

# ANHUI HITEC PLASTICS CO., Ltd

## ANNUAL MANAGEMENT REPORT BY THE BOARD OF DIRECTORS

The Board of Directors presents the annual report and audited financial statements of the Company for the year ended 31 December 2023.

### **Basis of preparation of the annual Financial Statements of the Company**

The balance sheet and the income statement as well as the annual report of our Company for 2023 have been drawn up and submitted in line with the principles determined by the Chinese Accounting Standards.

Pursuant to the regulations, our annual report shall present the work and transaction flows of our Company pertaining to the respective financial year as well as the financial status thereof in all aspects by protecting the rights and the interests of our Company; enable our shareholders to have access on any information regarding the financial status of our Company completely and properly; evaluate the general properties of our Company's financial performance and financial status as well as the basic risks encountered by it and propound, through accounting and financial reporting data, that the activities and the services of our Company are performed in most efficient, reliable and uninterrupted manner.

### **Principal activities and nature of operations of the Company**

The principal activities of the Company will be the production of multi- functional films, geomembranes and masterbatch for agricultural greenhouses and other purposes.

### **Continuity of activity**

These financial statements have been prepared based on the business continuity principle, which assumes that the Company will normally continue its activity in the foreseeable future without entering into a state of liquidation or significant reduction of the activity.

To assess the applicability of this presumption, management analyzes forecasts of future cash inflows. Based on these analyzes, the management believes that the Company will be able to continue its activity in the foreseeable future and therefore, the application of the principle of continuity of activity in the preparation of the financial statements is justified.



## **Main Investments during the year**

The Company obtained a new loan of 9.5 million RMB from the mother company Shanghai Hitec Plastics Co Ltd. The accumulative loan is 95.5 million according to debt-equity swap agreement that 91 million converted into capital. The paid-in capital is 211 million RMB. It will support Anhui Hitec Plastics Co. Ltd. to complete the investment and to have the working capital to increase the business along the year. Anhui Hitec return back the 4.5 million to Shanghai Hitec. As a result we see the total revenues of 48 Million in 2023. The business scope of Anhui Hitec Plastics is the production of multi-functional films, geomembranes and masterbatch for agricultural greenhouses and other purposes.

## **Review of current position, future developments and performance of the Company's business**

The Turnover of the Company in 2023 was 48 million RMB from 2.43 RMB in 2022. The Operating Profits reached 6.7 million RMB in 2023. The Profits Before Taxes were 7.07 million RMB in 2023 and the Net Profits were 7.07 million RMB. In the 2022 the Profits Before Taxes were -17.49 million RMB and the Net Profits were -17.49 million RMB.

The company has a relatively stable trend of its financial standing, focusing on the stabilization of the added value of its products and its small expansion to the foreign markets foreseen for 2024.

Obviously, the sales and profit had great raised in 2023 Year.

## **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Company are disclosed here below:

### **Foreign exchange currency risk**

The Company is exposed to the fluctuations of the local currency exchange rate.

### **Liquidity risk**

liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

## Share capital

The share capital of 211 million in the 2023 year. It increased of 91 million compared with 2022 year. In the 2022 year the share capital of 120 million.

## Organization and development of internal control within the Company

The purpose of internal control is to ensure the coherence of objectives, to identify the key success factors and to communicate to the Company's management, in real time, the information regarding the performances and perspectives.

The control activities are an integral part of the management process through which the Company aims to achieve the proposed objectives.

The control aims at applying the norms and procedures of internal control, at all hierarchical and functional levels: the decisional authority regarding the definition on hierarchical levels of the approvals, the evaluation of the operational performances, the security of the assets, the separation of the functions.

## Board of Directors

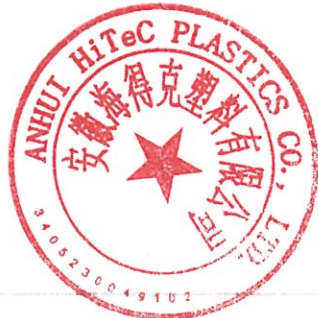
The members of the Company's Board of Directors as on 31st December 2023 and at the date of this report are the same.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

## Events after the balance sheet

The demand for its products has remained stable respect the typical seasonal level of demand, because the sectors we are addressing, the agricultural economy and the plastics industry, have not been significantly affected. Overall, from the beginning of the year 2024 until end of Feb, the sales volume of the Company has increased. The demand for our products and the existing orders for the next two months are at normal levels for the season, which equals to a further improvement of the production volume of the company.

The Management monitors with special attention the developments in the local supply chain conditions. Also, none of the noticeable effects is considered as a later corrective event of the financial statements of 31.12.2023.



The President of the Board

Mr. Pavlos Verroios

15.03.2024



## 安徽海得克塑料有限公司董事会年度管理报告

董事会提交了截止于 2023 年 12 月 31 日年度的公司年度报告及经审计的财务报表。

### 编制公司年度财务报表的依据

公司根据《中国会计准则》确定的各项原则起草并提交了 2023 年资产负债表与损益表，以及公司年报。

根据规定，公司的年度报告应通过保护公司权益，应全面反映公司在相应财政年度内的工作、交易流程以及财务状况；使我们的股东能够完整和适当地获取有关我们公司财务状况的任何信息；评估本公司财务业绩和财务状况的一般属性，以及所遇到的基本风险，并通过会计和财务报告数据提出，本公司的活动和服务是以最有效、可靠和不间断的方式进行的

### 公司主营业务及业务性质

公司的主营活动将来涉及农用温室薄膜及其他用途的多功能沛膜、土工膜及色母粒的生产。

### 活动连续性

这些财务报表是根据业务连续性原则编制的，该原则假定公司在可预见的未来将正常继续其活动，而不会进入清算状态或大幅减少活动。

为了评估这一假设的适用性，管理层分析了预测未来的现金流入。基于这些分析，管理层认为公司将能够在可预见的未来继续其活动，因此，在编制财务报表时应用活动连续性原则是合理的。

### 本年接受的投资

公司今年已收到母公司—上海普拉斯克塑料有限公司新贷款 950 万元。截至 2023 年 9 月，累计贷款为 9,550 万人民币。根据债转股协议，9,100 万转为安徽海得克的实收资本。实收资本 2.11 亿元人民币。它将支持安徽海得克塑料有限公司完成投资，拥有流动资金，为全年增加业务打下基础。剩下的 450 万安徽海德克已经归还上海普拉斯克。

2023 年安徽海得克销售收入是 4800 万元。安徽海得克的经营范围是生产农业大棚等用途的多功能薄膜、土工膜和母粒。



审查公司业务的当前状况、未来发展及业绩

2023 年销售 4800 万元。经营利润 670 万元。

税前利润 707 万元，净利润 707 万元。

而 2022 年的销售只有 243 万元，经营利润-17.49 万元，税前利润-17.49 万元，净利润-17.49。

安徽海得克的财务状况相对稳定，主要集中在稳定产品的附加值和预计 2024 年的小规模海外市场扩张。2023 年的销售和利润均有大幅度增长。

主要风险及不确定性

公司面临的主要风险与不确定性披露如下：

外币兑换风险

公司面临本币汇率波动风险。

流动性风险

流动性风险即资产及负债到期后无法按时兑现导致的风险。不兑现可能提高盈利但亦可能增加损失风险。公司为实现损失最小化设立相关程序，诸如，维持充足现金与其他具有高流动性的流动资产，及提供充足额度的经承诺的信贷投资额。

股本

2023 年末实收资本是 2.11 亿元人民币。和 2022 年相比股本在 2023 年增加了 9,100 万元。

2022 年末的股本是 1.2 亿元人民币。

公司内控的组织与发展

内控是为确保目标一致性，识别关键成功因素及与公司管理层就绩效与目标的信息进行实时沟通。

控制活动是管理流程中不可或缺的一部分，公司通过该等控制活动实现拟定目标。



控制旨在将下述内控规范和程序应用于各层级各职能部门：关于各审批层级界定的决策权，运营绩效评估，资产安全，及职能分工。

## 董事会

截止到 2023 年 12 月 31 日，董事会成员的组成没有变化。董事会责任分配与薪酬未发生重大变动。

## 资产负债表后事件

因公司产品的需求领域主要涉及农业与塑料产业，相对于典型的季节性需求水平，其产品需求保持稳定。总体来说，自 2024 年初到 2 月底，公司的销量有所增长。未来两个月我们的产品需求和现有订单都处于正常的季节水平，这等于公司的产量进一步提高。

管理层正密切关注当地供应链的发展情况。此外，没有任何明显的影响被认为是 2023 年 12 月 31 日财务报表的后续纠正事件。



董事长

A handwritten signature in black ink, appearing to read 'Pavlos Verroios', written over a horizontal line.

Pavlos Verroios

2024.03.15

