

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 2020.

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 2020 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 has already received 74.5 million RMB as paid-in capital for executing its investment plan.

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

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.

Events after the balance sheet

Despite the continuous impact of the pandemic in the societies and economies worldwide, the Company has managed to continue its investment plan normally until today.



The President of the Board

A handwritten signature in black ink, appearing to read "Pavlos Verroios".

Mr. Pavlos Verroios

