

SHANGHAI 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 2022

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 2022 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, which are unchanged from last year, are the production of agriculture greenhouse film and multifunctional film for other applications, wholesale trade and international trade.

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.

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

The Company's development to date, financial results and position as presented in the financial statements are considered moderate under current local anti-covid policies and international politico-economic conditions.

The Turnover of the Company in 2022 was decreased by 8.47% to 453.8 million RMB from 495.8 million RMB in 2021. The Operating Profits decreased to 74.7 million RMB in the reporting year from 80.5 million RMB in the previous year. The Profits Before Taxes were decreased by 21.27% to 62.9 million RMB in 2021 from 79.9 million RMB in 2021 and the Net Profits were decreased by 28.26% to 42.78 million RMB from 59.64 million RMB in the year before.

Due to the impact of the anti-pandemic policies in China, especially during the lockdown in Shanghai from end March to 1st June 2022, the Company costs have increased significantly. Despite this, the company has a relatively stable trend of its financial standing, focusing in the stabilization of the added value of its products and its expansion to the foreign markets.

Main Investments during the year

The Company has proceeded to the payment of 30 million RMB loan to its newly established subsidiary company Anhui Hitec Plastics Co., Ltd. The accumulative paid-in capital is 120 million RMB. The company is located in the industrial area Hexian Jiangbei Wujiang of Anhui province. The business scope of the new company Anhui Hitec Plastics is the production of multi-functional films, geomembranes and masterbatch for agricultural greenhouses and other purposes.

Principal risks and uncertainties

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

Use of financial instruments by the Company

The Company is exposed to foreign exchange currency risk, interest rate risk, credit risk and dividends from the financial instruments it holds.

Foreign exchange currency risk

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

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities - primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Credit risk related to trade receivables: This is managed based on established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal ratings. Credit quality of the customer and outstanding customer receivables are assessed and regularly monitored. The Company does not hold collateral as security.

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.

Dividends

The dividend distribution policy of the Company is defined in the articles of association. The dates as well as the manner and method of dividend payments to the shareholders are resolved by the general board.

The general board may delegate the authority to determine the date, percentage and method of dividend distribution to the board of directors.

Share capital

There were no changes in the share capital of the Company during the year under review.

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

In response to the requirement of the Chinese shareholders, Shanghai Light Industry Foreign Economic and Technology Co., Ltd. and Shanghai New Sanhua Film Co., Ltd., since July 20, 2022, Mr. Fang Min replaced Mr. Fu Yi Feng, and Mrs. Hou Yun replaced Mr. Zhou Shi Li to be Board Members of Shanghai HiTeC Plastics Co., Ltd.

At the request of the shareholder of the Greek side, PK Far East Ltd, as from October 13, 2022, Mr. Pavlos Verroios replaced Mr. S.W.Lee to serve as the director of Shanghai Hitec Plastics Co., Ltd as well as the Chairman of the Board.

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

Events after the balance sheet

Following the relaxation of the anti-pandemic policies in China at the end of December 2022, the Company has managed to continue its production

normally until today. The demand for its products has remained stable, 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 2023 until the end of February, the sales volume of the Company has remained the same with the period of 2022. The demand for our products and the existing orders for the next two months are at normal levels for the season.

The Management monitors with special attention the developments in the global supply chain. Also, none of the noticeable effects is considered as a later corrective event of the financial statements of 31.12.2022.

The President of the Board

Mr. Verroios Pavlos



10.03.2023

上海普拉斯克塑料有限公司

董事会年度管理报告

董事会提交了截止于 2022 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 2022 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；允许股东可完整适当地查看与公司财务状况相关的任何信息；对公司财务业绩及财务状况的一般属性以及其所面临的基本风险进行评估，并通过会计与财务报告数据提出建议，使公司以最高效、可靠且不受阻碍的方式开展活动并提供服务。

公司主营销活动及业务性质

自去年以来，公司的主营销活动保持不变，即农用温室薄膜及其他用途的多功能用膜的生产、批发及进出口。

活动连续性

该等财务报表基于业务连续性原则编制，即假定公司将在可预见的未来继续正常经营，而不会进入清算程序或严重缩减业务活动。

为评估该假设的适用性，管理层对未来现金流的预测数据进行分析。根据该等分析，管理层相信公司在可预见的未来将继续其业务活动，因此在编制财务报表时，应用业务连续性原则确为合理。

审查公司业务的当前状况、未来发展及业绩

由于 2022 年度国内疫情防控政策的影响，截止目前，根据财务报表所示，公司的发展状况、财务业绩及状况均没有显著增长。

2022 年，公司营业额从 2021 年的 4.958 亿元减少至 4.538 亿元，减少 8.47%；营业利润从前一年的 0.805 亿元减少至报告年度的 0.747 亿元；税

前利润从 2021 年的 0.799 亿元减少至 0.629 亿元，减少 21.27%，且净利润从前一年的 5964 万元减少至 4278 万元，减少 28.26%。

疫情对中外的各大市场与供应链均产生影响，导致公司的生产成本大幅度增加，特别是在上海 3 月底到 6 月初封控之间内。虽然如此，公司保持了其财务状况的稳定趋势，并专注于稳定产品的附加值并拓展海外市场。

本年主要投资

公司已向其新设全资子公司--安徽海得克塑料有限公司--支付 3000 万元用于流动资金贷款，累计贷款额为 8600 万元，累计实缴资本 1200 万元。该子公司位于安徽省江北乌江新区和县工业区。安徽海得克塑料有限公司的营业范围涉及农用温室薄膜及其他用途的多功能薄膜、土工膜及色母粒的生产。

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：

公司对金融工具的使用

公司因其所持金融工具面临外币兑换风险、利率风险、信用风险及股息。

外币兑换风险

公司面临本币汇率波动风险。

利率风险

利率风险即因市场利率变动而导致金融工具价值发生波动的风险。公司面临与其非流动借款相关的利率风险。按浮动利率计息的贷款令公司面临现金流利率风险；按固定利率计息的贷款令公司面临公允价值利率风险。公司管理层持续监督利率波动就此采取相应行动。

信用风险

信用风险即合约方未履行其在金融工具或顾客合同项下义务而造成的财务损失风险。公司面临经营活动的信用风险，主要是贸易应收款及其融资活动造成的信用风险，包括银行存款、外汇交易及其他金融工具。

与贸易应收款相关的信用风险：信用风险受与客户信用风险管理相关的已有政策、程序及管控措施之规限。根据内部评级为所有客户确定信用限额。客户的信贷质量及未偿付的客户应收款受定期评估与监督。公司并未持有用作担保的抵押品。

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。

股息

公司的股息分配政策为公司章程。向股东支付股息的日期及方式方法均须经股东大会决议。股东大会将授权董事会决定股息分配的日期、比例及方式。

股本

公司股本在审查年度未发生变动。

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

应中方股东:上海轻工业对外经济技术合作有限公司和上海新三花薄膜有限公司函告要求:自2022年7月20日起由方珉先生替代傅翌峰先生,侯芸女士替代周石立先生出任上海普拉斯克塑料有限公司董事。应希方股东,PK远东有限公司函告要求:自2022年10月13日起由Pavlos Verroios先生替代李树旺先生出任上海普拉斯克塑料有限公司董事同时担任公司董事会董事长。

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

随着中国在2022年12月下旬改善了疫情防控政策,公司截止目前成功地维持正常生产。因公司产品的需求领域主要涉及农业与塑料产业,且该等产业并未受重大影响,因而公司产品需求保持稳定。总体来说,自2023年初到2月底,公司销售额与2022年同期相当。在本季度,公司的产品需求及现已收到的未来两个月的订单保持在正常水平。

管理层正密切关注全球供应链的发展情况。此外,公司并未把该等明显影响视为截止2022年12月31日财务报表的后续纠正性事件。

董事长

Verroios Pavlos 先生



2022.03.10