533,267.47	91,346,926.22	The project is pending acceptance, or asset-related subsidies have not been fully amortized.

5.32 Share Capital

Shareholders' Name	31 December 2024	Changes during the reporting period (+,-)					30 September 2025
		New issues	Bonus issues	Capitalisation of reserves	Others	Subtotal	
Amitec Advanced Multilayer Interconnect Technologies Ltd.	356,181,120.00						356,181,120.00
Founder Information Industry Co., Ltd.	275,621,784.00						275,621,784.00
Shenzhen Giant Wangsheng Investment Consulting Partnership Enterprise (Limited Partnership)	56,391,535.00						56,391,535.00
Oriental Fortune Capital (Wuhu) Equity Investment Fund Management Enterprise (Limited Partnership)	30,857,787.00						30,857,787.00
Zhuhai Huajin Lingrui Equity Investment Fund Partnership Enterprise (Limited Partnership)	24,167,801.00						24,167,801.00
Shenzhen Fuhai Xincao Phase 2 Venture Capital Fund Partnership(L.P.)	23,959,796.00						23,959,796.00
Oriental Fortune Capital (Wuhu) Equity Investment Fund (L.P.)	19,803,670.00						19,803,670.00

Shareholders' Name	31 December 2024	Changes during the reporting period (+,-)					30 September 2025
		New issues	Bonus issues	Capitalisation of reserves	Others	Subtotal	
Ningbo Kefa Fuding Venture Capital Partnership Enterprise (Limited Partnership)	19,352,050.00						19,352,050.00
Qijiang (Wuhu) Logistics Industry Investment Fund (L.P.)	19,167,956.00						19,167,956.00
Shenzhen Xinfu Yuntai Enterprise Management Partnership (Limited Partnership)	17,216,526.00						17,216,526.00
Oriental Fortune Capital (Wuhu) No. 2 Equity Investment Fund (L.P.)	9,200,452.00						9,200,452.00
Zhuhai Ruixin Investment Partnership Enterprise (Limited Partnership)	5,791,133.00						5,791,133.00
Shenzhen DA MA HUA Investment Ltd	4,742,842.00						4,742,842.00
Zhuhai Ruiqi Investment Partnership Enterprise (Limited Partnership)	4,493,343.00						4,493,343.00
Hong Kong Smart Investment Limited	851,277.00						851,277.00
Zhuhai Ruizhuo Investment Partnership Enterprise (Limited Partnership)	651,668.00						651,668.00
Qingdao Huizhu Hydrogen Energy Industry Investment Fund Partnership Enterprise (Limited Partnership)	3,707,763.00						3,707,763.00
Henan Shangqi Huirong Shangcheng No.1 Industrial Fund Partnership (Limited Partnership)	5,575,584.00						5,575,584.00
Zhuhai Huajin Alpha 6 Equity Investment Fund Partnership Enterprise (Limited Partnership)	13,938,958.00						13,938,958.00
Total	891,673,045.00						891,673,045.00

5.33 Capital Reserves

Items	31 December 2024	Increase during the reporting period	Decrease during the reporting period	30 September 2025
Share premium	942,919,933.75			942,919,933.75

Items	31 December 2024	Increase during the reporting period	Decrease during the reporting period	30 September 2025
Other capital reserves	3,028,772.72	26,926,924.12		29,955,696.84
Total	945,948,706.47	26,926,924.12		972,875,630.59

Notes: The increase in other capital reserves for the reporting period is primarily due to the recognition of the relevant share-based payment amount.

5.34 Other Comprehensive Income

Items	31 December 2024	Changes during the reporting period						30 September 2025
		Amount before tax	Less: Items previously recognized in other comprehensive income being reclassified to current profit or loss	Less: Income tax expenses	Attributable to owners of the Company	Attributable to non-controlling interest	Amount before tax	
(a) Items will not be reclassified to profit or loss	-235,353.34	2,159.58				2,159.58		-233,193.76
Including: Changes in fair value of other equity instrument investment	-235,353.34	2,159.58				2,159.58		-233,193.76
(b) Items will be reclassified to profit or loss	968,266.94	-229,200.73				-229,200.73		739,066.21
Including: Exchange differences on translating foreign operations	968,266.94	-229,200.73				-229,200.73		739,066.21
Total	732,913.60	-227,041.15				-227,041.15		505,872.45

5.35 Surplus Reserves

Items	31 December 2024	Increase during the reporting period	Decrease during the reporting period	30 September 2025
Statutory surplus reserves	110,379,675.81			110,379,675.81

5.36 Retained Earnings

Items	January to September 2025	2024
Balance as at the end of last period before adjustments	943,686,258.99	749,484,870.10
Adjustments for the opening balance (increase / decrease))		
Balance as at the beginning of the reporting period after adjustments	943,686,258.99	749,484,870.10
Add: net profit attributable to owners of the parent company for the reporting period	192,669,553.64	215,287,533.98
Less: Transfer to statutory surplus reserves		21,086,145.09
Balance as at the end of the reporting period	1,136,355,812.63	943,686,258.99

5.37 Revenue and costs of sales

Items	January to September 2025		January to September 2024	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	1,388,132,046.30	1,009,032,181.13	1,275,275,864.22	956,923,829.13
Other activities	61,908,405.11	56,005,564.13	61,830,007.32	55,460,880.23
Total	1,450,040,451.41	1,065,037,745.26	1,337,105,871.54	1,012,384,709.36

5.38 Taxes and Surcharges

Items	January to September 2025	January to September 2024
Property tax	8,413,400.00	7,604,846.98
City construction tax	1,579,216.71	3,379,520.34
Educational surcharge and local educational surcharge	1,134,858.28	2,414,303.10
Stamp duty	1,330,038.52	1,436,649.34
Urban land use tax	463,336.53	460,303.35
Others	102,068.74	171,413.46
Total	13,022,918.78	15,467,036.57

5.39 Selling and Distribution Expenses

Items	January to September 2025	January to September 2024
Employee's salary	4,745,420.87	4,365,937.16
Share based payment	2,322,670.78	
Entertainment expenses	1,492,578.69	1,277,794.82
Travel expenses	542,312.79	567,184.80
Sample fee	133,462.06	1,401,982.76
Office expenses	63,462.49	76,816.42
Others	466,988.36	379,251.60
Total	9,766,896.04	8,068,967.56

5.40 General and Administrative Expenses

Items	January to September 2025	January to September 2024
Employee's salary	19,770,219.46	21,829,517.47
Share based payment	15,525,141.47	
Depreciation and amortization expenses	7,290,324.88	5,702,875.79
Patent application fee	2,426,766.64	3,556,497.26
Consultant fee and intermediary service fee	5,715,243.67	1,375,187.20
Office expenses and rear-service expenses	3,340,028.62	2,184,729.53
Entertainment expenses	1,451,451.55	1,556,827.85
Maintenance expenses	132,205.38	163,919.82
Others	2,787,682.76	971,147.42
Total	58,439,064.43	37,340,702.34

5.41 Research and Development Expenses

Items	January to September 2025	January to September 2024
Material cost	44,174,752.12	40,598,368.72
Employee's salary	15,966,013.47	12,983,011.48
Depreciation and amortization expenses, etc.	7,102,949.51	6,825,518.81
Share based payment	2,178,698.18	
Total	69,422,413.28	60,406,899.01

5.42 Finance Costs

Items	January to September 2025	January to September 2024
Interest expenses	15,199,420.64	17,646,424.67
Less: Interest income	3,040,921.33	2,516,357.25
Net interest expenses	12,158,499.31	15,130,067.42
Net foreign exchange losses	4,774,322.60	1,848,710.78
Bank charges and others	64,854.41	-222,056.39
Total	16,997,676.32	16,756,721.81

5.43 Other Income

Items	January to September 2025	January to September 2024
Government subsidies	14,434,517.43	20,529,390.05

5.44 Investment Income/(Losses)

Items	January to September 2025	January to September 2024
Interest income from debt investment during holding period	2,386,788.38	5,844,393.53
Gains on disposal of held-for-trading financial assets	660,932.30	613,543.12
Total	3,047,720.68	6,457,936.65

5.45 Credit Impairment Losses

Items	January to September 2025	January to September 2024
Bad debt of accounts receivable	1,969,251.36	-1,116,703.11
Bad debt of other receivables	-37,128.89	-27,229.86
Total	1,932,122.47	-1,143,932.97

5.46 Asset Impairment Losses

Items	January to September 2025	January to September 2024
Impairment of inventories	-11,940,131.76	-17,296,089.52
Impairment of fixed assets	-6,116,606.89	
Total	-18,056,738.65	-17,296,089.52

5.47 Non-operating Income

Items	January to September 2025	January to September 2024
Supplier compensation	800,000.00	1,021,337.79
Penalty and fine income	14,300.00	
Others	77,358.00	19,376.94

Items	January to September 2025	January to September 2024
Total	891,658.00	1,040,714.73

5.48 Non-operating Expenses

Items	January to September 2025	January to September 2024
Donations	20,000.00	70,000.00
Loss from damage or scrapping of non-current assets	248,484.11	148,068.24
Others	135,741.23	491,914.41
Total	404,225.34	709,982.65

5.49 Income Tax Expenses**(a) Details of income tax expenses**

Items	January to September 2025	January to September 2024
Current tax expenses	23,188,368.85	32,261,502.36
Deferred tax expenses	3,340,869.40	-2,838,825.91
Total	26,529,238.25	29,422,676.45

(b) Reconciliation of accounting profit and income tax expenses

Items	January to September 2025	January to September 2024
Profit before tax	219,198,791.88	195,624,262.76
Income tax expense at the statutory /applicable tax rate	32,879,818.75	29,343,639.41
Effect of different tax rate of subsidiaries	6,903,979.41	7,734,717.56
Adjustments of impact from prior period income tax	-56,749.89	-267,870.77
Effect of non-deductible costs, expenses or losses	203,126.23	241,126.21
Effect of previously unrecognised deductible losses recognised as deferred tax assets		4,365,296.26
R&D expenses plus deduction	-13,400,936.25	-11,994,232.22
Exchange rate impact		
Income tax expenses	26,529,238.25	29,422,676.45

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, please refer to Note 5.34 Other Comprehensive Income.

5.52 Supplementary Information to the Statement of Cash Flows

(a) Supplementary information to the statement of cash flows

Supplementary information	January to September 2025	January to September 2024
(i) Adjustments of net profit to cash flows from operating activities:		
Net profit	192,669,553.64	166,201,586.31
Add: Provisions for impairment of assets	18,056,738.65	17,296,089.52
Impairment Loss of Credit	-1,932,122.47	1,143,932.97
Depreciation of fixed assets, and Investment Properties	173,532,895.68	157,000,045.05
Depreciation of right-of-use assets	5,153,831.33	6,022,783.83
Amortisation of intangible assets	10,328,291.78	9,707,142.42
Amortisation of long-term deferred expenses	2,226,148.96	472,606.74
Losses /(gains) on disposal of fixed assets, intangible assets and other long-term assets		
Losses /(gains) on scrapping of fixed assets	248,484.11	134,353.46
Losses /(gains) on changes in fair value		-65,391.58
Finance costs /(income)	21,635,108.30	19,495,135.45
Investment losses /(income)	-3,047,720.68	-6,457,936.65
Decreases /(increases) in deferred tax assets	-112,952.57	-20,837,044.19
Increases /(decreases) in deferred tax liabilities	3,456,854.10	18,228,959.54
Decreases /(increases) in inventories	-95,520,512.05	-702,432.88
Decreases /(increases) in operating receivables	-85,595,308.53	-119,333,074.58
Increases /(decreases) in operating payables	-12,785,079.85	85,054,660.46
Others	26,926,924.12	
Net cash flows from operating activities	255,241,134.52	333,361,415.87
(ii) Significant activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Assets under leases (other than leases under simplified method)		
(iii) Net increases in cash and cash equivalents:		

Supplementary information	January to September 2025	January to September 2024
Cash at the end of the reporting period	276,536,171.87	297,852,688.05
Less: Cash at the beginning of the reporting period	210,165,380.53	308,694,924.34
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	66,370,791.34	-10,842,236.29

(b) Net cash payments for acquisition of subsidiaries

Items	30 September 2025	30 September 2024
(i) Cash	276,536,171.87	297,852,688.05
Including: Cash on hand	180,876.91	231,646.11
Cash in bank available for immediate use	276,355,294.96	297,621,041.94
Other monetary funds available for immediate use		
(ii) Cash equivalents		
(iii) Cash and cash equivalents at the end of the reporting period	276,536,171.87	297,852,688.05

(c) Monetary funds not considered as cash and cash equivalents

Items	30 September 2025	30 September 2024	Reason
Other monetary funds	28,788,788.40	25,142,579.74	Restrictions on the use of deposit, funds in transit

5.53 Foreign Currency Monetary Items

Items	Carrying amount at foreign currency as at 30 September 2025	Exchange rate	Carrying amount at RMB as at 30 September 2025
Monetary funds			
Including: USD	14,315,972.04	7.1055	101,722,165.95
EUR	13,007.15	0.9130	11,875.27
HKD	92,099.63	8.3351	767,659.63
JPY	9,235,451.00	0.0479	441,994.01
Accounts receivable			
Including: USD	19,826,830.86	7.1055	140,879,546.69

Items	Carrying amount at foreign currency as at 30 September 2025	Exchange rate	Carrying amount at RMB as at 30 September 2025
Other receivables			
Including: USD	3,331.00	7.1055	23,668.42
Accounts payable			
Including: USD	656,935.65	7.1055	4,667,856.25
HKD	7,232,332.10	0.9130	6,602,974.56
JPY	94,243,349.91	0.0479	4,510,298.24
Other payables			
Including: USD	983,932.00	7.1055	6,991,329.28
HKD	49,000.00	0.9130	44,736.02
JPY	44,740,000.00	0.0479	2,141,166.92
Other current assets			
Including: USD	6,014,360.73	7.1055	42,735,040.17

6. CHANGES IN THE SCOPE OF CONSOLIDATION

During the reporting period, there was no changes in the scope of consolidation for the Company.

7. INTERESTS IN OTHER ENTITIES

Interests in Subsidiaries

Name of subsidiary	Registered capital	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways of acquisition
				Direct	Indirect	
Nantong ACCESS Semiconductor Co., Ltd.	RMB 1.5 billion	Nantong, Jiangsu Province	Research, development, production, and sales of power management modules, FCCSP and FCBGA packaging substrate products	100.00		Investment establishment

Name of subsidiary	Registered capital	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways of acquisition
				Direct	Indirect	
Zhuhai Yuexin Semiconductor Co., Ltd.	RMB 1.0 billion	Zhuhai, Guangdong Province	Manufacturing of high-end RF and FCBGA packaging substrates	100.00		Investment establishment
ACCESS Substrates HK Limited	HKD 15 million	Hong Kong, China	Procurement of equipment, raw materials, and export customs clearance services	100.00		Investment establishment
Access Technologies USA	USD 100 thousand	United States	Development and maintenance of European and American clients		100.00	Investment establishment
Yueya Semiconductor Technology (Zhuhai) Co., Ltd.	RMB 50 million	Zhuhai, Guangdong Province	Technology development, service and sales	100.00		Investment establishment

8. FAIR VALUE DISCLOSURES

The inputs used in the fair value measurement in its entirety are to be classified in the level of the hierarchy in which the lowest level input that is significant to the measurement is classified.

Level 1: Inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs for the assets or liabilities (other than those included in Level 1) that are either directly or indirectly observable.

Level 3: Inputs are unobservable inputs for the assets or liabilities

8.1 Assets and Liabilities Measured at Fair Value at 30 September 2025

Items	Fair value at 30 September 2025			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
(a) financial assets held-for-trading				
(b) Accounts receivable financing		18,748,592.74		18,748,592.74
(c) Other equity instrument investment			166,806.24	166,806.24

The fair value of financial instruments traded in an active market is based on quoted market prices at the reporting date. The fair value of financial instruments not traded in an active market is determined by using valuation techniques. Specific valuation techniques used to value the above financial instruments include discounted cash flow and market approach to comparable company model. Inputs in the valuation technique include risk-free interest rates, benchmark interest rates, exchange rates, credit spreads, liquidity premiums, discount for lack of liquidity.

8.2 Fair Value of Financial Assets or Financial Liabilities which are not Measured at Fair Value

The financial assets and financial liabilities of the Company measured at amortised cost mainly include: cash and cash equivalents, notes receivable, accounts receivable, other receivables, debt investments, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings maturing within one year, long-term payables and long-term borrowings etc.

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Recognition of related parties: The Company has control or joint control of, or exercise significant influence over another party; or the Company and another party are controlled or jointly controlled by the same third party.

9.1 General Information of the Company's Largest Shareholder

The largest shareholder of the Company is Amitec Advanced Multilayer Interconnect Technologies Ltd., holding 39.9453% of the shares. Amitec is a subsidiary of the publicly listed Israeli company Priortech. Mr. Yotam Stern and Mr. Rafi Amit, both of Israeli nationality, are the actual controllers of Amitec. The shares held by Amitec in the Company are classified as foreign investment shares.

9.2 General Information of Subsidiaries

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

9.3 Other Related Parties of the Company

Name	Relationship with the Company
Zhuhai Founder Tech. High-Density Electronic Co., Ltd.	Controlled by the Company's Shareholders

Name	Relationship with the Company
Zhuhai Founder Printed Circuit Board Development Limited	Controlled by the Company's Shareholders
Ping An Property & Casualty Insurance Company of China,Ltd.	Controlled by the Parent Company of the Company's Shareholders
Zhuhai Founder Technology Multilayer Pcb Co., Ltd.	Controlled by the Company's Shareholders
Ping An Bank Co., Ltd.	Controlled by the Parent Company of the Company's Shareholders
Beijing EC-Founder Co., Ltd.	Controlled by the Company's Shareholders
Founder Financing Services Co., Ltd.	Controlled by the Company's Shareholders
Zhuhai Chifang Electronics Co., Ltd.	Controlled by the Company's Shareholders

9.4 Related Party Transactions

(a) Purchases or sales of goods, rendering or receiving of services

Purchases of goods, receiving of services:

Related parties	Nature of the transaction(s)	January to September 2025	January to September 2024
Zhuhai Founder Tech. High-Density Electronic Co., Ltd.	Wastewater treatment plant service fees, etc.	1,071,708.86	2,272,280.90
Zhuhai Founder Printed Circuit Board Development Limited	Service fees	2,527,903.71	4,543,206.65
Ping An Property & Casualty Insurance Company of China, Ltd.	Vehicle insurance	9,406.14	13,947.48
Zhuhai Chifang Electronics Co., Ltd.	Processing fees	13,440.00	
Founder Financing Services Co., Ltd.	Intermediary service fees	2,000,000.00	

Sales of goods and rendering of services:

Related parties	Nature of the transaction(s)	January to September 2025	January to September 2024
Zhuhai Founder Tech. High-Density Electronic Co., Ltd.	Product sales	21,474,078.64	21,734,299.69
Zhuhai Founder Tech. High-Density Electronic Co., Ltd.	Utility charges	892,573.20	969,716.09

Related parties	Nature of the transaction(s)	January to September 2025	January to September 2024
Zhuhai Founder Tech. High-Density Electronic Co., Ltd.	Processing fees	565.49	118,261.61
Zhuhai Founder Technology Multilayer Pcb Co., Ltd.	Processing fees	600.00	900.00
Zhuhai Chifang Electronics Co., Ltd.	Processing fees	1,800.00	

(c) Leases

The Company as lessor:

The lessee	Type of assets	January to September 2025	January to September 2024
Zhuhai Founder Tech. High-Density Electronic Co., Ltd.	Factory plant	203,061.06	203,061.06

The Company as lessee:

The lessor	Type of assets	January to September 2025	January to September 2024
Zhuhai Founder Technology Multilayer Pcb Co., Ltd.	Factory plant and power distribution room	1,337,436.65	2,436,857.10

9.5 Receivables and Payables with Related Parties**(a) Receivables**

Items	Related parties	30 September 2025		31 December 2024	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Monetary funds	Ping An Bank Co., Ltd.	72,729.57		587,478.07	
Debt investments	Ping An Bank Co., Ltd.			110,531,666.67	
Accounts receivable	Zhuhai Founder Tech. High-Density Electronic Co., Ltd.	3,932,706.20	39,327.06	2,506,949.12	25,069.49

Items	Related parties	30 September 2025		31 December 2024	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Advances to suppliers	Zhuhai Founder Technology Multilayer Pcb Co., Ltd.			426,800.00	
Advances to suppliers	Zhuhai Founder Tech. High-Density Electronic Co., Ltd.			11,208.34	
Advances to suppliers	Zhuhai Founder Printed Circuit Board Development Limited			901,373.61	
Other receivables	Zhuhai Founder Tech. High-Density Electronic Co., Ltd.	140,372.43	7,018.62	197,691.97	9,884.60
Other receivables	Zhuhai Founder Technology Multilayer Pcb Co., Ltd.	103,228.64	5,161.43	103,228.64	5,161.43

(b) Payables

Items	Related parties	30 September 2025	31 December 2024
Accounts payable	Zhuhai Founder Tech. High-Density Electronic Co., Ltd.	398,866.54	
Accounts payable	Zhuhai Founder Technology Multilayer Pcb Co., Ltd.	382,200.00	277,036.00
Accounts payable	Zhuhai Founder Printed Circuit Board Development Limited	724,786.23	
Accounts payable	Zhuhai Chifang Electronics Co., Ltd.		

Items	Related parties	30 September 2025	31 December 2024
Other payables	Beijing EC-Founder Co., Ltd.	357,292.03	357,292.03
Non-current liabilities maturing within one year	Zhuhai Founder Technology Multilayer Pcb Co., Ltd.	728,000.00	1,789,348.26

(c) Others

The Company earned interest income of RMB 2,767.07 on demand deposits held with Ping An Bank Co., Ltd. from January to September 2025. The Company earned investment income of RMB 118,333.33 on time deposits purchased from Ping An Bank Co., Ltd. and RMB 30,821.92 on structured deposits. Bank fees incurred during the same period were RMB 382.80.

The Company earned interest income of RMB 854.53 on demand deposits held with Ping An Bank Co., Ltd. from January to September 2024. The Company earned investment income of RMB 2,701,944.41 on time deposits purchased from Ping An Bank Co., Ltd.. Bank fees incurred during the same period were RMB 4.50.

10. SHARE-BASED PAYMENTS

10.1 General Information of Share-based Payment

On 30 December 2022, the Company convened its fifth interim shareholders' meeting of 2022, during which the "Proposal on the Employee Equity Incentive Plan" and the "Measures for the Administration of the Stock Option Incentive Plan of Zhuhai ACCESS Semiconductor Co., Ltd." were reviewed and approved. The meeting agreed to grant stock options to 39 employees. The grant date of the stock option incentive plan was 30 December 2022, with an incentive quantity of 32,340,400.00 shares, representing 3.5% of the post-exercise share capital. The vesting period is from the option grant date to the day before the first trading day of May 2026. During the vesting period, the stock options granted to the incentive recipients may not be transferred, used as collateral, or applied to repay debts, and the options cannot be exercised. Share-based payment expenses recognized for the period from January to September 2025 amounted to RMB 26,926,924.12.

10.2 Equity-settled Share-based Payment

	January to September 2025
Method of determining fair value of equity instruments at grant date	Assessment Amount
Basis for determining the unit of exercisable equity instruments	Employment Status of Incentive Participants
Reason for material difference between estimate for the reporting period and estimate for the previous reporting period	None
Cumulative amount of equity-settled share-based payment	26,926,924.12

	January to September 2025
charged to capital reserve	

10.3 Expenses incurred from share-based payment in the reporting period

Category of participant	Expenses on equity settled share-based payment	Expenses on cash settled share-based payment
Employee	26,926,924.12	

11. COMMITMENTS AND CONTINGENCIES

11.1 Significant Commitments

As at 30 September 2025, the Company has no significant commitments need to be disclosed.

11.2 Contingencies

Significant contingencies existing at the balance sheet date:

(a) Contingent liabilities resulting from debt guarantees to other entities and the corresponding financial effects

(Including external guarantees of each company within the scope of consolidation, as well as guarantees between parent and subsidiary companies)

Guarantee	Guarantor	Guarantee amount	Guarantee balance	Start date	Expiry date
Zhuhai ACCESS Semiconductor Co., Ltd.	Nantong ACCESS Semiconductor Co., Ltd.	90,000,000.00	20,999,999.90	2019-7-9	2027-5-20
Zhuhai ACCESS Semiconductor Co., Ltd.	Nantong ACCESS Semiconductor Co., Ltd.	270,000,000.00	114,140,000.00	2019-7-9	2027-5-20
Zhuhai ACCESS Semiconductor Co., Ltd.	Nantong ACCESS Semiconductor Co., Ltd.	170,000,000.00	71,860,000.00	2019-7-9	2027-5-20
Zhuhai ACCESS Semiconductor Co., Ltd.	Nantong ACCESS Semiconductor Co., Ltd.	50,000,000.00	13,700,000.00	2025-5-10	2029-6-19
Zhuhai ACCESS Semiconductor Co., Ltd.	Nantong ACCESS Semiconductor Co., Ltd.	36,000,000.00		2025-3-19	2030-3-18
Zhuhai ACCESS Semiconductor Co., Ltd.	Zhuhai Yuexin Semiconductor Co., Ltd.	800,000,000.00	137,300,000.00	2022-10-12	2030-6-21
Zhuhai ACCESS Semiconductor Co., Ltd.	Nantong ACCESS Semiconductor Co., Ltd.	100,000,000.00	47,129,107.78	2025-4-17	2029-6-25
Zhuhai ACCESS Semiconductor Co., Ltd.	Zhuhai Yuexin Semiconductor Co., Ltd.	100,000,000.00	39,103,771.59	2025-5-9	2026-5-8

Guarantee	Guarantor	Guarantee amount	Guarantee balance	Start date	Expiry date
Zhuhai ACCESS Semiconductor Co., Ltd.	Nantong ACCESS Semiconductor Co., Ltd.	70,000,000.00	40,239,378.48	2024-8-22	2027-8-21
Zhuhai ACCESS Semiconductor Co., Ltd.	Nantong ACCESS Semiconductor Co., Ltd.	100,000,000.00	2,037,784.34	2024-11-16	2025-10-31
Zhuhai ACCESS Semiconductor Co., Ltd.	Zhuhai Yuexin Semiconductor Co., Ltd.	120,000,000.00	24,802,383.91	2025-2-27	2030-2-18
Zhuhai ACCESS Semiconductor Co., Ltd.	Zhuhai Yuexin Semiconductor Co., Ltd.	120,000,000.00	9,900,000.00	2025-8-29	2026-8-27
Zhuhai ACCESS Semiconductor Co., Ltd.	Zhuhai Yuexin Semiconductor Co., Ltd.	70,000,000.00	19,126,841.98	2025-7-25	2026-7-25

(c) Other contingent liabilities and their financial effects

In August 2025, a former employee of the Company, through appointed legal counsel, sent a attorney-letter to the Company. The letter asserted the employee's entitlement to awards and remuneration for their role as an inventor of service inventions during their tenure and sought negotiation with the Company regarding this matter. The Company anticipates that the aforementioned matter will not have a material adverse impact on its operations or financial performance. However, the monetary value associated with this dispute cannot be accurately determined at this stage. As of the date of this review report, the relevant dispute has not progressed to formal litigation.

12. EVENTS AFTER THE REPORTING PERIOD

When the Board of Directors approved the issuance of the financial statements, the Company has no events after the reporting period need to be disclosed.”

13. OTHER SIGNIFICANT MATTERS

As at 30 September 2025, the Company has no other significant matter need to be disclosed.”

14 NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

14.1 Accounts Receivable

(a) Accounts receivable by aging

Aging	30 September 2025	31 December 2024
Within one year	370,217,378.17	365,393,838.90
1-2 years	0.82	124,132.92
2-3 years	20,605.97	477.62
3-4 years		

Aging	30 September 2025	31 December 2024
4-5 years		
Over 5 years	7,422.76	7,509.36
Subtotal	370,245,407.72	365,525,958.80
Less: provision for bad debt	10,336,391.83	12,743,620.05
Total	359,909,015.89	352,782,338.75

(b) Accounts receivable by bad debt provision method

Category	30 September 2025				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognised individually					
Provision for bad debt recognised by groups	370,245,407.72	100.00	10,336,391.83	2.79	359,909,015.89
Including: Group 1	293,469,769.17	79.26	10,336,391.83	3.52	283,133,377.34
Group 2	76,775,638.55	20.74			76,775,638.55
Total	370,245,407.72	100.00	10,336,391.83	2.79	359,909,015.89

(Continued)

Category	31 December 2024				
	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognised individually					
Provision for bad debt recognised by groups	365,525,958.80	100.00	12,743,620.05	3.49	352,782,338.75
Including: Group 1	339,545,047.19	92.89	12,743,620.05	3.75	326,801,427.14
Group 2	25,980,911.61	7.11			25,980,911.61
Total	365,525,958.80	100.00	12,743,620.05	3.49	352,782,338.75

Detailed explanation of provision for bad debt:

As at 30 September 2025, 31 December 2024, accounts receivable with bad debt provision recognised by group 1

Aging	30 September 2025			31 December 2024		
	Accounts receivable	Provision for bad debt	Provision ratio (%)	Accounts receivable	Provision for bad debt	Provision ratio (%)
Not overdue	248,903,303.82	2,489,033.04	1.00	233,273,988.19	2,332,739.88	1.00
Overdue less than 30 days	31,318,261.14	1,565,913.06	5.00	45,610,261.24	2,280,513.06	5.00
Overdue 31-90 days (Inclusive)	211,992.91	21,199.29	10.00	40,265,123.57	4,026,512.36	10.00
Overdue 91-365 days (Inclusive)	906,245.21	181,249.04	20.00	20,326,585.92	4,065,317.18	20.00
Overdue 1-2 years	12,101,937.38	6,050,968.69	50.00	61,101.40	30,550.70	50.00
Overdue more than 2 years	28,028.71	28,028.71	100.00	7,986.87	7,986.87	100.00
Total	293,469,769.17	10,336,391.83	3.52	339,545,047.19	12,743,620.05	3.75

(c) Changes of provision for bad debt during the reporting period

Aging	31 December 2024	Changes during the reporting period				30 September 2025
		Provision	Recovery or reversal	Elimination or write-off	Others	
by aging	12,743,620.05		2,407,228.22			10,336,391.83

(d) No accounts receivable written off during the reporting period**(e) Top five closing balances by entity**

Entity name	Balance of accounts receivable as at 30 September 2025	Proportion of the balance to the total accounts receivable and contract assets (%)	Provision for bad debt of accounts receivable and contract assets
ACCESS Substrates HK Limited	41,884,844.92	11.31	
JCET Group Co., Ltd.	47,440,241.15	12.81	924,898.38
Vanchip (Tianjin) Technology Co., Ltd.	28,374,950.36	7.66	924,898.38
Lansus Technologies Inc.	27,659,525.75	7.47	471,386.65
Nantong ACCESS Semiconductor Co., Ltd.	27,763,356.66	7.50	277,633.57
Total	173,122,918.84	46.75	2,598,816.97

14.2 Other Receivables**(a) Other receivables by category**

Items	30 September 2025	31 December 2024
Other receivables	57,134,160.47	45,187,463.08

(d) Other Receivables**(i) Other receivables by aging**

Aging	30 September 2025	31 December 2024
Within one year	57,152,599.53	45,196,469.11
1-2 years		
2-3 years		
3-4 years		
4-5 years		
Over 5 years	6,040.00	6,040.00
Subtotal	57,158,639.53	45,202,509.11
Less: provision for bad debt	24,479.06	15,046.03
Total	57,134,160.47	45,187,463.08

(ii) Other receivables by nature

Nature	30 September 2025	31 December 2024
Related party transactions within the scope of consolidation	56,663,018.30	44,858,358.50
Deposit, Security Deposit	6,040.00	43,230.00
Others	489,581.23	300,920.61
Subtotal	57,158,639.53	45,202,509.11
Less: provision for bad debt	24,479.06	15,046.03
Total	57,134,160.47	45,187,463.08

(iii) Changes of provision for bad debt during the reporting period

Category	31 December 2024	Changes during the reporting period				30 September 2025
		Provision	Recovery or reversal	Elimination or write-off	Others	
by aging	15,046.03	9,433.03				24,479.06

(v) Top five closing balances by entity

Entity name	Nature	Balance as at 30 September	Aging	Proportion of the	Provision for bad
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		2025		balance to the total other receivables (%)	debt
Zhuhai Yuexin Semiconductor Co., Ltd.	Related Party Transactions	56,642,262.08	Within 1 year	99.10	
Zhuhai Founder Tech. High-Density Electronic Co., Ltd.	Related Party Transactions	140,372.43	Within 1 year	0.25	7,018.62
Zhuhai Founder Technology Multilayer Pcb Co., Ltd.	Related Party Transactions	103,228.64	Within 1 year	0.18	5,161.43
Yueya Semiconductor Technology (Zhuhai) Co., Ltd.	Related Party Transactions	20,756.22	Within 1 year	0.04	
Withhold and remit social security	Withhold and remit social security	16,124.16	Within 1 year	0.03	
Total		56,922,743.53		99.59	12,180.05

14.3 Long-term Equity Investments

Items	30 September 2025			31 December 2024		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Subsidiaries	2,382,961,310.35		2,382,961,310.35	2,207,961,310.35		2,207,961,310.35

(a) Investments in subsidiaries

Investees	31 December 2024	Increase during the reporting period	Decrease during the reporting period	30 September 2025	Provision for impairment during the reporting period	Provision for impairment at 30 September 2025
ACCESS Substrates HK Limited	12,961,310.35			12,961,310.35		
Nantong ACCESS Semiconductor Co., Ltd.	1,295,000,000.00	170,000,000.00		1,465,000,000.00		
Zhuhai Yuexin Semiconductor Co., Ltd.	900,000,000.00			900,000,000.00		

Investees	31 December 2024	Increase during the reporting period	Decrease during the reporting period	30 September 2025	Provision for impairment during the reporting period	Provision for impairment at 30 September 2025
Yueya Semiconductor Technology (Zhuhai) Co., Ltd.		5,000,000.00		5,000,000.00		
Total	2,207,961,310.35	175,000,000.00		2,382,961,310.35		

14.4 Revenue and Cost of Sales

Items	January to September 2025		January to September 2024	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	569,821,090.33	407,766,629.98	769,304,908.35	514,883,823.23
Other activities	29,983,534.30	27,751,219.60	49,343,429.28	42,377,670.77
Total	599,804,624.63	435,517,849.58	818,648,337.63	557,261,494.00

14.5 Investment Income

Items	January to September 2025	January to September 2024
Interest income from debt investment during holding period	2,386,788.38	5,844,393.53
Gains on disposal of held-for-trading financial assets	366,252.09	407,223.77
Total	2,753,040.47	6,251,617.30

Name of the Company: Zhuhai ACCESS Semiconductor Co., Ltd.

Date: 5 November 2025