

GREAT RICH TECHNOLOGIES LIMITED  
AND ITS SUBSIDIARIES

Audit Report and Consolidated Financial Statements  
For the year ended June 30 2023 and 2022  
(Prepared under International Financial Reporting Standards)

THIS REPORT HAS BEEN TRANSLATED FROM KOREAN VERSION (ORIGINAL VERSION)

GREAT RICH TECHNOLOGIES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS  
AT THE YEAR ENDED JUNE 30,2023 AND 2022

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**INDEPENDENT AUDITOR'S AUDITREPORT  
TO THE SHAREHOLDERS OF GREAT RICH TECHNOLOGIES LIMITED**  
**(incorporated in Hong Kong with limited liability)**

**Audit Opinion**

We have audited the accompanying consolidated statements of financial position of GREAT RICH TECHNOLOGIES LIMITED and its subsidiaries (the Group) as at June 30, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 30 June, 2023 and 2022 and of its profit and cash flows for the year ended in accordance with International Financial Reporting Standards.

We conducted our audit in accordance with Korean Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Key Audit Matters(KAM)**

Key Audit Matters(KAM) are the most significant in our current year's consolidated financial statements audit, according to our expert judgment. These matters were addressed in our opinion formation in terms of auditing the entire consolidated financial statements, and we do not provide a separate opinion on these matters.

**A. Time of commencement of depreciation of Property, Plant and Equipment**

**Reasons for the decision as a KAM**

As of the end of the current period, the Company's Property, Plant and Equipment is RMB 5,942,353,536 (previous period: RMB 4,236,625,019), a significant amount in its financial statements. The Company shall commence depreciation under IAS 16 'Property Plant and Equipment' when it reaches the location and condition necessary for the management to operate the asset in the manner intended.

Since accounting for the commencement of depreciation of Property, Plant and Equipment includes a judgment on the availability of management and the impact on financial statements is significant, we selected appropriateness of the commencement of depreciation of Property, Plant and Equipment as KAM.

**How KAM have been addressed in audit**

In order to respond to KAM, we carried out audit procedures including the following.

- Understanding the company's policies, processes and internal controls on determining when tangible assets are available

- Evaluation of Internal Control on acceptance of available time for CIP
- Inspection of documents based on the determination of availability to confirm the appropriateness of the commencement of depreciation, questions and observations such as whether major production lines are in operation
- Question and review of the estimated availability of assets under construction

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and presentation of these consolidated financial statements in accordance with IFRS, and such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for evaluation and disclosure of the group's capability for going concern. The governing organization is responsible for monitoring group's financial reporting procedure.

## **Responsibilities of Auditor**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

19, Gukhoe-daero 70-gil, Yeongdeungpo-gu, Seoul, Republic of Korea

Induk Accounting Corporation

CEO Kim, Jong-Pil

Sep26, 2023



This report is effective as of Sep26, 2023, the auditor's audit report date. Certain subsequent events or circumstances, which may occur between the auditor's report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, there is possibility that the audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.



GREAT RICH TECHNOLOGIES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AT THE YEAR ENDED JUNE 30, 2023 AND JUNE 30, 2022

GREAT RICH TECHNOLOGY LIMITED AND SUBSIDIARIES

(Unit: RMB)

	Note	June 30, 2023	June 30, 2022
Asset			
I. Current assets			
Cash and cash equivalents	6, 11	309,485,271	1,507,649,225
Current Financial instruments	7	50,000,000	250,000,000
Trade and other receivables	8	1,160,796,100	762,338,077
Inventories	9	118,453,476	126,206,904
Other current assets	10	211,119,658	9,229,063
Total Current assets		1,849,854,505	2,655,423,268
II. Non-current assets			
Non-current other receivables	8	204,077,811	202,915,699
Non-current Financial instruments	7	-	50,000,000
Long-term investment	11	62,228,739	62,225,639
Property, plant and equipment	12	5,942,353,536	4,236,625,019
Intangible assets	13	91,655,015	71,860,985
Right of Use asset	14	45,045,865	49,722,152
Deferred tax assets	34	3,313,780	9,135,888
Total Non-current assets		6,348,674,745	4,682,485,383
Total Assets		8,198,529,250	7,337,908,651
Liabilities			
I. Current liabilities			
Trade and other payables	15	949,667,532	411,762,370
Borrowings	16	195,300,000	164,100,000
Long term borrowings_ current	16	1,300,000,000	-
Amount due to related parties	38	29,775,813	26,776,561

	Note	June 30, 2023	June 30, 2022
Tax liabilities		18,322,585	22,622,624
Deferred Revenue	17	689,788	1,110,796
Other current liabilities	18	3,919,370	20,748,047
Total Current liabilities		2,497,675,088	647,120,398
II. Non-current liabilities			
Long term borrowings	16	1,446,000,000	2,746,000,000
Deferred Revenue	17	2,400,000	2,938,888
Total Non-current liabilities		1,448,400,000	2,748,938,888
Total Liabilities		3,946,075,088	3,396,059,286
Equity			
I. Owner's equity			
Contributed capital	19	770,089,223	770,089,223
Capital surplus	20	410,213,421	410,213,421
Retained earnings	21	2,641,686,909	2,354,909,589
II. Non-controlling interests	22	430,464,609	406,637,131
Total equity		4,252,454,163	3,941,849,365
Total liabilities and equity		8,198,529,250	7,337,908,651

See accompanying notes.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2023 AND JUNE 30, 2022**

**GREAT RICH TECHNOLOGY LIMITED AND SUBSIDIARIES**

(Unit: RMB)

	Note	June 30, 2023	June 30, 2022
Sales	23	4,041,639,278	2,310,536,095
Cost of sales	31	3,402,175,368	1,865,481,081
Gross profit		639,463,909	445,055,014
Distribution and selling expenses	25,31	61,354,595	43,378,369
Administrative expenses	26,31	163,594,002	119,437,271
Operating Income		414,515,312	282,239,373
Financial income	27	14,225,273	16,613,128
Financial cost	28	49,105,587	24,283,968
Other income	29	3,201,018	5,143,786
Other expense	30	7,963,241	1,515,322
Income from Investment	11	3,100	196,279
Income before tax		374,875,875	278,393,276
Income tax expense	34	65,501,208	44,467,926
Net income for the period		309,374,667	233,925,350
Attribute to:			
Owners of the Group		286,777,320	237,871,097
Non-controlling interests	22	22,597,347	(3,945,747)
Basic and diluted earnings per share	35	4	4

See accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2023 AND JUNE 30, 2022**

**GREAT RICH TECHNOLOGY LIMITED AND SUBSIDIARIES**

(Unit: RMB)

	Contributed Capital	Capital surplus	Retained Earnings	Attribute to owners of Equity	Non- controlling interest	Total
July 1, 2021	770,089,223	410,213,421	2,117,038,492	3,297,341,136	410,582,878	3,707,924,015
Comprehensive income for the period	-	-	237,871,097	237,871,097	(3,945,747)	233,925,350
June 30, 2022	770,089,223	410,213,421	2,354,909,589	3,535,212,234	406,637,131	3,941,849,365
July 1, 2022	770,089,223	410,213,421	2,354,909,589	3,535,212,234	406,637,131	3,941,849,365
Purchasing subsidiary	-	-	-	-	1,230,131	1,230,131
Comprehensive income for the period	-	-	286,777,320	286,777,320	22,597,347	309,374,667
June 30, 2023	770,089,223	410,213,421	2,641,686,909	3,821,989,554	430,464,609	4,252,454,163

See accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023 AND JUNE 30, 2022**

GREAT RICH TECHNOLOGY LIMITED AND SUBSIDIARIES

(Unit: RMB)

	June 30, 2023	June 30, 2022
<b>CASH FLOWS FROM OPERATION ACTIVITIES</b>		
Comprehensive income for the period	309,374,667	233,925,350
Adjustments for:	197,227,782	121,705,694
Income tax expense	65,501,208	44,467,926
Financial cost	46,999,840	23,119,199
Financial income	(14,192,780)	(16,613,128)
Depreciation of property, plant and equipment	85,230,444	68,966,884
Amortization of deferred revenue	(959,896)	(1,110,796)
Amortization of intangible assets	675,663	624,510
Impairment Loss of intangible assets	4,578,795	-
Amortization of right of use assets	2,315,833	1,655,419
Bad debt provision	3,478,980	(385,060)
Loss from long-term investment due to equity method	(3,100)	(196,279)
Net foreign exchange loss(gains)	2,073,254	1,177,020
Gain on disposal of property, plant and equipment	1,529,542	-
Changes in working capital	(238,147,989)	(185,282,290)
Increase(Decrease) in inventories	7,753,427	(62,447,995)
Increase in trade and other receivables	(401,937,003)	(108,955,387)
Increase in Non-current other receivables	(1,162,113)	(202,915,699)
Increase in other current assets	(201,890,595)	56,364,664
Increase in trade and other payables	375,916,972	122,050,643
Increase in other current liabilities	(16,828,677)	10,621,484
Cash Flow from Operating Activities	268,454,460	170,348,753
Income taxes paid	(63,979,139)	(57,939,954)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>204,475,322</b>	<b>112,408,800</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	14,213,385	16,613,128



Purchase of current financial instruments	-	(250,000,000)
Collection of current financial instruments	250,000,000	-
Purchase of non-current financial instruments	-	(50,000,000)
Purchase of property, plant and equipment	(1,631,128,630)	(1,485,611,947)
Disposal of property, plant and equipment	628,319	-
Purchase of intangible assets	(110,620)	(236,034)
Net decrease in amount due from related parties	-	11,531,859
Increase from Business Combination	(21,347,281)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,387,744,827)	(1,757,702,994)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(46,999,840)	(23,119,199)
Increase in borrowings	202,800,000	171,600,000
Repayment of borrowings	(171,600,000)	(141,900,000)
Increase in long-term borrowings	-	2,101,000,000
Net increase(decrease) in amount due to related parties	925,997	24,639,953
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(14,873,843)	2,132,220,754
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,198,143,348)	486,926,561
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,507,649,225	1,021,899,684
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(20,606)	(1,177,020)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	309,485,271	1,507,649,225

See accompanying notes.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023 AND JUNE 30, 2022**

**GREAT RICH TECHNOLOGY LIMITED AND SUBSIDIARIES**

**1. GENERAL INFORMATION**

Great Rich Technologies Limited (the "Company") is a limited company incorporated in Hong Kong on 11 September 2012. The largest shareholder is Mr. Zhou Yong Nan ("Mr. Zhou"). The Company's head office is located in Hong Kong and the major business of the Company is operated by subsidiaries, Jiangsu Jun Hui Optoelectronic Technology Co., Ltd., Jiang Yin Tong Li Optoelectronic Technology Co., Ltd., Jiangsu Huizhi New Material Technology Co., Ltd. and Shanghai Jianishi New material Co., Ltd in the People's Republic of China ("PRC"). The address of the subsidiaries is disclosed in Note 2.

The principal activities of the holding company are investment and controlling. The principal activities of the holding company and its subsidiaries ("The Group") are manufacturing, distribution and sales of Polyethylene base film, Complex film, Chlorinated Polypropylene base film, Polyethylene optical film, Polyethylene terephthalate optical film, Chlorinated Polypropylene optical film, AB glue, Window film, Release film and sales of plastic parts. Its market is mainly in the People's Republics of China ("PRC").

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

## 2. BASIS OF PRESENTATION AND GROUP REORGANIZATION

As of June 30, 2023, the Company have following subsidiaries:

Name of subsidiary	Location and Established date	Registered capital	Share holding	Principal activities
Jiangsu Junhui Optoelectronic Technology Co., Ltd ("Junhui") (*1)	PRC, Jul 5, 2013	HKD 950,000,000	100%	Manufacturing and sales of film
Jiangyin Tongli Optoelectronic Technology Co., Ltd ("Tongli") (*2)	PRC, Jan 18, 2002	RMB 185,000,000	100%	Manufacturing and sales of film
Jiangsu Huizhi New Material Technology Co., Ltd ("Huizhi") (*2)	PRC, Nov 9, 2018	RMB 282,685,500	69.81%	Manufacturing and sales of film
Shanghai Jianishi New material Co., Ltd ("Jianishi") (*3)	PRC, Oct 9, 1997	RMB 3,010,000	95%	sales of film
Jiang Yin Zhi Tong New Material Co., Ltd ("Zhitong") (*3)	PRC, Dec 25, 2020	RMB 22,800,000	95%	Manufacturing and sales of porous material

(\*1) Owned by the Group

(\*2) Owned by Junhui.

(\*3) Owned by Tongli.

Share holding includes the stock held by Suzhou Huiyi New Material Industry Investment, which is an associate of the group.

After entered into an agreement between Mr. Zhou and certain investors as mentioned below and the group reorganization, Mr. Zhou has acquired control as a significant shareholder.

Pursuant to the group reorganization to rationalize the structure of the Group, share of Junhui is transferred and the Company became the holding company of the Group on November 15, 2013.

The Reorganization principally involved:

- (i) Great Rich was incorporated on 11 September 2012 in Hong Kong and owned by Acota Services Limited ("Acota"). On 18 December 2012, Acota transferred its 100% shares in Great Rich to Mr. Zhou. On 8 October 2013, Mr. Zhou transferred its 100% shares in Great Rich to Stonehenge. On 21 December 2015, the Company issued 99,999,900 shares to the shareholders of Stonehenge, the amount paid on each share was HKD 0.3. Hence, the company had 100,000,000 shares and paid-in capital was HKD 30,000,070. On 31 January 2016, the Company issued 27,975,429 shares (HKD 11.12/share) to CDIB Capital Asia Partners L.P., New Advantage Holdings Limited, Soaring Elite Limited and JH Prime Success Co., Ltd. Hence, the company had 127,975,429 shares and paid-in capital was HKD 341,200,907. On 14 April, 2016, Stonehenge transferred its 100 shares (HKD 100) to Mr. Zhou. On 1 July 2016, as a result of reverse stock split, the shares decreased to 50,000,000. On 25 October 2016, the Company was listed in Korean Stock Market (KOSDAQ)

and issued 17,375,000 shares at the price of 5,000 KRW for each shares, and as a result the number of shares increased to 67,375,000.

- (ii) Junhui was incorporated on 5 July 2013 in Jiangyin, Jiangsu Province and owned by Capital Max Holdings Limited. Capital Max Holdings Limited was incorporated in Hong Kong by Mr. Xu Jingnan. On 10 October 2013, Capital Max Holdings Limited transferred its 100% shares in Junhui to Great Rich. On 20 April 2016, controlling company additionally invested USD 8.7 million in Junhui so that the share capital amounts to RMB 395 million. As a result of several capital increase, as of June 30, 2021, the Paid-in Capital amounts to RMB 766 million.
- (iii) Tongli was incorporated on 18 January 2002 in Jiangyin, Jiangsu Province and was owned by Mr. Zhou and Mrs. Pang Meixin (Mr. Zhou's wife). On 15 November 2013, Mr. Zhou and Mrs. Pang Meixin transferred their 100% shares in Tongli to Junhui for a consideration of RMB 45 million. On 26 November 2015, Tongli received additional investment from Junhui for RMB 40 million so that share capital amounts to RMB 85 million. On 16 March 2017, as a result of capital injection, Tongli's Paid-in Capital amounts to 185 million.

The Group reorganization carried out by the Group under same control so that it is not applied to IFRS 3 'Business Combination'.

The financial information of the subsidiaries as of the end of each reporting period is as follows.

<As of June 30, 2023>

(Unit: RMB)

Classification	Junhui	Tongli	Huizhi	Jianishi	Zhitong	Total
Total Asset	3,034,047,058	3,343,585,281	5,683,255,866	52,505,886	426,747,970	12,540,142,061
Total Liabilities	2,228,111,614	366,765,172	4,265,883,921	25,230,321	402,823,160	7,288,814,188
Paid-in capital	792,868,351	185,000,000	282,685,500	3,010,000	22,800,000	1,286,363,851
Total Equity	805,935,444	2,976,820,109	1,417,371,946	27,275,565	23,924,810	5,251,327,873
Sales	-	1,892,354,547	2,137,449,431	86,386,758	-	4,116,190,736
Net Income	(36,806,340)	274,988,863	73,559,720	8,471,159	(677,810)	319,535,592

<As of June 30, 2022>

(Unit: RMB)

Classification	Junhui	Tongli	Huizhi	Jianinshi	Total
Total Asset	2,343,321,582	3,076,954,321	4,121,599,827	50,779,030	9,592,654,760
Total Liabilities	1,500,579,798	375,123,075	2,777,787,601	31,974,625	4,685,465,099
Paid-in capital	792,868,351	185,000,000	282,685,500	3,010,000	1,263,563,851
Total Equity	842,741,784	2,701,831,247	1,343,812,226	18,804,406	4,907,189,663
Sales	-	2,070,245,261	205,532,339	87,215,396	2,362,992,996
Net Income	(15,761,057)	263,408,357	(14,287,496)	7,352,960	240,712,764





### 3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

To prepare consolidated financial statement, the group continuously apply new or revised standards issued by IFRS(International Financial Reporting Standard), IASB(International Accounting Standards Board) and IFRIC(International Financial Reporting Interpretations Committee).

The Group has not early applied new or revised standards that have been issued but are not yet effective.

The directors of the Company anticipate that the application of the new and revised standards, amendments or interpretations will have no significant impact on business performance and financial position of the Group.

### 4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies are set out as below.

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (or the subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

#### Revenue recognition

The Group has applied IFRS 15 'Revenue' since July 1, 2018.

The Group recognizes revenue in accordance with the following five-stage revenue recognition model from the beginning of a contract with a customer to the time when control is transferred to the customer or to the period during which the control is transferred to the customer.

The IFRS 15 revenue model has five steps.

1. Identify the contract with a customer
2. Identify all the individual performance obligations within the contract
3. Determine the transaction price
4. Allocate the price to the performance obligations
5. Recognize revenue as the performance obligations are fulfilled

Relative to previous accounting guidance, IFRS 15 may cause revenue to be recognized earlier in some cases, but later in others.

Identify the contract with a customer.

According to IFRS 15, the following criteria have to be met before a contract can be identified;

1. both parties have to approve the contract and are committed to perform;
2. and the entity can identify each party's rights and obligations in terms of the contract; and
3. there are clear payment terms in the contract, and the contract has "commercial substance".

Identify all the individual performance obligations within the contract

A good or service that is to be delivered in terms of a contract with a customer qualifies as a performance obligation if the good or service is "distinct". In this context a good or service is distinct if:

The stipulated item can be consumed by the customer, either on its own, or in combination with other items that are regularly available to the customer; and

The promise to transfer goods or services to a customer can be separately identified from

other transfers stipulated in the contract.

Determine the transaction price

In most cases the transaction price to be paid will be stipulated in the contract and quite easy to calculate; however certain circumstances require that a transaction price should be estimated by other methods.

Firstly, an entity has to measure the amount of non-cash consideration in a contract in terms of IFRS 13: fair value measurement.

Secondly, a contract can have variable consideration (for example, the transaction price is subject to settlement discount should the client pay within a certain time frame). In this case, the transaction price can be calculated by two methods:

The most likely amount: the amount that of considerations that has the highest probability of realizing will be measured as the transaction price, or

Expected value approach; in this case the weighed average of possible amounts will be measured as the transaction price.

Both of the above-mentioned are estimates, and should the estimates change, the entity will apply the change prospectively in terms of the criteria of IAS 8.

Lastly IFRS 15 requires that the entity should test for the existence of a “significant financing component” in the contract, this will occur if: “the timing of payments agreed by the parties to the contract provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer”

If the above-mentioned is applicable, the transaction price will be adjusted to eliminate the effect of this benefit. This is simply done by calculating the net present value of the payments (if the satisfaction of performance obligations is prior to the payment date), or by calculating the net future value (if the payment date is prior to the satisfaction of performance obligations). The difference (between the amount recognized after adjustment for a significant financing component and amount of consideration to be received) is simply recognized as interest income/ expense in terms of the accrual basis of accounting as mentioned in IAS 1.

Recognize revenue as the performance obligations fulfilled

An entity can recognize revenue when performance obligations have been settled, a performance obligation has been settled when the customer has received all the benefits associated with the performance obligation, and is able to use and enjoy the asset to his or her own discretion.

Performance obligations settled over time

The performance obligations will be settled in the measure of progress towards completion, the measure of progress can be either based on the inputs (in the case of manufactured goods), or the output method.

### Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### The Group as lessee

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

To the extent that lease payments are reliably distributed, land under operating lease is presented in the consolidated statements of financial position as "prepaid lease assets" and amortized over the lease term on a straight-line basis.

### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

### Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.



### Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period

and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### Current and deferred tax for the year

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### Intangible asset

##### Intangible asset acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

##### Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the

sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

#### Impairment of tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as profit or loss immediately.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

## Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or losses are recognised immediately in profit or loss.

## Financial assets

All regular-way purchases or sales of financial assets are recognized and derecognized on a trade-date basis. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured at amortized cost or fair value, depending on the classification of the financial asset.

### 1) Classification of financial assets

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI, as described above, are measured at FVTPL.

Notwithstanding the foregoing, at initial recognition of a financial asset, the Group may make the following irrevocable choices or designations:

- If a particular requirement is met (see 1-3) below), the Group may choose to present in OCI subsequent changes in the fair value of the equity instrument.
- If an item is designated as at FVTPL, a debt instrument that meets the requirements of an

amortized cost measurement financial asset or a FVOCI may be designated as at FVTPL if the accounting mismatch is removed or significantly reduced (see 1-4) below).

There are no debt instruments designated as at FVTPL that meet the requirements of amortized cost financial assets or FVOCI during the current period.

#### 1-1) Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and allocating interest income over the relevant period. Except for financial assets that are credit impaired at the time of acquisition, effective interest rate is the rate at which the present value of the expected future cash receipts, including the fees and points paid or received (if appropriate) and the principal component of the effective interest rate, transaction costs and other premiums or discounts, is exactly the same as the gross carrying amount at initial recognition, without taking into account ECLs. For financial assets that are credit impaired at the time of acquisition, the credit-adjusted effective interest rate is calculated by discounting the present value of expected cash flows taking into account ECLs to amortized cost at initial recognition.

The amortized cost of a financial asset is the amount of the loss allowance adjusted for the amount of principal repayable at initial recognition, plus the accumulated amortization calculated by applying the effective interest method to the difference between the initial recognized amount and the maturity amount. The total carrying amount of a financial asset is the amortized cost of the financial asset before adjusting the loss allowance.

Interest income is recognized using the effective interest method for debt instruments that are subsequently measured at amortized cost and at FVOCI. Except for financial assets that are credit impaired at the time of acquisition, interest revenue is calculated by applying the effective interest rate to the total carrying amount of the financial asset (except for financial assets that are subsequently credit impaired). Subsequently, for credit-impaired financial assets, interest revenue is recognized using the effective interest rate at the amortized cost of the financial asset. If the credit risk of the credit-impaired financial instrument improves in subsequent reporting periods and the financial asset is no longer impaired, interest revenue is recognized by applying the effective interest rate to the total carrying amount of the financial asset. Subsequently, an entity does not change the calculation of interest revenue to the gross carrying amount even if the credit risk of the financial asset improves and the financial asset is no longer impaired.

For financial assets that are credit impaired at the time of acquisition, interest income is recognized using the credit-adjusted effective interest rate at amortized cost of the financial asset from initial recognition.

Interest income is recognized in profit or loss and is accounted for as 'Finance income.'

#### 1-2) Debt instruments classified as FVOCI

Fair value is determined by the method described in Note 36. At initial recognition, the debt instrument is measured by adding transaction costs to its fair value. Subsequently, changes in the carrying amount of the debt instrument resulting from foreign currency translation gains and losses (returns) and interest income under the effective interest method are recognized in



profit or loss. The amount recognized in profit or loss is the same amount that would have been recognized in profit or loss if the debt instrument had been measured at amortized cost. Except this, all changes in the carrying amount of the debt instrument are recognized in OCI and are accumulated in valuation gains and losses. When a debt instrument is derecognized, the cumulative gain or loss recognized in OCI is reclassified to profit or loss.

#### 1-3) Equity instruments designated as at FVOCI measurement items

At initial recognition, the Group may make an irrevocable choice (by instrument) to designate its investment in equity instruments as at FVOCI. If the equity instrument is held for trading or is a contingent consideration recognized by the acquirer in a business combination, the designation as at FVOCI is not permitted.

Financial assets are held for trading if:

- they are acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- on initial recognition, they are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or
- they are a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVOCI are initially recognized by adding transaction costs. They are subsequently measured at fair value with gains or losses arising from changes in fair value recognized in OCI and accumulated in valuation gains and losses. Accumulated profit or loss is not reclassified to profit or loss at the time the equity instruments are disposed of, but is replaced by profit or loss.

If a dividend on an investment in an equity instrument does not clearly represent a recovery of the investment cost, that dividend is recognized in profit or loss in accordance with K-IFRS 1109. Dividends are counted as 'finance gain.'

#### 1-4) Financial assets measured at FVTPL

Financial assets that do not meet the measurement requirements at amortized cost or FVOCI are measured at FVTPL.

- If equity instruments that are not held for trading are not designated as at FVOCI at initial recognition, those equity instruments are classified as at FVTPL (see 1-3) above).
- Debt instruments that do not meet the requirements of amortized cost measurement items or FVOCI are classified as at FVTPL. In addition, if the designation as at FVTPL results in the measurement or recognition of an asset or liability on a different basis (i.e., an accounting mismatch) being eliminated or significantly reduced, a liability instrument that meets the requirements of an amortized cost measurement item or FVOCI may be designated as at FVTPL on initial recognition.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period and gains or losses on changes in fair value less costs to sell are recognized in profit or loss, excluding those designated as hedging relationships.

Net profit or loss recognized in profit or loss includes dividends obtained from financial assets

and is counted as 'finance income.' On the other hand, interest income from financial assets measured at FVTPL is counted as 'finance income-interest income.' Fair value is determined by the method described in Note 36.

## 2) Foreign currency translation gains and losses

The carrying amount of a financial asset denominated in a foreign currency is determined in a foreign currency and translated into spot exchange at the end of the reporting period.

- For financial assets measured at amortized cost (excluding those designated as hedging relationships), the exchange rate difference is recognized in profit or loss in the 'financial gains and losses' line item.

- For debt instruments measured at FVOCI (excluding those designated as hedging relationships), the exchange rate difference of amortized cost of debt instruments is recognized in profit or loss in the 'financial gains and losses' line item. Excluding these, the difference in exchange rates is recognized in OCI in the accumulated valuation gains and losses.

- For financial assets measured at FVTPL (other than those designated as hedging relationships), the exchange rate difference is recognized in profit or loss in the 'financial gains and losses' line item.

- For equity instruments measured at FVOCI, accumulated gains and losses are recognized in OCI.

## 3) Impairment of financial assets

The Group applies a forward-looking ECL model for debt instruments, lease receivables, contractual assets, loan commitments and financial guarantee contracts.

The Group recognizes loss allowances measured on either of the 12-month or lifetime ECL based on the extent of increase in credit risk since inception.

The Group has chosen to measure the loss allowance at an amount equal to lifetime ECLs for the trade receivables, contract assets and lease receivables that contain a significant financing component.

## 4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognized in its consolidated statements of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

When an entity derecognizes a financial asset measured at amortized cost, the difference between the carrying amount of the asset and the sum of the consideration received or receivable is recognized in profit or loss. If an investment in a debt instrument measured at FVOCI is eliminated, the cumulative amount of profit or loss previously recognized is reclassified to profit or loss. On the other hand, investments in equity instruments designated at FVOCI at initial recognition are not reclassified to profit or loss, but are replaced by retained

earnings.

### Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

#### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

#### *Financial liabilities*

Financial liabilities including trade and other payables, amount due to a shareholder and borrowings are subsequently measured at amortised cost, using the effective interest method.

#### *Derecognition*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of the ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## 5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

### Depreciation of building, machinery and equipment

The Group reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. The cost of building, machinery and equipment is depreciated on a straight-line basis over the assets' estimated useful lives. The directors of the Company estimate the useful lives of these buildings, machinery and equipment to be within 3 to 20 years. These are the life expectancies usually applied in the same industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of plant and machinery as at June 30, 2023 and June 30, 2022 were RMB 1,192,966,840 and RMB 439,219,733 respectively.

### Estimated impairment of trade and other receivables

When there is objective evidence of impairment of trade receivables, advanced payments to suppliers and other receivables, the Group assesses impairment and takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash collection (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The aggregate carrying amount of trade receivables and other receivables as of June 30, 2023 was RMB 1,364,873,911 (June 30, 2022: RMB 965,253,776), which is deducted from provision of RMB 7,006,040 (June 30, 2022: RMB 3,527,059).

### Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly in response to both competitor's actions and market conditions.

### Deferred tax

The feasibility of a deferred tax asset is mainly determined by whether future taxable income or temporary differences in taxation are sufficient. Deferred tax assets may be significantly reduced if the actual income does not meet the expected income. The amount deducted is recognized in the consolidated statement of comprehensive income during the period in which they are incurred. As of June 30, 2023, the carrying amount of deferred tax assets is RMB 3,313,780 (June 30, 2022: RMB 9,135,888).

## 6. CASH AND DEPOSITS

### (1) Cash and cash equivalents

The Group's cash and cash equivalents consist of cash and short-term financial instruments with a maturity of less than three months at the time of acquisition. As of June 30, 2022, the interest rate is 0.3~0.35% (June 30, 2021: 0.3~0.35%) annually.

### (2) Pledged deposits

There is no pledged deposit as of June 30, 2023.

## 7. FINANCIAL INSTRUMENTS

For the year ended June 30, 2023, Financial Instruments are as follows.

(Unit: RMB)

Institution	Subscription	Expiration	Interest	Amount	Description
Current					
Nanjing Bank	2021-09-01	2023-09-01	2.50%	50,000,000	Fixed deposit
total				50,000,000	

## 8. TRADE AND OTHER RECEIVABLES

(1) As of June 30, 2023 and June 30, 2022, the trade and other receivables are as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
[Current]		
Trade receivables	1,140,347,885	707,966,494
Other receivables	20,448,215	54,371,583
Total	1,160,796,100	762,338,077
[Current]		
Trade receivables	-	-
Other receivables	204,077,811	202,915,699
Total	204,077,811	202,915,699

(2) The following is an aging analysis of trade receivables at the end of the reporting years.

(Unit: RMB)

	June 30, 2023	June 30, 2022
0 - 90 days	1,131,173,473	639,609,663
91~180 days	16,031,695	71,874,933
181 days ~1 year	148,757	8,958
Over 1 year	-	-
Total	1,147,353,925	711,493,554

(3) The changes in bad debt provision for account receivable are as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Beginning amount	3,527,059	3,912,120
Bad debt expense	3,478,981	-
Reverse of Bad debt provision	-	(385,060)
Ending amount	7,006,040	3,527,060

(4) As of the end of the reporting period, no account receivables have been pledged as collateral for financial transactions.

## 9. INVENTORY

(Unit: RMB)

	June 30, 2023	June 30, 2022
Raw Material	60,374,648	64,787,850
Finished goods	54,523,115	58,308,837
Work In Progress	3,555,713	3,110,217
total	118,453,476	126,206,904

## 10. OTHER CURRENT ASSETS

As of June 30, 2023 and June 30, 2022, other current assets are as follow.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Prepayments	9,707,907	8,135,546
VAT receivable	200,733,229	841,447
Other	678,523	252,070
Total	211,119,658	9,229,063

## 11. INVESTMENT IN ASSOCIATES

(1) The list of investment in associates are as follows:

(Unit: RMB)

Company	June 30, 2023			Location	Industry
	Share Ratio	Acquisition Cost	Book Value		
Suzhou Huiyi New Material Industry Investment Partnership Enterprise (Limited Partnership)	48.08%	62,500,000	62,228,739	China	Investment

Company	June 30, 2022			Location	Industry
	Share Ratio	Acquisition Cost	Book Value		
Suzhou Huiyi New Material Industry Investment Partnership Enterprise (Limited Partnership)	48.08%	62,500,000	62,225,639	China	Investment

Suzhou Huiyi New Material Industry Investment Partnership Enterprise (Limited Partnership) (referred to as "Suzhou Huiyi New Material") is a corporation established to invest in Huizhi, a subsidiary of the Group. Zunhui, a subsidiary of the Group, invested RMB 625,000,000 to Suzhou Huiyi New Material and had 48.08% of shares. Meanwhile, the Suzhou Huiyi new material invested RMB 1,170,000,000, which is 90% of the capital RMB 1,300,000,000, to Huizhi New Material. As for RMB 562,500,000, which was re-invested in Huizhi New Material by Zunhui, it was classified as investment in subsidiary, and as for RMB 62,500,000, which was not re-invested; it was classified as investment in associates.

(2) The details of the changes in investment during the reporting period are as follows.

(June 30, 2023)

(Unit: RMB)

Company	Opening Balance	Acquisition cost	Equity method Gain (Loss)	Changes in capital	Ending Balance
Suzhou Huiyi New Material Industry Investment Partnership Enterprise (Limited Partnership)	62,225,639	-	3,100		-62,228,739

(June 30, 2022)

(Unit: RMB)

Company	Opening Balance	Acquisition cost	Equity method Gain (Loss)	Changes in capital	Ending Balance
Suzhou Huiyi New Material Industry Investment Partnership Enterprise (Limited Partnership)	62,029,360	-	196,279		-62,225,639

(3) The summary of financial information of the associates during the reporting period is as follows.

(June 30, 2023)

(Unit: RMB)

Company	Total Assets	Total Liability	Revenue	Net Profit (loss)
Suzhou Huiyi New Material Industry Investment Partnership Enterprise (Limited Partnership)	1,299,436,786	1,010	-	6,448

(June 30, 2022)

(Unit: RMB)

Company	Total Assets	Total Liability	Revenue	Net Profit (loss)
Suzhou Huiyi New Material Industry Investment Partnership Enterprise (Limited Partnership)	1,299,431,328	2,000	-	408,260

The Group consigns above investment rights to Jiangyin Aimuke Optoelectronic Material Co. Ltd.



## 12. PROPERTY, PLANT AND EQUIPMENT

The breakdown of Property, Plant and Equipment as of June 30, 2020 and June 30, 2020 are as follows.

(Unit: RMB)

	Building(*1)	Machinery & Equipment(*1)	Motor vehicles	Electronic & other facilities	construction in progress	Total
[AcquisitionCost]						
Jul 1, 2021	437,066,784	693,622,312	6,772,151	18,405,387	2,081,260,360	3,237,126,994
- Additions	-	2,827,013	1,878,540	490,438	1,483,163,189	1,488,359,180
- Government subsidy	-	-	-	-	-	-
- Transfer	-	62,979,717	41,504	268,327	(63,289,549)	-
- Disposals	-	-	-	-	-	-
Jun 30, 2022	437,066,784	759,429,043	8,692,195	19,164,152	3,501,134,000	4,725,486,174
- Additions	129,706,422	344,297,678	309,311	1,866,426	1,316,936,983	1,793,116,820
- Government subsidy	-	-	-	-	-	-
- Transfer	668,612,753	459,437,916	405,664	1,880,980	(1,130,337,313)	-
- Disposals	-	(35,288,609)	(19,743)	(920,001)	-	(36,228,353)
Jun 30, 2023	1,235,385,959	1,527,876,027	9,387,427	21,991,558	3,687,733,670	6,482,374,642
[Depreciation]						
Jul 1, 2021	125,268,566	276,350,128	3,814,760	14,460,817	-	419,894,271
- Depreciation	22,315,905	43,859,182	1,191,852	1,599,944	-	68,966,884
- Disposals	-	-	-	-	-	-
Jun 30, 2022	147,584,471	320,209,310	5,006,612	16,060,761	-	488,861,155
- Depreciation	34,658,933	47,877,969	1,486,093	1,207,449	-	85,230,444
- Disposals	-	(33,178,091)	(18,756)	(873,646)	-	(34,070,493)
Jun 30, 2023	182,243,405	334,909,188	6,473,950	16,394,564	-	540,021,106
[Carrying Amount]						
Jul 1, 2021	311,798,218	417,272,184	2,957,391	3,944,570	2,081,260,360	2,817,232,723
Jun 30, 2022	289,482,313	439,219,733	3,685,583	3,103,391	3,501,134,000	4,236,625,019
Jun 30, 2023	1,053,142,555	1,192,966,840	2,913,477	5,596,994	3,687,733,670	5,942,353,536

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis with 5% residual value at the following rates per annum:

Buildings 4.75%

Machinery & equipment 9.5%~31.67%

Motor vehicles 9.5%~31.67%

Electronic & other facilities 9.5%~31.67%

(\*1) As of June 30, 2023, the mortgaged PPE (building, machinery & equipment, CIP) outstanding book value amount is RMB 1,061,144,765 (June 30, 2022 : RMB 1,126,069,732).

### 13. RIGHT OF USE ASSETS

(1) The breakdown of right of use assets As of June 30, 2023 and June 30, 2022 are as follows.

(June 30, 2023)

(Unit: RMB)

	Beginning	Cost	Amortized (Accumulated)	Ending
Right of use asset	125,450,801	(15,077,086)	-	110,373,715
Government subsidy	(20,570,000)	1,851,300	-	(18,718,700)
Total	104,880,801	(13,225,786)	-	91,655,015

(June 30, 2022)

(Unit: RMB)

	Beginning	Cost	Amortized (Accumulated)	Ending
Right of use asset	93,057,904	-	(2,066,819)	90,991,085
Government subsidy	(19,541,500)	-	411,400	(19,130,100)
Total	73,516,404	-	(1,655,419)	71,860,985

The amounts represent the prepayment of rentals for land use right located in the PRC and the lease term is 50 years.

(2) As of June 30, 2023, the mortgaged right of use assets outstanding book value amount is RMB 67,076,977(June 30, 2022 : RMB 71,860,985).

### 14. INTANGIBLE ASSETS

(1)The breakdown of intangible assets As of June 30, 2023 and June 30, 2022 are as follows.

(June 30, 2023)

(Unit: RMB)

	Cost	Amortized (Accumulated)	Impairment (Accumulated)	Book Value
Goodwill	82,677,635	-	(39,720,283)	42,957,352
Trademark	74,752	(18,688)	-	56,064
Software	3,670,393	(1,637,944)	-	2,032,449
Construction in Progress (CIP)	-	-	-	-
Total	86,422,780	(1,656,632)	(39,720,283)	45,045,865

(June 30, 2022)

(Unit: RMB)

	Cost	Amortized (Accumulated)	Impairment (Accumulated)	Book Value
Goodwill	82,210,083	-	(35,141,488)	47,068,595
Trademark	74,752	(11,213)	-	63,540
Software	3,559,773	(969,757)	-	2,590,017
Construction in Progress (CIP)	-	-	-	-
Total	85,844,609	(980,969)	(35,141,488)	49,722,152

(2) The breakdown of intangible assets As of June 30, 2023 and June 30, 2022 are as follows.  
changes in prepaid lease payments in the period are as follow.

(June 30, 2023)

(Unit: RMB)

	Beginning	Acquisition	Amortization	Impairment	Increase from Business Combination	Ending
Goodwill	47,068,595	-	-	(4,578,795)	467,551	42,957,351
Trademark	63,540	-	(7,475)	-	-	56,065
Software	2,590,017	110,619	(668,188)	-	-	2,032,449
Total	49,722,152	110,619	(675,663)	(4,578,795)	467,551	45,045,865

(June 30, 2022)

(Unit: RMB)

	Beginning	Acquisition	Amortization	Impairment	Increase from Business Combination	Ending
Goodwill	47,068,595	-	-	-	-	47,068,595
Trademark	71,015	-	(7,475)	-	-	63,540
Software	2,971,018	236,034	(617,036)	-	-	2,590,017
Total	50,110,629	236,034	(624,511)	-	-	49,722,152

(3)The value of good will.

(Unit: RMB)

Subsidy	Cost	Impairment loss	Book value	Assumptionbasis	Projectiong Method
Jianishi	82,210,083	(39,720,283)	42,489,800	Value in use	DCF method
Zhitong	467,551	-	467,551	Value in use	DCF method
Total	82,677,634	(39,720,283)	42,957,351	Value in use	DCF method

## 15. TRADE AND OTHER PAYABLES

As of June 30, 2023 and June 30, 2022, other current assets are as follow.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Trade payable / Note payable	640,028,842	331,822,176
Other payables	223,971,682	45,206,748
Accrual expense	71,996,675	27,371,967
Payroll payables	13,670,333	7,361,479
Total	949,667,532	411,762,370

The aging analysis of trade and notes payables is as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
0 - 90 days	612,308,046	306,616,665
91~180 days	20,212,932	16,952,436
181 days ~1 year	7,507,864	8,253,075
total	640,028,842	331,822,176

## 16. BORROWINGS

(1) As of June 30, 2023 and June 30, 2022, Bank borrowings are as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Secured bank borrowings	1,641,300,000	1,610,100,000
Un-secured bank borrowings	1,300,000,000	1,300,000,000
Total	2,941,300,000	2,910,100,000

Borrowings are denominated in Chinese Yuan and fixed interest rates. The annual effective interest rates for year ended June 30, 2023 are 3.00% ~ 4.80% (June 30, 2022: 2.00% ~ 5.22%).

(2) As of June 30, 2023 and June 30, 2022, short-term bank borrowings are as follows.

(Unit: RMB)

Bank	Interest rate	June 30, 2023	June 30, 2022
Bank of Communications	5.22%	-	98,500,000
Industrial and commercial Bank of China	4.78~4.79%	35,300,000	35,600,000
Industrial Bank Co., Ltd	3.75%	-	30,000,000
Agricultural Bank	4.80%	130,000,000	-
Construction Bank of China	4.50%	30,000,000	-
Total		195,300,000	164,100,000

(3) As of June 30, 2023 and 2022, long-term bank borrowings are as follows.

(Unit: RMB)

Bank	Interest rate	June 30, 2023	June 30, 2022
Bank of Contructions	4.65%	400,000,000	400,000,000
Bank of Nanjing	4.65%	200,000,000	200,000,000
Agricultural bank of China	4.65%	100,000,000	100,000,000
Bank of Hwaha	4.65%	100,000,000	100,000,000
Bank of JIangsu	4.65%	250,000,000	250,000,000
Bank of Suzhou	4.65%	100,000,000	100,000,000
Bank of China	4.65%	100,000,000	100,000,000
Bohai Bank	4.65%	196,000,000	196,000,000
Ju Hae Kyuk Yoon Industrial Co., Ltd	2.0~3.0%	500,000,000	500,000,000
Kim Seok Manufacturing	2.0~3.0%	500,000,000	500,000,000
Haenam Hwa-gon Start-up Investment	2.0~3.0%	300,000,000	300,000,000
Total		2,746,000,000	2,746,000,000
(-) Transfer to current		(1,300,000,000)	-
Total		1,446,000,000	2,746,000,000

(4) As of June 30, 2023 and 2022, bank borrowings that are mortgaged by Land use right and PPE are as follows.

(Unit: RMB)

Classification	June 30, 2023	June 30, 2022
Land use right and P.P.E (*1, *2)	1,641,300,000	1,610,100,000

(\*1) Buildings and machinery are provided as collaterals. And, Zhou Yongnan and Pang Meixin had guaranteed the borrowings for the Group.

(\*2) The Group pledged buildings, machines and land to secure bank borrowings and the relevant carrying amount of pledged assets refer to related notes.

## 17. DEFERRED REVENUE

As of June 30, 2023 and June 30, 2022, deferred revenue is as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Current: within one year	689,788	1,110,796
Non-current: more than one year	2,400,000	2,938,888
Total	3,089,788	4,049,684

## 18. OTHER CURRENT LIABILITIES

As of June 30, 2023 and June 30, 2022, other current liabilities are as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Value-added tax	4,079	12,058,888
Other taxes liabilities	1,620,606	2,354,015
Advance	2,294,685	6,335,144
Total	3,919,370	20,748,047

## 19. PAID-IN CAPITAL

As of June 30, 2023 and June 30, 2022, paid-in capital is as follows.

(Unit: shares, RMB)

	June 30, 2023	June 30, 2022
Number of Shares issued (*1)	67,375,000 shares	67,375,000 shares
Paid-in Capital (Common stock) (*2)	770,089,223	770,089,223

(\*1)As the company was listed on the KOSDAQ market in Korea on October 25, 2016, 17,375,000 shares were issued through a public offering, resulting in 67,375,000 shares.

(\*2) There is no face value per share according to Hong Kong Company Act that came into effect on March 3, 2014.

## 20. CAPITAL SURPLUS

As of June 30, 2023 and June 30, 2022, capital surplus is as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Capital surplus occurred in capital trading when it converted to equity at December 21, 2015.	84,531,379	84,531,379
Capital surplus arising from the third party's capital increase of Ji angsu Huizhi	325,682,042	325,682,042
Total	410,213,421	410,213,421

## 21. RETAINED EARNINGS

As of June 30, 2023 and June 30, 2022, retained earnings are as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Legal Reserves(*1)	103,887,903	92,967,757
Retained Earnings	2,537,799,006	2,261,941,832
Total	2,641,686,909	2,354,909,589

## 22. NON-CONTROLLING INTERESTS

Net income and capital of subsidiaries allocated to non-controlling interests and the changes of non-controlling party interests for current year are as follows.

(June 30, 2022)

(Unit: RMB)

Company	Equity Ratio	Opening Balance	Changed in current period	The current net profit attributable to Non-controlling interest	Ending Balance
Jiangsu Huizhi New Material Technology Co., Ltd.	30.19%	405,696,911	-	22,207,679	427,904,590
Shanghai Jianishi New material Co., Ltd	5.00%	940,220	-	423,558	1,363,778
Jiangyin Zhitong New material Co., Ltd	5.00%	-	1,230,131	(33,890)	1,196,241
Total		406,637,131	1,230,131	22,597,347	430,464,609

(June 30, 2021)

(Unit: RMB)

Company	Equity Ratio	Opening Balance	Changed in current period	The current net profit attributable to Non-controlling interest	Ending Balance
Jiangsu Huizhi New Material Technology Co., Ltd.	30.19%	410,010,306	-	(4,313,395)	405,696,911
Shanghai Jianishi New material Co., Ltd	5%	572,572	-	367,648	940,220
Total		410,582,878	-	(3,945,747)	406,637,131

## 23. Revenue

For the year ended June 30, 2023 and 2022, Revenue are as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Sales of film – Semiconductor	261,738,090	87,660,915
Sales of film – Chemical	271,062,127	268,968,365
Sales of film – Home product	439,274,371	218,934,348
Sales of film – Secondary battery	771,833,936	431,715,292
Sales of film – vehicle	1,614,885,334	797,186,723
Sales of film – Display	673,831,285	501,816,736

	June 30, 2023	June 30, 2022
Others	9,014,135	4,253,716
total	4,041,639,278	2,310,536,095



## 24. SEGMENT INFORMATION

The Group requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") for the purpose of allocating resources to segments and assessing their performance.

The Group operates in the PRC and mainly engaged in production and sales of film goods. The CODM regularly reviews the information of the Group as a whole. No segment information is necessary to present according to IFRS 8.

### Regional Disclosure

More than 99% of sales of the Group occurred in PRC, and all of the non-current assets are located in PRC.

### Major Client

Two major customers account for more than 10% of total revenue on a consolidated basis during the current period, accounting for 21% and 18% of total revenue respectively.

## 25. DISTRIBUTION AND SELLING EXPENSES

For the year ended June 30, 2023 and 2022, distribution and selling expenses are as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Transportation expense	36,810,927	25,635,936
Sales Commissions	11,370,591	5,648,502
Wages and Benefits	5,894,803	5,215,217
Advertising expense	628,875	810,912
Vehicle expense	341,381	1,271,258
Travel expense	660,470	598,506
Entertainment expense	1,417,360	2,305,559
Fee	1,510,400	-
Others	2,719,788	1,892,479
total	61,354,595	43,378,369

## 26. ADMINISTRATIVE EXPENSES

For the six-months ended June 30, 2023 and 2022, administrative expenses are as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Office expenses	8,434,463	9,174,693
Depreciation of PPE	15,559,877	15,553,476
Amortization of Intangible assets	675,663	624,511
Amortization of Right of use assets	2,315,833	1,655,419
Wages and Employ benefits	42,371,517	37,716,630
Professional fee	10,121,442	10,357,645
Travel expense	1,434,671	1,453,591
Other taxes	11,329,727	11,266,399
Insurance expense	881,084	1,150,363
R&D materials	58,820,924	27,681,448
Bank charges	368,962	1,087,154
Bad debt provision	3,478,981	(385,060)
Entertainment expense	2,327,824	594,942
Car maintenance expense	1,166,130	-
Rental expense	271,538	386,625
Others	4,035,366	1,119,435
Total	163,594,002	119,437,271

## 27. FINANCIAL INCOME

For the year ended June 30, 2023 and 2022, financial income is as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Interests income	14,213,386	16,251,969
Exchange Gains	11,887	361,159
Total	14,225,273	16,613,128

## 28. FINANCIAL COST

For the year ended June 30, 2023 and 2022, financial cost is as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Financial Cost		
- Bank Borrowings	46,999,840	23,106,948
Exchange Losses	2,105,748	1,177,020
Total	49,105,588	24,283,968

## 29. OTHER INCOME

For the year ended June 30, 2023 and 2022, other incomes are as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Government Grant (*1)	2,656,887	3,818,617
Rental Income (*2)	482,506	387,808
Others	61,625	937,362
Total	3,201,018	5,143,786

(\*1) Government grants represent the incentive and technological innovation grants received from the PRC local district authorities. There is no additional constraint to use the grants.

(\*2) Rent out the building to Jiangyin Suda Huicheng Composite Material Co., LTD.

## 30. OTHER EXPENSES

For the year ended June 30, 2023 and 2022, other expenses are as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Donation	971,093	670,379
Depreciation of rental assets	844,503	844,799
Loss from sell of PPE	1,529,542	-
Impairment loss on Goodwill	4,578,795	-
Others	39,308	144
Total	7,963,241	1,515,322

### 31. EXPENSES BREAKDOWN

For the year ended June 30, 2023 and 2022, the expenses breakdown are as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Changes in inventory	(7,753,428)	62,447,995
Materials purchased	3,177,252,131	1,606,068,136
Tax expenses	2,605,250	11,266,399
Depreciation of property, plant and equipment	85,230,444	68,122,085
Amortization of intangible assets	675,663	624,511
Amortization of right of use assets	2,315,833	1,655,419
Professional fee	11,631,842	10,357,645
Office expense	8,434,463	9,174,693
Electric and steam expense	47,862,476	40,201,094
Advertising expense	628,875	810,912
Transportation expense	36,810,927	25,635,936
Sales commissions	11,370,591	5,648,502
Salaries and Employee benefits	118,364,320	89,727,077
Package and R&D materials	104,233,314	69,595,102
Repairing expense	7,942,921	15,275,151
Vehicle expense	1,507,511	1,271,258
Entertainment expense	3,745,184	2,900,501
Travel expense	2,095,141	2,052,097
Insurance expense	881,084	1,150,363
Bad debt provision	3,478,981	(385,060)
Others	7,810,442	4,696,905
Total	3,627,123,965	2,028,296,721

### 32. EMPLOYEE BENEFITS

For the year ended June 30, 2023 and 2022, the employee benefits are as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Short-term employee salaries	125,497,148	83,387,045
Retirement benefits	7,004,986	2,653,323
total	132,502,134	86,040,367

Employees of the Chinese subsidiaries of the Group are affiliated with the Chinese government's state retirement fund, and the subsidiary reserves a certain percentage of the employee's salary in the retirement fund operated by the local government. The obligation of the Group to the Retirement Fund is to pay a certain amount to the Retirement Fund.

### 33. DIRECTORS' EMOLUMENTS

For the year ended June 30, 2023 and 2022, the employee benefits are as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Directors' emoluments	1,796,335	1,928,757
Retirement benefits	30,192	24,498
total	1,826,527	1,953,255

### 34. INCOME TAX EXPENSE

(1) For the year ended June 30, 2023 and 2022, income tax expenses are as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Current tax:		
PRC enterprise income tax	59,679,100	48,858,025
Deferred tax:		
Changes in current year	5,822,108	(4,390,099)
Total	65,501,208	44,467,926

The Company was incorporated in Hong Kong and hasn't have any taxable income subject to Hong Kong Profits Tax since its incorporation.

(2) For the year ended June 30, 2023 and 2022, the relation of Net income before tax and Income tax expense as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Net income before tax	374,875,875	278,393,276
Income tax expense calculated at 25%tax rate(*1)	93,718,969	69,598,319
Tax reduction effect by applying special tax rate(*2)	(38,202,313)	(30,789,092)
Tax effect of expenses not deductible for tax(*3)	28,504	161,678
Income tax on net loss before tax of holding company (*4)	1,395,532	1,696,854
Income tax effect on accumulated loss not realizable	8,930,600	3,940,264
Others	(370,085)	(140,098)
Income tax expense	65,501,208	44,467,926

(\*1) The applicable income tax rates of Group represented the Enterprise Income Tax of the PRC in which the Group's operations are substantially based.

(\*2) Tongli is certified as High and New Technology Enterprise and entitled to a special tax rate of 15% for three years since 1 January 2019.

(\*3) The amounts mainly represent the tax effect of non-deductible expenses incurred by Junhui, Tongli, Huizhi and Jianishi such as entertainment expenses exceeding the taxable limits and unpaid social insurance expense for the year ended June 30, 2023 and 2022.

(\*4) As Great Rich was a holding company incorporated in Hong Kong and the amounts mainly represent the tax loss that was non-deducted in the future.

(3) The movements in deferred tax assets and deferred tax liabilities during the periods are as follows.  
(Unit: RMB)

	Deferred Income Tax Asset						Total
	Deferred Revenue	Accrued Expenses	Depreciation /amortization	Provision	Accumulated Loss	etc	
July 1, 2021	546,599	1,623,711	(1,424,084)	578,315	3,198,546	222,702	4,745,789
Accrued amount	(76,619)	-	(173,611)	(64,960)	4,762,499	(57,210)	4,390,099
June 30, 2022	469,980	1,623,711	(1,597,695)	513,355	7,961,045	165,492	9,135,888
Accrued amount	(111,735)	642,173	1,509,706	98,793	(7,961,045)	-	(5,822,108)
June 30, 2023	358,244	2,265,884	(87,989)	612,148	-	165,492	3,313,780

In accordance with China's corporate tax law, withholding taxes are levied on dividends received from subsidiaries in China on or after January 1, 2008.

As of the end of the reporting period, the Group does not recognize deferred tax in the consolidated financial statements for temporary differences in the cumulative profits of subsidiaries in China. We believe that the Group could control a lapse time of the temporary difference so that it is unlikely to be important on withholding tax on temporary differences to be lapsed in the foreseeable future.

### 35. EARNINGS PER SHARE

(1) Earnings per share are as below.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Basic earnings per share	4	4

(2) Net Income and weighted average shares

The net income and weighted average number of common shares used for calculating basic earnings per share are as follows.

(Unit: RMB)

Classification	June 30, 2023	June 30, 2022
Net income contribute to shareholders	286,777,320	237,871,097

(Unit: share)

Classification	June 30, 2023	June 30, 2022
weighted average number of common shares(*1)	67,375,000	67,375,000

(\*1) The Group was listed on the KOSDAQ market in South Korea on October 25, 2016, and the total number of shares was 67,375,000 shares through public offering.

(3) The Group does not have any potential diluted securities, so the basic EPS and diluted EPS for the period are the same.

### 36. CAPITAL RISK MANAGEMENT

The management of the Group manages the company's capital structure so that shareholders' interests are maximized by maintaining the proper balance between debt and capital, and the subsidiaries of the group will be able to continue as a going concern.

The Group's capital structure consists of bank loans after deducting cash and cash equivalents, related party borrowings, financial lease liabilities and capital (capital, capital surplus and retained earnings) attributable to controlling shareholder.

Management regularly reviews the capital structure. As part of this review, management makes decisions based on the balance of capital against additional borrowings or repayment of existing debt, taking into account the cost of capital and related risks of each stock type.

### 37. FINANCIAL INSTRUMENTS

(1) As of June 30, 2023 and June 30, 2022, categories of financial instruments are as follows.

(Unit: RMB)

	June 30, 2023	June 30, 2022
Financial assets:		
Amortized cost_ Financial assets	1,724,359,182	2,772,903,001
Financial liabilities:		
Amortized cost_ Financial liabilities	3,920,743,344	3,348,638,931

(2) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, trade and other payables, amount due from/to a shareholder/a director/a related party, bank borrowings and cash and cash equivalents. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk, market risk (interest rate risk and currency risk) and liquidity risk. The policies on how to mitigate these risks are set out as below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(3) Market Risk

1) Foreign currency risk

The Company has foreign currency bank balances in USD, HKD and KRW and borrowings in USDAs of June 30, 2023 and June 30, 2022.

All of the above currencies are significant foreign currency held by the Group and the Group is exposed to currency risk. The Group does not have a policy for hedging currency risk.



The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities As of June 30, 2023 and June 30, 2022 are as follows.

(Unit: USD, HKD, KRW)

	Assets		Liabilities	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
USD	396,468	1,315,526	4,865,399	6,248,225
HKD	1,449	1,805,431	-	-
KRW	60,328,241	18,240	704,405,965	3,564,845

#### Sensitivity analysis

The Group is mainly exposed to fluctuation in exchange rate of USD, HKD and KRW.

The following table details the Group's sensitivity to a 5% increase and decrease in Renminbi against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates.

A negative amount is the effect of increasing after-tax profits if the renminbi appreciates, and when weakening of Renminbi against foreign currency, there would be an equal and opposite impact on the profit.

(Unit: RMB)

	USD		HKD		KRW	
	Jun 30, 2023	Jun 30, 2022	Jun 30, 2023	Jun 30, 2022	Jun 30, 2023	Jun 30, 2022
Gain / Loss	(1,372,393)	(1,406,976)	57	65,620	(150,428)	(777)

This is mainly attributable to the exposure arising from USD, HKD and KRW denominated bank balances, borrowing and amount due to related parties.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as it does not reflect the exposure during the year.

## 2) Interest rate risk

The Group's fair value interest rate risk relates primarily to its floated-rate bank borrowings. The Group's cash flow interest rate risk relates primarily to their variable-rate bank deposits and bank borrowings. The Group currently has not entered into interest rate swaps to hedge against their exposure to interest rate risk. In the opinion of the management, the Group does not have significant exposure to interest rate risk.

#### Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to bank rates. The analysis is prepared assuming the bank deposits and interest-bearing bank borrowings outstanding at June 30, 2023 and June 30, 2022. 5% increase or decrease in interest rate represents management's assessment of the reasonably possible change in interest rates.

If interest rates become 5% higher/lower and all other variables were held constant, the Group's profit after income tax For the year ended June 30, 2022 and year ended June 30, 2021 would increase/decrease by RMB 2,529,507 and RMB 1,608,423.

#### (4) Credit Risk

The maximum exposure to the Group's credit risk that could result in a financial loss due to the default of a contractual partner is due to the previously recognized financial assets on the consolidated statement of financial position at the end of each reporting period. The Group's credit risk is concentrated on trade receivables.

In order to minimize the credit risk, management continuously monitors the level of exposure to ensure that follow-up actions and/or corrective actions are taken promptly to lower the risk exposure or to recover overdue balances.

Although almost all the bank balances are concentrated on several counterparties, the credit risk on liquid funds is limited as well because the counterparties are state owned bank located in PRC with good reputation.

#### (5) Liquidity risk

In order to manage liquidity risk, the Group maintains cash and cash equivalents to mitigate the risks of procurement and cash flow fluctuations. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

#### Maturity structure

As of June 30, 2023 and June 30, 2022, the remaining maturity structure of non-derivative financial liabilities is as follows. The maturity structure is based on cash flows that are not discounted at the earliest point when the Group is required to repay its financial liabilities and includes both interest and principal cash flows.

(June 30, 2023)

(Unit: RMB)

	Less than 3 months	3-6 months	6-12 months	1-5 years	Total	Carrying Amount
Trade and other payables	899,280,408	50,387,124	-	-	949,667,532	949,667,532
Borrowings	27,476,772	1,472,236,224	372,747,359	1,224,125,027	3,096,585,382	2,941,300,000
Amount due to Related Party	29,775,813	-	-	-	29,775,813	29,775,813
Total	956,532,993	1,522,623,348	372,747,359	1,224,125,027	4,076,028,727	3,920,743,345

(June 30, 2022)

(Unit: RMB)

	Less than 3 months	3-6 months	6-12 months	1-5 years	Total	Carrying Amount
Trade and other payables	411,762,370	-	-	-	411,762,370	411,762,370
Borrowings	26,414,278	18,839,195	192,617,684	2,943,832,070	3,181,703,227	2,910,100,000
Amount due to Related Party	26,776,561	-	-	-	26,776,561	26,776,561
Total	464,953,209	18,839,195	192,617,684	2,943,832,070	3,620,242,158	3,348,638,931

#### (6) Fair value

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost close to their fair values.

### 38. RELATED PARTY TRANSACTIONS

(1)for year ended June 30,2022,related parties are as follows.

Name	Relationship with the Group
Zhou Yongnan	Representative director of the Group
Pang Meixin	The wife of Mr. Zhou Yongnan
Zhou Yonggao	The brother of Mr. Zhou Yongnan
Zhou Dan	The legal representative of Huizhi
Zhou-Ting	Decendant of Mr. Zhou Yongnan
Jiangyin Suda Huicheng Composite Material Co., Ltd	Controlled by Mr. Zhou Yonggao
VISION TECHNOLOGY INVESTMENT LIMITED	Controlled by Mr. Zhou Yonggao
Jiangyin Junchi New Material Technology Co.,Ltd	Controlled by Mr. Zhou Yonggao
Lasting Peace Holdings., LTD	Controlled by Mr. Zhou Yonggao
Jiangsu Gaochi New Material Technology Co. Ltd	Controlled by Mr. Zhou Yonggao
Jiangyin Aimuke Optoelectronic Material Co.,Ltd	The legal representativeof Aimuke is the relative of Mr. Zhou Yonggao
Suzhou Huiyi New Material Industry Investment Partnership Enterprise	The affiliated company

(2) Changes in related party loans and borrowings during the reporting period are as follows.

(June 30, 2023)

(Unit: RMB)

Classification	Item	Beginning Balance	Increase	Decrease	Ending Balance
Vision Technology Investment Limited	Borrowing	23,925,101	1,833,756	-	25,758,857
Zhou Yongnan	Borrowing	2,851,460	1,019,250	-	3,870,710
Zhou Ting	Borrowing	-	146,245	-	146,245

(June 30, 2022)

(Unit: RMB)

Classification	Item	Beginning Balance	Increase	Decrease	Ending Balance
Lasting Peace Holdings., LTD (*1)	Loan	11,531,859	-	11,531,859	-
Vision Technology Investment Limited	Borrowing	-	23,925,101	-	23,925,101
Zhou Yongnan	Borrowing	2,136,607	714,853	-	2,851,460

(\*1) In October 2017, the Group loan out USD 6,600,000 on interest-free and unconditional terms.

(3) Transaction amounts of revenue or purchase with related parties are as follow.

(Unit: RMB)

Company	Classification	June 30, 2023	June 30, 2022
Jiangyin Aimuke Optoelectronic Material Co.,Ltd	Revenue	10,065,749	4,937,049
	Purchase	9,071,650	12,992,091
Jiangyin Suda Huicheng Composite Material CO., Ltd	Revenue	39,890	257,102
Jiangsu Gaochi New Material Technology Co. Ltd	Revenue	1,676,316	-
	Purchase	26,007,880	-
Jiangyin Junchi New Material Technology Co.,Ltd	Revenue	24,670,110	-
	Purchase	12,785,731	-

(4) The balance of trade receivables and trade payables for related parties at the end of the reporting period is as follows.

(Unit: RMB)

Company	Classification	June 30, 2023	June 30, 2022
Jiangyin Aimuke Optoelectronic Material Co.,Ltd	Account Receivable	3,596,279	1,769,098
	Account Payable	4,364,621	999,341
Jiangyin Suda Huicheng Composite Material CO., Ltd	Account Receivable	21,816	-
Jiangsu Gaochi New Material Technology Co. Ltd	Account Payable	1,568,433	
Jiangyin Junchi New Material Technology Co.,Ltd	Account Receivable	3,334,984	
	Account Payable	11,083,751	

(5) At the end of the reporting period, the balance of other receivables for related parties is as follows.

(Unit: RMB)

Company	Classification	June 30, 2023	June 30, 2022
Jiangyin Junchi New Material Technology Co.,Ltd	Other Receivable	-	42,000,000
Jiangyin Suda Huicheng Composite Material CO., LTD	Other Receivable	973,366	519,177

(6) Other revenues from transactions with related parties during the reporting period are as follows.

(Unit: RMB)

Company	Classification	June 30, 2023	June 30, 2022
Jiangyin Suda Huicheng Composite Material CO., LTD	Rental Income etc	366,972	1,306,084



(8)Details of payment guarantee provided by related parties are as follows.

(June 30, 2023)

(Unit: RMB)

Guarantor	Amount	Guarantee Period		Method	counterparty
Zhou Yongnan&Pang Meixin	35,300,000	2022-05-26	2025-05-26	Joint and several liability	Industrial Bank Co., Ltd
Jiangsu Tongli Optical New Material Group Co., Ltd.	35,300,000	2023-06-07	2028-06-07	Joint and several liability	
Zhou Yongnan/Pang Meixin/Zhou Dan/Jiangyin Tongli Optoelectronic Technology Co., Ltd./Jiangsu Tongli Optical New Material Group Co., Ltd./Great Rich technologies limited	400,000,000	2021-06-18	2027-05-17	Joint and several liability	Bank of Constructions
	200,000,000	2021-06-18	2027-05-17	Joint and several liability	Bank of Nanjing
	100,000,000	2021-06-18	2027-05-17	Joint and several liability	Agricultural bank of China
	100,000,000	2021-06-18	2027-05-17	Joint and several liability	Bank of Hwaha
	250,000,000	2021-06-18	2027-05-17	Joint and several liability	Bank of Jlangsu
	100,000,000	2021-06-18	2027-05-17	Joint and several liability	Bank of Suzhou
	100,000,000	2021-06-18	2027-05-17	Joint and several liability	Bank of China
	196,000,000	2021-06-18	2027-05-17	Joint and several liability	Bank ok Balhae

(June 30, 2022)

(Unit: RMB)

Guarantor	Amount	Guarantee Period		Method	counterparty
Zhou Yongnan&Pang Meixin	7,500,000	2022-03-08	2022-09-08	Joint and several liability	Bank of Communications
	15,000,000	2022-04-27	2023-04-26	Joint and several liability	
	20,000,000	2022-04-25	2023-04-24	Joint and several liability	
	28,000,000	2022-04-20	2023-04-19	Joint and several liability	
	28,000,000	2022-04-21	2023-04-20	Joint and several liability	
Zhou Yongnan/Pang Meixin/Jiangsu Tongli Optical New Material Group Co., Ltd./Jiangsu Huizhi New Material Technology Co., Ltd./	20,000,000	2022-04-26	2023-04-25	Joint and several liability	Industrial Bank Co., Ltd
Zhou Yongnan/Pang Meixin/Jiangsu Tongli Optical New Material Group Co., Ltd./	10,000,000	2022-06-21	2023-06-20	Joint and several liability	
Zhou Yongnan/Pang Meixin/Jiangsu Tongli Optical New Material Group Co., Ltd.	9,000,000	2022-06-20	2023-06-20	Joint and several liability	Industrial and commercial Bank of China
	9,900,000	2022-06-20	2023-06-20	Joint and several liability	
	16,700,000	2022-06-24	2023-06-23	Joint and several liability	
Zhou Yongnan/Pang Meixin/Zhou Dan/Jiangyin Tongli Optoelectronic Technology Co., Ltd./Jiangsu Tongli Optical New Material Group Co., Ltd./Great Rich technologies limited	400,000,000	2021-06-18	2027-05-17	Joint and several liability	Bank of Constructions
	200,000,000	2021-06-18	2027-05-17	Joint and several liability	Bank of Nanjing
	100,000,000	2021-06-18	2027-05-17	Joint and several liability	Agricultural bank of China
	100,000,000	2021-06-18	2027-05-17	Joint and several liability	Bank of Hwaha
	250,000,000	2021-06-18	2027-05-17	Joint and several liability	Bank of JIangsu
	100,000,000	2021-06-18	2027-05-17	Joint and several liability	Bank of Suzhou
	100,000,000	2021-06-18	2027-05-17	Joint and several liability	Bank of China
	196,000,000	2021-06-18	2027-05-17	Joint and several liability	Bank ok Balhae

### 39. CASH FLOW

(1) Among the transactions without cash inflow and outflow during the reporting period, the significant transactions are as follows.

(Unit: RMB)

Transaction	June 30, 2023	June 30, 2022
Transfer from CIP to PPE	1,130,337,313	63,289,549
Other payable on purchasing PPE	161,988,190	2,747,233
Transfer from Longterm loan to current	1,300,000,000	

(2) The changes in liabilities arising from financial activities during the current period are as follows.

	Beginning	CF from financial activity	Non cash Transfer to current	Interest	Foreign Exchange	Ending
Shortterm Loan	164,100,000	31,200,000	-	-	-	195,300,000
Longterm Loan	2,746,000,000	-	(1,300,000,000)	-	-	1,446,000,000
Amount due to related parties	26,776,562	925,997	-	-	2,073,254	29,775,813
Total	2,936,876,562	32,125,997	(1,300,000,000)	-	2,073,254	1,671,075,813

### 40. CONTINGENT LIABILITIES AND COMMITMENTS

(1) Litigation

There is no pending lawsuit as of the reporting date.

(2) Payment guarantees received from others

As of the end of the reporting period, the company receives payment guarantees from related parties, and the descriptions are noticed in related notes.

(3) The Group entered into construction contracts with Jiangsu KaideConstruction Co., Ltd.,etc in connection with the construction of the new factory. The total contract amount is RMB 4,776,566,408a t the end of reporting period(June 30, 2022: 4,341,107,004).

(4) Investment commitment

In order to secure the site for the construction of a new factory, the Group entered into a contract for state-owned construction land use rights with the Natural Resources Planning board of Lianyungang, which includes agreements regarding land use limit and minimum investment.

Since the land is intended for industrial projects, the area of the company's internal administrative affairs and living services should not exceed 7% of the total area. And, it should not build non-productive facilities such as housing, offices, lodgings, hospitality centers and training centers.In addition, the total investment of tangible assets of the project should be RMB 2,250,000,000 or more, and the contract investment amount would be calculated including the investment in buildings, structures and other facilities, and payments of transfer land use right.



#### 41. ACQUISITION

(1) The information of acquisition during prior period

(Unit: RMB)

Company Name	Principle Activities	Shares	Cash Payment
Jiangyin Zhitong New Material Co., Ltd	Sales of film(automotive)	95%	23,840,040

(2) The fair value of payment for acquisition during prior period

(Unit: RMB)

Company Name	Payment Made	Payable	Total Payment
Shanghai Jianishi New Material Co., Ltd	23,840,040	-	23,840,040

(3) The fair value of assets and liabilities at acquisition date during prior period

(Unit: RMB)

Account	Amount
Fair value of identifiable assets	24,602,620
Financial assets (cash)	2,492,758
Right of use assets	22,109,862
Other assets	-
Trade payables and other payables	-
Other liabilities	-
Identifiable fair value of net assets	24,602,620

(4) The shares of non-controlling party for new subsidiary is 5%.

(5) The amount of goodwill date during prior period

(Unit: RMB)

Items	Zhitong	Jianishi	Amount
Payment	23,840,040	83,600,000	107,440,040
Identifiable fair value of net assets for non-controlling party	1,230,131	73,154	1,303,285
Total identifiable fair value of net assets	(24,602,620)	(1,463,070)	(26,065,690)
Good will	467,551	82,210,083	82,677,634
Impairment Loss(accumulated)	-	(39,720,283)	(39,720,283)
Good will book value	467,551	42,489,800	42,957,351

The consideration for the business combination includes amounts related to synergies such as the expansion of the business area and the acquisition of new customers through the distribution channel resources of Shanghai Jianishi New material Co., Ltd. These benefits were not recognized separately from goodwill because they did not meet the recognition requirements for identifiable intangible assets.

(6) The impairment loss on goodwill recognized during prior period is disclosed in note 14.