

GREAT RICH TECHNOLOGIES LIMITED
AND ITS SUBSIDIARIES

Audit Report and Consolidated Financial Statements
For the years ended June 30, 2024 and 2023
(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 YEARS ENDED JUNE 30, 2024 AND 2023

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

Audit Opinion

We have audited the accompanying consolidated financial statements of GREAT RICH TECHNOLOGIES LIMITED and its subsidiaries (the "Group"). These financial statements consist of the consolidated statements of financial position of the Group as of JUNE 30, 2024 AND 2023, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 30 June, 2024 and 2023, respectively, and its financial performance and its cash flows for the years ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

Basis for Audit Opinion

We conducted our audit in accordance with Korean Standards on Auditing ("KSAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Republic of Korea and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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")

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audits of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. Commencement of depreciation of Property, Plant and Equipment

Reasons for the decision as a KAM

The Group's Property, Plant and Equipment as of JUNE 30, 2024 is RMB 6,021,994,657 (previous year: RMB 5,942,353,536), representing a significant portion of the consolidated financial statements. In accordance with IAS 16 'Property Plant and Equipment', the Group commences depreciation when the assets are in the location and condition necessary for them to be capable of operating in the manner intended by management.

The accounting treatment for the commencement of depreciation involves management's judgment regarding the point at which the asset becomes available for use. Given the significance of its impact on the consolidated financial statements, we have identified the appropriateness of the commencement date of depreciation for PPE as a KAM.

How KAM have been addressed in the audit

To address this KAM, we performed the audit procedures including the followings.

- Understand the Group's policies, processes and internal controls regarding the determination of the point at which tangible assets become available for use.
- Evaluate Internal Controls over the approval process related to the available-for-use timing of construction-in-progress (CIP)
- Inspect supporting documentation for the determination of available-for-use date and perform inquiries and observations, such as operational status of major production lines, to verify the appropriateness of the commencement date of depreciation
- Inquiry about and review the expected available-for-use dates for construction-in-progress that have not yet been transferred to depreciable assets

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

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

In preparing the consolidated financial statements, management of the Group is responsible for assessing the Group's ability to continue as going concern; disclosing, as applicable, matters related to going concern; and using the going-concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KSAs will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We are solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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

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

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

Induk Accounting Corporation

CEO Kim, Jong-Pil

Sep 30, 2024



This report is effective as of Sep 30, 2024, 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, the readers of the audit report should understand that the above audit report has not been updated 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 YEARS ENDED JUNE 30, 2024 AND JUNE 30, 2023

GREAT RICH TECHNOLOGIES LIMITED AND SUBSIDIARIES

(Unit: RMB)

	Note	June 30, 2024	June 30, 2023
Asset			
I. Current assets			
Cash and cash equivalents	6, 11	561,703,428	309,485,271
Current Financial instruments	7	-	50,000,000
Trade and other receivables	8	1,726,400,358	1,160,796,100
Inventories	9	117,067,615	118,453,476
Other current assets	10	86,249,578	211,119,658
Total Current assets		2,491,420,979	1,849,854,505
II. Non-current assets			
Non-current other receivables	8	183,331,194	204,077,811
Long-term investments	11	62,217,566	62,228,739
Property, plant and equipment	12	6,021,994,657	5,942,353,536
Right of Use asset	13	89,338,624	91,655,015
Intangible assets	14	32,189,082	45,045,865
Deferred tax assets	34	1,221,375	3,313,780
Total Non-current assets		6,390,292,498	6,348,674,745
Total Assets		8,881,713,477	8,198,529,250
Liabilities			
I. Current liabilities			
Trade and other payables	15	603,949,819	949,667,532
Borrowings	16	185,000,000	195,300,000
Long term borrowings_ current	16	40,000,000	1,300,000,000
Amount due to related parties	38	34,104,854	29,775,813
Tax liabilities		30,746,767	18,322,585
Deferred Revenue	17	600,000	689,788

	Note	June 30, 2024	June 30, 2023
Other current liabilities	18	12,117,669	3,919,370
Total Current liabilities		906,519,109	2,497,675,088
II. Non-current liabilities			
Non-current Trade and other payables		549,709,510	-
Long term borrowings	16	2,547,437,500	1,446,000,000
Deferred Revenue	17	1,800,000	2,400,000
Deferred tax liabilities		43,519	-
Total Non-current liabilities		3,098,990,529	1,448,400,000
Total Liabilities		4,005,509,638	3,946,075,088
Equity			
I. Owner's equity			
Contributed capital	19	770,089,223	770,089,223
Capital surplus	20	750,192,889	410,213,421
Retained earnings	21	3,127,328,074	2,641,686,909
Other equity elements		(482,496,305)	-
II. Non-controlling interests	22	711,089,958	430,464,609
Total equity		4,876,203,839	4,252,454,163
Total liabilities and equity		8,881,713,477	8,198,529,250

See accompanying notes.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED JUNE 30, 2024 AND JUNE 30, 2023**

GREAT RICH TECHNOLOGIES LIMITED AND SUBSIDIARIES

(Unit: RMB)

	Note	June 30, 2024	June 30, 2023
Sales	23	4,574,221,304	4,041,639,278
Cost of sales	31	3,392,009,955	3,402,175,368
Gross profit		1,182,211,349	639,463,909
Distribution and selling expenses	25,31	84,988,123	61,354,595
Administrative expenses	26,31	299,143,944	163,594,002
Operating Income		798,079,282	414,515,312
Financial income	27	8,374,164	14,225,273
Financial cost	28	107,700,818	49,105,587
Other income	29	27,833,029	3,201,018
Other expense	30	13,627,682	7,963,241
Income from Investment	11	(11,173)	3,100
Income before income tax		712,946,802	374,875,875
Income tax expense	34	112,800,821	65,501,208
Net income		600,145,981	309,374,667
Attribute to:			
Owners of the parent company		485,641,164	286,777,320
Non-controlling interests	22	114,504,817	22,597,347
Basic and diluted earnings per share	35	7	4

See accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED JUNE 30, 2024 AND JUNE 30, 2023**

GREAT RICH TECHNOLOGIES LIMITED AND SUBSIDIARIES

(Unit: RMB)

	Contributed Capital	Capital surplus	Retained Earnings	Other equity elements	Attribute to owners of the Company	Non-controlling interests	Total
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
Comprehensiv e income for the year	-	-	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
July 1, 2023	770,089,223	410,213,421	2,641,686,909		-3,821,989,554	430,464,609	4,252,454,163
Purchasing subsidiary	-	339,979,468	-	(482,496,305)	(142,516,837)	166,120,532	23,603,695
Comprehensiv e income for the year	-	-	485,641,165	-	485,641,165	114,504,817	600,145,982
June 30, 2024	770,089,223	750,192,889	3,127,328,074	(482,496,305)	4,165,113,881	711,089,958	4,876,203,839

See accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND JUNE 30, 2023

GREAT RICH TECHNOLOGIES LIMITED AND SUBSIDIARIES

(Unit: RMB)

	June 30, 2024	June 30, 2023
CASH FLOWS FROM OPERATION ACTIVITIES		
Comprehensive income for the period	600,145,981	309,374,667
Adjustments for:	589,060,922	197,227,782
Income tax expense	112,800,821	65,501,208
Financial cost	107,688,310	46,999,840
Financial income	(4,225,509)	(14,192,780)
Depreciation of property, plant and equipment	354,986,347	85,230,444
Amortization of deferred revenue	(689,788)	(959,896)
Amortization of intangible assets	671,243	675,663
Impairment Loss of intangible assets	12,158,356	4,578,795
Write-off of intangible assets	27,184	-
Amortization of right of use assets	2,316,391	2,315,833
Bad debt provision	3,279,991	3,478,980
Loss from long-term investment due to equity method	11,173	(3,100)
Net foreign exchange loss(gains)	(568,469)	2,073,254
Gain on disposal of property, plant and equipment	604,872	1,529,542
Changes in working capital	(889,774,794)	(238,147,989)
Increase(Decrease) in inventories	1,385,861	7,753,427
Increase in trade and other receivables	(568,884,249)	(401,937,003)
Increase in Non-current other receivables	20,746,617	(1,162,113)
Increase in other current assets	124,870,080	(201,890,595)
Increase in trade and other payables	(543,304,606)	375,916,972
Increase in Non-current trade and other payables	67,213,205	-
Increase in other current liabilities	8,198,298	(16,828,677)
Cash Flow from Operating Activities	299,432,108	268,454,460
Income taxes paid	(98,240,715)	(63,979,139)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	201,191,393	204,475,322

CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	4,088,756	14,213,385
Collection of current financial instruments	50,000,000	250,000,000
Purchase of property, plant and equipment	(293,265,659)	(1,631,128,630)
Disposal of property, plant and equipment	-	628,319
Purchase of intangible assets	-	(110,620)
Increase from Business Combination	-	(21,347,281)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(239,176,903)	(1,387,744,827)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(52,068,098)	(46,999,840)
Increase in borrowings	185,000,000	202,800,000
Repayment of borrowings	(195,300,000)	(171,600,000)
Repayment of long-term borrowings	(158,562,500)	-
Increase in amount due to related parties	4,951,425	925,997
Repayment of amount due to related parties	(53,916)	-
Paid-in capital increase in subsidiaries	506,100,000	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	290,066,911	(14,873,843)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	252,081,401	(1,198,143,348)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	309,485,271	1,507,649,225
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	136,756	(20,606)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	561,703,428	309,485,271

See accompanying notes.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND JUNE 30, 2023**

GREAT RICH TECHNOLOGIES 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 TECHNOLOGIES Co., Ltd., Jiang Yin Tong Li Optoelectronic TECHNOLOGIES Co., Ltd., Jiangsu Huizhi New Material TECHNOLOGIES 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 Company are investment and control activities as a holding company. The Group's main business is manufacturing 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 and Release film, and sales of plastic parts. The main market is the People's Republic 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, 2024, the Company have following subsidiaries:

Name of subsidiary	Location and Established date	Registered capital	% of ownership	Principal activities
Jiangsu Tongli Optoelectronic TECHNOLOGIES Co.,Ltd ("Jiangu Tongli") (*1)	PRC, Jul 5, 2013	HKD 950,000,000	100%	Manufacturing and sales of film
Jiangyin Tongli Optoelectronic TECHNOLOGIES Co., Ltd ("Jiangyin Tongli") (*2)	PRC, Jan 18, 2002	RMB 185,370,700	99.80%	Manufacturing and sales of film
Jiangsu Huizhi New Material TECHNOLOGIES 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	94.81%	sales of film
Jiang Yin Zhi Tong New Material Co., Ltd ("Zhitong") (*3)	PRC, Dec 25, 2020	RMB 124,800,000	98.81%	Manufacturing and sales porous material
Zhejiang Great Rich New Materials Co., Ltd ("Zhejiang GRT") (*1)	PRC, May 14, 2024	HKD 500,000,000	100%	Manufacturing and sales of film
Qingtian Great Rich New Materials Co., Ltd ("Qingtian GRT") (*4)	PRC, May 15, 2024	RMB 136,370,000	73.33%	Manufacturing and sales of film

(*1) Owned by the Group

(*2) Owned by Jiangsu Tongli. Holding shares includes the stock held by Suzhou Huiyi New Material Industry Investment, which is a subsidiary of the Group.

(*3) Owned by Jiangyin Tongli.

(*4) Owned by Zhejiang GRT

After reorganization of the Group through a series of agreements entered with investors, Mr. Zhou has obtained control as the controlling shareholder of the ultimate parent company. Following the rationalization of the governance structure within the Group, the transfer of Jiangsu Tongli's equity interest was completed on November 15, 2013, at which point the Company became the holding company of the Group.

The Reorganization process of the Group is principally as follows:

- (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 127,957,429 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 share, and as a result the number of shares increased to 67,375,000.

- (ii) Jiangsu Tongli 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 Jiangsu Tongli to Great Rich. On 20 April 2016, controlling company additionally invested USD 8.7 million in Jiangsu Tongli so that the share capital amounts to RMB 395 million. As a result of several capital increase, as of June 30, 2024, the Paid-in Capital amounts to RMB 792 million.
- (iii) Jiangyin 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 Jiangsu Tongli for a consideration of RMB 45 million. On 26 November 2015, Tongli received additional investment from Jiangsu Tongli 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. On 8 October 2023, as a result of capital injection from Zhou Chaofeng, the Paid-in Capital amounts to RMB 185.3 million
- (iv) Huizhi was incorporated on 9 November 2018 in Lianyungang economy and TECHNOLOGIES development region. As a result of capital injection, the Paid-in Capital amounts to RMB 282 million.
- (v) Jianishi was incorporated on 9 October 1997. Jiangyin Tongli has acquired 95% stake of Jianishi in RMB 83.6 million on 20 August 2019. As a result of capital injection, the Paid-in Capital amounts to RMB 3 million.
- (vi) Zhitong was incorporated on 25 December 2020. Jiangyin Tongli has acquired 95% stake of Jianishi in RMB 23.84 million on 31 January 2023. As a result of capital injection, the Paid-in Capital amounts to RMB 124.8 million.
- (vii) Zhejiang GRT was incorporated on 14 May 2024.
- (viii) Qingtian GRT was incorporated on 15 May 2024. As a result of capital injection, the Paid-in Capital amounts to RMB 136 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, 2024>

(Unit: RMB)

Classification	Jiangsu Tongli	Jiangyin Tongli	Huizhi	Jianishi	Zhitong	Zhejiang GRT	Qingtian GRT	Total
Total Asset	3,117,498,126	3,649,562,056	5,754,856,581	70,335,590	526,258,050	100,000,100	600,020,202	13,818,530,705
Total Liabilities	2,358,202,468	381,649,506	3,960,446,723	37,683,177	401,819,107	100,010,100	6,024	7,239,817,105
Paid-in capital	792,868,351	185,370,700	282,685,500	3,010,000	124,800,000	-	136,370,000	1,525,104,551
Total Equity	759,295,657	3,267,912,550	1,794,409,858	32,652,413	124,438,943	(10,000)	600,014,179	6,578,713,600
Sales	-	1,919,329,304	2,782,472,013	88,891,966	-	-	-	4,790,693,283
Net Income	(46,639,787)	285,092,442	377,037,912	5,376,849	(1,485,867)	(10,000)	14,179	619,385,727

<As of June 30, 2023>

(Unit: RMB)

Classification	Jiangsu Tongli	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

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

To prepare consolidated financial statements, 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 part 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 weighted 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 utilized. 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 utilize 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. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method is 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 amortization 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 realizable value. Cost is calculated using the weighted average method. Net realizable 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 is 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 amortized 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 amortized cost, using the effective interest method.

Derecognition

The Group derecognizes 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 recognize 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 recognize the financial asset and also recognises a collateralized 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 derecognizes 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 derecognized 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, 2024 AND JUNE 30, 2023 were RMB 2,393,690,857 and RMB 1,192,966,840 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, 2024 was RMB 1,909,731,552 (June 30, 2023: RMB 1,364,873,911), which is deducted from provision of RMB 10,286,031 (June 30, 2023: RMB 7,006,040).

Net realisable value of inventories

Net realizable 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, 2024, the carrying amount of deferred tax assets is RMB 1,221,375 (June 30, 2023: RMB 3,313,780).

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, 2024 the annual interest rate is 0.2~0.25% (June 30, 2023: 0.3~0.35%).

(2) Pledged deposits

There is no pledged deposit as of June 30, 2024.

7. FINANCIAL INSTRUMENTS

For the year ended on June 30, 2024, Financial Instruments are as follows.

(Unit: RMB)

Institution	Subscription	Expiration	Interest	June 30, 2024	June 30, 2023	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, 2024 AND JUNE 30, 2023, the trade and other receivables are as follows.

(Unit: RMB)

	June 30, 2024	June 30, 2023
[Current]		
Trade receivables	1,704,052,465	1,140,347,885
Other receivables	22,347,893	20,448,215
Total	1,726,400,358	1,160,796,100
[Non-Current]		
Trade receivables	-	-
Other receivables	183,331,194	204,077,811
Total	183,331,194	204,077,811

(2) An aging analysis of trade receivables at the end of the reporting years is as follows.

(Unit: RMB)

	June 30, 2024	June 30, 2023
0 - 90 days	1,411,660,576	1,131,173,473
91~180 days	302,677,920	16,031,695
181 days ~1 year	-	148,757
Over 1 year	-	-
Total	1,714,338,496	1,147,353,925

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

(Unit: RMB)

	June 30, 2024	June 30, 2023
Beginning balance	7,006,040	3,527,059
Bad debt expense	3,279,991	3,478,981
Reverse of Bad debt provision	-	-
Ending balance	10,286,031	7,006,040

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

9. INVENTORY

As of JUNE 30, 2024 AND JUNE 30, 2023, inventory consists of the followings.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Raw Materials	70,243,877	60,374,648
Finished Goods	46,823,738	54,523,115
Work-In-Progress	-	3,555,713
total	117,067,615	118,453,476

10. OTHER CURRENT ASSETS

As of JUNE 30, 2024 AND JUNE 30, 2023, other current assets consist of the followings.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Prepayments	5,113,142	9,707,907
VAT receivables	81,092,152	200,733,229
Others	44,284	678,523
Total	86,249,578	211,119,658

11. INVESTMENT IN AFFILIATED COMPANIES

(1) The details of investment in affiliated companies 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	62,217,566	China	Investment

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

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 affiliated companies.

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

(June 30, 2024)

(Unit: RMB)

Company	Opening Balance	Acquisition cost	Equity method Gain (Loss)	Ending Balance
Suzhou Huiyi New Material Industry Investment Partnership Enterprise (Limited Partnership)	62,228,739	-	(11,173)	62,217,566

(June 30, 2023)

(Unit: RMB)

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

(3) The summary of financial information of the affiliated company during the reporting year is as follows.

(June 30, 2024)

(Unit: RMB)

Company	Total Assets	Total Liability	Revenue	Net Profit (loss)
Suzhou Huiyi New Material Industry Investment Partnership Enterprise (Limited Partnership)	1,299,413,547	1,010	-	(23,239)

(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

In relation to the aforementioned equity investment, the Group has delegated investment authority to Jiangyin Aimuke Optoelectronic Material Co. Ltd. through a proxy agreement.

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
[Acquisition Cost]						
July 1, 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
- 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
- Additions	-	3,399,487	85,186	962,796	430,784,872	435,232,341
- Transfer	1,054,736,822	1,439,383,086	535,221	365,575	(2,495,020,705)	-
- Disposals	-	(5,498,551)	-	-	-	(5,498,551)
Jun 30, 2024	2,290,122,781	2,966,356,071	10,007,834	22,123,909	1,623,497,838	6,912,108,432
[Depreciation]						
July 1, 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
- Depreciation	110,171,713	242,269,014	1,128,963	1,416,657	-	354,986,347
- Disposals	-	(4,893,679)	-	-	-	(4,893,679)
Jun 30, 2023	292,415,118	572,665,214	7,602,912	17,430,530	-	890,113,774
[Carrying Amount]						
Jul 1, 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
Jun 30, 2024	1,997,707,664	2,393,690,857	2,404,922	4,693,378	1,623,497,838	6,021,994,657

The 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, 2024, PP&E(building, machinery & equipment, CIP) amounting to RMB 2,159,503,808 (June 30, 2023 : RMB 1,061,144,765) has been pledged as collateral for borrowings.

13. RIGHT OF USE ASSETS

(1) The breakdown of right of use assets As of JUNE 30, 2024 AND JUNE 30, 2023 are as follows.

(June 30, 2024)

(Unit: RMB)

	Beginning	Cost	Amortized (Accumulated)	Ending
Right of use asset	125,450,801	(17,804,876)	-	107,645,925
Government subsidy	(20,570,000)	2,262,700	-	(18,307,300)
Total	104,880,801	(15,542,177)	-	89,338,624

(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

Right of use asset represents the prepaid rental fees for land located in the PRC. The lease term is 50 years.

(2) As of June 30, 2024, right of use asset amounting to RMB 65,503,530 (June 30, 2023 : RMB 67,076,977) has been pledged as collateral.

14. INTANGIBLE ASSETS

(1) The breakdown of intangible assets As of JUNE 30, 2024 AND JUNE 30, 2023 are as follows.

(June 30, 2024)

(Unit: RMB)

	Cost	Amortized (Accumulated)	Impairment (Accumulated)	Book Value
Goodwill	82,677,635	-	(51,878,639)	30,798,996
Trademark	74,752	(26,163)	-	48,589
Software	3,643,208	(2,301,711)	-	1,341,497
Construction-in-Progress (CIP)	86,395,596	(2,327,875)	(51,878,639)	32,189,082
Total	82,677,635	-	(51,878,639)	30,798,996

(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

(2) The changes in book value of intangible assets for the reporting years are as follows.

(June 30, 2024)

(Unit: RMB)

	Beginning	Acquisition	Transfer	Amortization	Impairment	Increase from Business Combination	Ending
Goodwill	42,957,352	-	-	-	(12,158,356)	-	30,798,996
Trademark	56,064	-	-	(7,475)	-	-	48,589
Software	2,032,449	(5,437)	(21,748)	(663,767)	-	-	1,341,497
Total	45,045,865	(5,437)	(21,748)	(671,243)	(12,158,356)	-	32,189,082

(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

(3) The net book value of goodwill consists of the followings.

(Unit: RMB)

Subsidy	Cost	Impairment loss	Book value	Assumption basis	Projection Method
Jianishi	82,210,083	(51,878,639)	30,331,444	Value in use	DCF method
Zhitong	467,551	-	467,551	Value in use	DCF method
Total	82,677,634	(51,878,639)	30,798,996	Value in use	DCF method

15. TRADE AND OTHER PAYABLES

As of JUNE 30, 2024 AND JUNE 30, 2023, other current assets are as follows.

(Unit: RMB)

	June 30, 2024	June 30, 2023
[Current]		
Trade payables / Note payables	374,710,073	640,028,842
Other payables	175,972,765	223,971,682
Accrued expense	30,059,463	71,996,675
Payroll payables	23,207,518	13,670,333
Total	603,949,819	949,667,532
[Non-current]		
Accrued expense	67,213,205	-
Other payables	482,496,305	-
Total	549,709,510	-

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

(Unit: RMB)

	June 30, 2024	June 30, 2023
0 - 90 days	363,141,430	612,308,046
91~180 days	1,360,784	20,212,932
181 days ~1 year	8,417,546	7,507,864
1 year ~	1,790,313	-
total	374,710,073	640,028,842

16. BORROWINGS

(1) As of JUNE 30, 2024 AND JUNE 30, 2023, bank borrowings are as follows.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Secured bank borrowings	1,485,437,500	1,641,300,000
Un-secured bank borrowings	1,287,000,000	1,300,000,000
Total	2,772,437,500	2,941,300,000

Borrowings are denominated in Chinese Yuan. The annual effective interest rates for year ended June 30, 2024 are 3.00% ~ 4.65% (June 30, 2023: 3.00% ~ 4.80%).

(2) As of JUNE 30, 2024 AND JUNE 30, 2023, short-term bank borrowings are as follows.

(Unit: RMB)

Bank	Interest rate	June 30, 2024	June 30, 2023
Industrial and Commercial Bank of China	4.78~4.79%	35,300,000	35,300,000
Agricultural Bank	4.80%	130,000,000	130,000,000
Construction Bank of China	-	-	30,000,000
China Citic Bank	3.85%	20,000,000	-
Total		185,000,000	195,300,000

(3) As of JUNE 30, 2024 AND 2023, long-term bank borrowings are as follows.

(Unit: RMB)

Bank	Interest rate	June 30, 2024	June 30, 2023
Bank of Constructions	4.65%	359,733,750	400,000,000
Bank of Nanjing	4.65%	179,866,870	200,000,000
Agricultural bank of China	4.65%	89,933,440	100,000,000
Bank of Hwaha	4.65%	89,933,440	100,000,000
Bank of Jlangsu	4.65%	224,833,580	250,000,000
Bank of Suzhou	4.65%	89,933,440	100,000,000
Bank of China	4.65%	89,933,440	100,000,000
Bohai Bank	4.65%	176,269,540	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%	287,000,000	300,000,000
Total		2,587,437,500	2,746,000,000
(-) Transfer to current		(40,000,000)	(1,300,000,000)
Total		2,547,437,500	1,446,000,000

(4) As of JUNE 30, 2024 AND 2023, bank borrowings for which assets are pledged as collateral are as follows.

(Unit: RMB)

Classification	June 30, 2024	June 30, 2023
PP&E and Right of use assets (*1, *2)	1,485,437,500	1,641,300,000

- (*1) Buildings and machinery are provided as collaterals. And, Zhou Yongnan, Pang Meixin, Zhou Dan, Zhou Li had guaranteed the borrowings for the Group.
- (*2) The Group pledged buildings, machines and land to secure bank borrowings. The carrying amount of each pledged asset is presented on the relevant note.

17. DEFERRED REVENUE

As of JUNE 30, 2024 AND JUNE 30, 2023, breakdown of deferred revenue is as follows.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Current: within one year	600,000	689,788
Non-current: more than one year	1,800,000	2,400,000
Total	2,400,000	3,089,788

18. OTHER CURRENT LIABILITIES

As of JUNE 30, 2024 AND JUNE 30, 2023, other current liabilities consist of the followings.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Value-added tax	5,360,500	4,079
Other taxes liabilities	6,633,997	1,620,606
Advance	123,172	2,294,685
Total	12,117,669	3,919,370

19. PAID-IN CAPITAL

As of JUNE 30, 2024 AND JUNE 30, 2023, the details of paid-in capital are as follows.

(Unit: shares, RMB)

	June 30, 2024	June 30, 2023
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) The Company's total number of shares increased to 67,375,000 shares following the public offering of 17,375,000 shares in connection with its listing on the KOSDAQ market on October 25, 2016.

(*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, 2024 AND JUNE 30, 2023, capital surplus is as follows.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Occurred on third-party allotment capital increase of Jiangsu Huizh	665,661,510	325,682,042
Occurred from debt-to-equity swap on December 21, 2015.	84,531,379	84,531,379
Total	750,192,889	410,213,421

21. RETAINED EARNINGS

As of JUNE 30, 2024 AND JUNE 30, 2023, retained earnings consist of the followings.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Legal Reserves(*1)	125,088,578	103,887,903
Retained Earnings	3,002,239,496	2,537,799,006
Total	3,127,328,074	2,641,686,909

22. NON-CONTROLLING INTERESTS

The details of net income (loss) attributable to non-controlling interests and the accumulated non-controlling interests are as follows.

(June 30, 2024)

(Unit: RMB)

Company	Equity Ratio	Opening Balance	Changed in current period	The current net profit attributable to Non-controlling interest	Ending Balance
Jiangyin Tongli Opto electronic TECHNOLOGIES Co., Ltd	0.20%	-	6,000,000	421,540	6,421,540
Jiangsu Huizhi New Material TECHNOLOGIES Co., Ltd.	30.19%	427,904,590	-	113,827,746	541,732,336
Shanghai Jianishi New material Co., Ltd	5.19%	1,363,778	-	268,842	1,632,620
Jiangyin Zhitong New material Co., Ltd	0.99%	1,196,241	100,000	(17,092)	1,279,149
Qingtian Great Rich New Materials Co., Ltd	26.67%	-	160,020,532	3,782	160,024,314
Total		430,464,609	166,120,532	114,504,817	711,089,958

(June 30, 2023)

(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 TECHNOLOGIES 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

23. Revenue

For the years ended JUNE 30, 2024 AND 2023, Revenue breakdown by application is as follows.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Sales of film – Semiconductor	714,851,362	261,738,090
Sales of film – Chemical	373,430,502	271,062,127
Sales of film – Home product	317,684,699	439,274,371
Sales of film – Secondary battery	1,106,688,042	771,833,936
Sales of film – vehicle	1,043,062,664	1,614,885,334
Sales of film – Display	419,895,115	673,831,285
Sales of film – MLCC	497,316,457	-
Sales of film – Nano	96,067,979	-
Others	5,224,484	9,014,135
total	4,574,221,304	4,041,639,278

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

No major customers account for more than 10% of total revenue on a consolidated basis during the current period.

25. DISTRIBUTION AND SELLING EXPENSES

For the years ended JUNE 30, 2024 AND 2023, distribution and selling expenses consist of the followings.

	(Unit: RMB)	
	June 30, 2024	June 30, 2023
Transportation expense	59,943,520	36,810,927
Sales Commissions	11,771,172	11,370,591
Wages and Benefits	5,685,455	5,894,803
Advertising expense	914,525	628,875
Vehicle expense	-	341,381
Travel expense	730,500	660,470
Entertainment expense	335,394	1,417,360
Fee	4,344,547	1,510,400
Others	1,263,010	2,719,788
total	84,988,123	61,354,595

26. ADMINISTRATIVE EXPENSES

For the years ended JUNE 30, 2024 AND 2023, administrative expenses consist of the followings.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Office expenses	8,888,192	8,434,463
Depreciation of PPE	38,877,579	15,559,877
Amortization of Intangible assets	671,242	675,663
Amortization of Right of use assets	2,316,391	2,315,833
Wages and Employ benefits	55,610,928	42,371,517
Professional fee	13,513,026	10,121,442
Travel expense	1,542,779	1,434,671
Other taxes	13,313,032	11,329,727
Insurance expense	982,719	881,084
R&D materials	149,630,217	58,820,924
Bank charges	219,249	368,962
Bad debt provision	3,279,991	3,478,981
Entertainment expense	4,098,120	2,327,824
Car maintenance expense	1,571,685	1,166,130
Rental expense	420,255	271,538
Others	4,208,539	4,035,366
Total	299,143,944	163,594,002

27. FINANCIAL INCOME

For the years ended JUNE 30, 2024 AND 2023, financial income consists of the followings.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Interests income	7,659,142	14,213,386
Exchange Gains	715,022	11,887
Total	8,374,164	14,225,273

28. FINANCIAL COST

For the years ended JUNE 30, 2024 AND 2023, financial cost is as follows.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Financial Cost		
- Bank Borrowings	107,688,110	46,999,840
Exchange Losses	12,708	2,105,748
Total	107,700,818	49,105,588

29. OTHER INCOME

For the years ended JUNE 30, 2024 AND 2023, other income is as follows.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Government Grant (*1)	4,739,805	2,656,887
Rental Income (*2)	366,972	482,506
Others	22,726,252	61,625
Total	27,833,029	3,201,018

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

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

30. OTHER EXPENSES

For the years ended JUNE 30, 2024 AND 2023, other expenses are as follows.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Donation	20,000	971,093
Depreciation of rental assets	844,443	844,503
Loss from sell of PP&E	604,872	1,529,542
Impairment loss on Goodwill	12,158,356	4,578,795
Others	11	39,308
Total	13,627,682	7,963,241

31. EXPENSES BREAKDOWN BY NATURE

For the years ended JUNE 30, 2024 AND 2023, the expenses breakdown are as follows.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Changes in inventory	(1,385,861)	(7,753,428)
Materials purchased	2,803,588,994	3,177,252,131
Tax expenses	13,313,032	2,605,250
Depreciation of property, plant and equipment	354,986,347	85,230,444
Amortization of intangible assets	671,243	675,663
Amortization of right of use assets	2,316,391	2,315,833
Professional fee	17,857,573	11,631,842
Office expense	8,891,936	8,434,463
Electric and steam expense	69,081,947	47,862,476
Advertising expense	914,525	628,875
Transportation expense	60,009,002	36,810,927
Sales commissions	11,771,172	11,370,591
Salaries and Employee benefits	137,712,238	118,364,320
Package and R&D materials	256,700,973	104,233,314
Repairing expense	17,420,683	7,942,921
Vehicle expense	1,571,685	1,507,511
Entertainment expense	4,450,245	3,745,184
Travel expense	2,273,279	2,095,141
Insurance expense	982,719	881,084
Bad debt provision	3,279,991	3,478,981
Others	9,733,908	7,810,442
Total	3,776,142,022	3,627,123,965

32. EMPLOYEE BENEFITS

For the years ended JUNE 30, 2024 AND 2023, the employee benefits are as follows.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Short-term employee salaries	139,986,959	125,497,148
Retirement benefits	7,750,936	7,004,986
total	147,737,895	132,502,134

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' REMUNERATIONS

For the year ended JUNE 30, 2024 AND 2023, the employee benefits are as follows.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Directors' salaries & bonuses	1,914,814	1,796,335
Retirement benefits	90,237	30,192
total	2,005,051	1,826,527

34. INCOME TAX EXPENSE

(1) For the years ended JUNE 30, 2024 AND 2023, income tax expenses are as follows.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Current tax:		
PRC enterprise income tax	110,664,897	59,679,100
Deferred tax:		
Changes in current year	2,135,924	5,822,108
Total	112,800,821	65,501,208

The Company was incorporated in Hong Kong and has not generated any taxable income subject to Hong Kong Profits Tax since its incorporation.

(2) For the years ended JUNE 30, 2024 AND 2023, the relation of Net income before tax and Income tax expense as follows.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Net income before tax	712,946,802	374,875,875
Income tax expense calculated at 25% tax rate(*1)	178,236,701	93,718,969
Tax reduction effect by applying special tax rate(*2)	(77,765,218)	(38,202,313)
Tax effect of expenses non-deductible for tax(*3)	86,263	28,504
Income tax on net loss before tax of holding company (*4)	1,044,354	1,395,532
Income tax effect on accumulated loss non realizable	11,499,403	8,930,600
Others	(300,682)	(370,085)
Income tax expense	112,800,821	65,501,208

- (*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 TECHNOLOGIES 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 Jiangsu Tongli, Tongli, Huizhi and Jianishi such as entertainment expenses exceeding the taxable limits and unpaid social insurance expense for the year ended JUNE 30, 2024 AND 2023.
- (*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 years are as follows.

(Unit: RMB)

	Deferred Income Tax Asset						Total
	Deferred Revenue	Accrued Expenses	Depreciation /amortization	Provision	Accumulated Loss	etc.	
July 1, 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
Accrued amount	8,720	(642,173)	89,236	567,526	-	(2,159,233)	(2,135,924)
June 30, 2024	366,965	1,623,711	1,247	1,179,674	-	(1,993,741)	1,177,856

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 and that withholding taxes related to temporary differences reversing in the foreseeable future will be immaterial..

35. EARNINGS PER SHARE

(1) Earnings per share are as below.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Basic earnings per share	7	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, 2024	June 30, 2023
Net income contributed to shareholders	485,641,164	286,777,320

(Unit: share)

Classification	June 30, 2024	June 30, 2023
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 increased to 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, 2024 AND JUNE 30, 2023, categories of financial instruments are as follows.

(Unit: RMB)

	June 30, 2024	June 30, 2023
Financial assets:		
Amortized cost_ Financial assets	2,471,434,980	1,724,359,182
Financial liabilities:		
Amortized cost_ Financial liabilities	3,960,201,683	3,920,743,344

(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 USD As of JUNE 30, 2024 AND JUNE 30, 2023.

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, 2024 AND JUNE 30, 2023 are as follows.

(Unit: USD, HKD, KRW)

	Assets		Liabilities	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
USD	432,942	396,468	5,445,489	4,865,399
HKD	1,411	1,449	-	-
KRW	532,293	60,328,241	8,617,080	704,405,965

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	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Gain / Loss	(1,518,245)	(1,372,393)	55	57	(1,783)	(150,428)

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, 2024 AND JUNE 30, 2023. 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 2,139,232 and RMB 2,529,507.

(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, 2024 AND JUNE 30, 2023, 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, 2024)

(Unit: RMB)

	Less than 3 months	3-6 months	6-12 months	1-5 years	Total	Carrying Amount
Trade and other payables	603,949,819	-	-	567,213,205	1,171,163,024	1,153,659,329
Borrowings	24,868,238	59,737,909	235,064,364	2,687,693,582	3,007,364,093	2,772,437,500
Amount due to Related Party	34,104,854	-	-	-	34,104,854	34,104,854
Total	662,922,911	59,737,909	235,064,364	3,254,906,787	4,212,631,971	3,960,201,683

(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

(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.

Related Party	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	Descendant of Mr. Zhou Yongnan
Zhou Li	Descendant of Mr. Zhou Yongnan
Jiangyin Suda Huicheng Composite Material Co., Ltd	Controlled by Mr. Zhou Yonggao
VISION TECHNOLOGIES INVESTMENT LIMITED	Controlled by Mr. Zhou Yonggao
Jiangyin Junchi New Material TECHNOLOGIES Co.,Ltd	Controlled by Mr. Zhou Yonggao
Lasting Peace Holdings., LTD	Controlled by Mr. Zhou Yonggao
Jiangsu Gaochi New Material TECHNOLOGIES Co. Ltd	Controlled by Mr. Zhou Yonggao
Jiangyin Aimuke Optoelectronic Material Co.,Ltd	The legal representative of 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, 2024)

(Unit: RMB)

Classification	Item	Beginning Balance	Increase	Decrease	Ending Balance
Vision TECHNOLOGIES Investment Limited	Borrowing	25,758,857	3,781,266	-	29,540,123
Zhou Yongnan	Borrowing	3,870,710	600,692	-	4,471,402
Zhou Ting	Borrowing	146,245	1,000	53,916	93,329

(June 30, 2023)

(Unit: RMB)

Classification	Item	Beginning Balance	Increase	Decrease	Ending Balance
Vision TECHNOLOGIES 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

(3) The details of transactions with related parties are as follows.

(Unit: RMB)

Related Party	Transaction	June 30, 2024	June 30, 2023
Jiangyin Aimuke Optoelectronic Material Co.,Ltd	Revenue	8,288,513	10,065,749
	Purchase	10,070,396	9,071,650
Jiangyin Suda Huicheng Composite Material CO., Ltd	Revenue	26,858	39,890
Jiangsu Gaochi New Material TECHNOLOGIES Co. Ltd	Revenue	920,885	1,676,316
	Purchase	23,663,393	26,007,880
Jiangyin Junchi New Material TECHNOLOGIES Co.,Ltd	Revenue	31,292	24,670,110
	Purchase	10,406,327	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)

Related Party	Account	June 30, 2024	June 30, 2023
Jiangyin Aimuke Optoelectronic Material Co.,Ltd	Account Receivable	4,589,433	3,596,279
	Account Payable	633,589	4,364,621
Jiangyin Suda Huicheng Composite Material CO., Ltd	Account Receivable	-	21,816
Jiangsu Gaochi New Material TECHNOLOGIES Co. Ltd	Account Receivable	342,315	-
	Account Payable	548,040	1,568,433
Jiangyin Junchi New Material TECHNOLOGIES Co.,Ltd	Account Receivable	-	3,334,984
	Account Payable	5,246,155	11,083,751

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

(Unit: RMB)

Related Party	Account	June 30, 2024	June 30, 2023
Jiangyin Suda Huicheng Composite Material CO., LTD	Other Receivable	-	973,366
	Other Payable	1,176,687	-

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

(Unit: RMB)

Related Party	Transaction	June 30, 2024	June 30, 2023
Jiangyin Suda Huicheng Composite Material CO., LTD	Rental Income etc.	366,972	366,972

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

(June 30, 2024)

(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
Zhou Chao Feng/Zhou Jie	35,300,000	2023-09-22	2028-09-22	Joint and several liability	
Zhou Yongnan/Pang Meixin	20,000,000	2024-03-08	2027-11-30	Joint and several liability	
Zhou Yongnan/Pang Meixin/ Zhou Dan/Zhou Li	359,733,750	2021-06-18	2027-05-17	Joint and several liability	Bank of Constructions
	179,866,870	2021-06-18	2027-05-17	Joint and several liability	Bank of Nanjing
	89,933,440	2021-06-18	2027-05-17	Joint and several liability	Agricultural bank of China
	89,933,440	2021-06-18	2027-05-17	Joint and several liability	Bank of Hwaha
	224,833,580	2021-06-18	2027-05-17	Joint and several liability	Bank of JIangsu
	89,933,440	2021-06-18	2027-05-17	Joint and several liability	Bank of Suzhou
	89,933,440	2021-06-18	2027-05-17	Joint and several liability	Bank of China
	176,269,540	2021-06-18	2027-05-17	Joint and several liability	Bank ok Balhae
Zhou Yongnan	1,354,213,205	2021-11-02	2025-11-15	Joint and several liability	etc.

(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
Zhou Yongnan/Pang Meixin/Zhou Dan	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, 2024	June 30, 2023
Transfer from CIP to PP&E	2,495,020,705	1,130,337,313
Other payable from purchase of PP&E	141,966,682	161,988,190
Transfer from Long-term loan to current	(1,101,437,500)	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
Shor-term Loan	195,300,000	(10,300,000)	-	-	-	185,000,000
Long-term Loan to current	1,300,000,000	(158,562,500)	(1,101,437,500)	-	-	40,000,000
Long-term Loan	1,446,000,000	-	1,101,437,500	-	-	2,547,437,500
Amount with related parties	29,775,813	4,897,509	-	-	(568,468)	34,104,855
Total	2,971,075,813	(163,964,991)	-	-	(568,468)	2,806,542,355

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 Kaide Construction Co., Ltd., etc. in connection with the construction of the new factory. The total contract amount is RMB 6,218,605,216 at the end of reporting period (June 30, 2023: 4,776,566,408).

(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.

(5) Put option

In May 2024, Group invested RMB 100 million to establish a subsidiary company, Qingtian GRT. In June 2024, outside investor has invested RMB 500 million in Qingtian GRT. The Group granted a put option to sell the shares of Qingtian GRT held by outside investor to the consolidated entity if the following conditions were met.

- If the capital increase payment is not used for the purpose of the agreement specified in contract
- Based on the financial statements audited by the top 10 accounting firms in China, if the net profit after removing non-recurring gains or losses from the consolidated net profit in 2028 falls short of RMB 250 million
- Failure to pass the initial public offering (IPO) before December 31, 2029, or to be acquired by a listed company
- In case funds are lent to another person or provided as collateral to another person without the consent of the general shareholders' meeting, etc.

When exercising the put option, the Group is obligated to add a significant amount of interest (7% per year) to the investment amount and take over the amount deducted from the proceeds, such as dividends received up to the time of exercise. As of the end of the current year, the consolidated entity calculated the present value of the repayment amount based on the earliest repayment date for the put option and recognized it as other long-term financial liabilities and other capital adjustment items.

41. ACQUISITION

(1) The details of acquisition during the previous year are as follows.

(Unit: RMB)

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

(2) The fair value of consideration transferred in acquisition during the previous year is as follows.

(Unit: RMB)

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

(3) The fair value of assets and liabilities from the acquisition is as follows.

(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 holding shares of non-controlling party for new subsidiary is 5%.

(5) The amount of goodwill from the acquisition during the previous year is as follows.

(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)
Goodwill	467,551	82,210,084	82,677,635
Impairment Loss(accumulated)	-	(51,878,639)	(51,878,639)
Goodwill book value	467,551	30,331,445	30,798,996

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.