

# **Auditor's Report**

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**Anhui HiTeC Plastics Co., Ltd.**

**Rong Cheng Shen Zi [2023] 200F0397**

**RSM China CPA LLP**

**China, Shanghai**

English translation for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.
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## **AUDITORS' REPORT**

Rong Cheng Shen Zi [2023] 200F0397

**To the Board of Anhui HiTeC Plastics Co., Ltd.,**

### **1. Opinion**

We have audited the financial statements of Anhui HiTeC Plastics Co., Ltd. (the Company), which comprise the statement of financial position as at December 31, 2022, and the income and profit appropriation statement, and cash flow statement for the period from January 1, 2022 to December 31, 2022, and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2022 and of its financial performance and its cash flows for the period from January 1, 2022 to December 31, 2022 in accordance with the Accounting System for Business Enterprises.

### **2. Basis for opinion**

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with China Code of Ethics for Certified Public Accountants ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **3. Significant Uncertainty Related to Going Concern**

We remind users of financial statements to pay attention. As stated in Note 2, Anhui HiTeC Plastics Co., Ltd. incurred a net loss of RMB 17,492,196.21 in 2022, and as at 31 December 2022, its current liabilities exceeded its assets by RMB 72,618,322.42, indicating a material uncertainty still exists regarding events or conditions that cast significant doubt on the Company's ability to continue as a going concern. Shanghai HiTeC Plastics Co., Ltd., the parent company of Anhui HiTeC Plastics Co., Ltd, has committed to provide sufficient financial support to maintain the Company's continued operation. Anhui HiTeC Plastics Co., Ltd has

disclosed this in Note 2 to the financial statements and the corresponding responses. This paragraph will not affect our opinion.

#### **4. Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Accounting System for Business Enterprises, and designing, implementing and maintaining internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a 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 Company or to cease operations, or has no realistic alternative but to do so.

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

#### **5. Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 the auditing standards 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 financial statements.

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

- (1) Identify and assess the risks of material misstatement of the 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 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 the override of internal control.

- (2) 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 Company's internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

RSM China CPA LLP  
China, Shanghai