

Radisys Systems Equipment Trading (Shanghai) Co. Ltd.

**Financial Statements
for the year ended 31st December, 2023**

AUDITOR'S REPORT

To the Board of Directors of Radisys Systems Equipment Trading (Shanghai) Co. LTD.

1. OPINION

We have audited the financial statements of Radisys Systems Equipment Trading (Shanghai) Co. LTD. (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, the statement of cash flows, and the statement of changes in equity for the year then ended, and the notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the Company's financial position as of 31 December 2023, and its performance and cash flows for the year then ended in accordance with the China Accounting Standards("CAS").

2. BASIS FOR OPINION

We conducted our audit in accordance with the China Standards on Auditing ("CSA"). 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 the code of ethics for Chinese 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 opinion.

3. RESPONSIBILITIES OF THE MANAGMEENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of the financial statements that give a true and fair view in accordance with the CAS, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 the management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

AUDITOR'S REPORT - continued

4. 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 solely to you, as a body. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSA 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 CSA, we exercise professional judgment and maintain professional skepticism 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 that 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 the management.
- (4) 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 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.

AUDITOR'S REPORT - continued

4. Auditor's Responsibilities for the Audit of the Financial Statements - continued

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.

Deloitte Touche
Shenzhen Branch

Chinese Certified Public Accountant

He Cuihong

Chinese Certified Public Accountant

Li Wanli

8 April 2024

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.BALANCE SHEET
AT 31 DECEMBER 2023

	<u>NOTES</u>	<u>31/12/2023</u> RMB	<u>31/12/2022</u> RMB
<u>Assets</u>			
Current Assets:			
Cash and bank balances	6	25,330.32	52,106.35
Accounts receivable	7	9,729,639.62	9,678,941.45
Prepayments	8	3,580.00	3,580.00
Other receivables	9	2,404,186.98	2,404,186.98
Total Current Assets		<u>12,162,736.92</u>	<u>12,138,814.78</u>
Total Assets		<u><u>12,162,736.92</u></u>	<u><u>12,138,814.78</u></u>
<u>Liabilities and Equity</u>			
Current Liabilities:			
Other payables	10	29,226.79	26,250.00
Total Current Liabilities		<u>29,226.79</u>	<u>26,250.00</u>
Total Liabilities		<u>29,226.79</u>	<u>26,250.00</u>
Equity:			
Paid-in capital	11	3,476,298.00	3,476,298.00
Surplus reserve	12	1,738,149.00	1,738,149.00
Retained earnings	13	6,919,063.13	6,898,117.78
Total Equity		<u>12,133,510.13</u>	<u>12,112,564.78</u>
Total Liabilities and Equity		<u><u>12,162,736.92</u></u>	<u><u>12,138,814.78</u></u>

The accompanying notes form part of the financial statements.

The financial statements on pages 4 to 23 were signed by the following responsible parties:

Emma Yu (Xia Yu)

Legal Representative

Emma Yu (Xia Yu)

Head of Financial Function

Emma Yu (Xia Yu)

Head of Accounting Department

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	<u>NOTES</u>	<u>2023</u> RMB	<u>2022</u> RMB
I. Operating income		-	-
Less: Administrative expenses	14	139,342.66	146,733.65
Financial expenses	15	(160,288.01)	(825,592.73)
Including: Interest income		131.88	129.79
II. Operating profit		<u>20,945.35</u>	<u>678,859.08</u>
III. Total profit		20,945.35	678,859.08
Less: Income tax expenses	16	-	-
IV. Net profit		20,945.35	678,859.08
(1) Net profit from continuing operations		<u>20,945.35</u>	<u>678,859.08</u>
V. Other comprehensive income, net of tax		-	-
VI. Total comprehensive income		<u><u>20,945.35</u></u>	<u><u>678,859.08</u></u>

The accompanying notes form part of the financial statements.

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	<u>NOTES</u>	<u>2023</u> RMB	<u>2022</u> RMB
I. CASH FLOWS FROM OPERATING ACTIVITIES:			
Sale of goods and rendering of services		108,685.00	162,150.40
Other cash receipts relating to operating activities		131.88	129.79
Cash inflows from operating activities		<u>108,816.88</u>	<u>162,280.19</u>
Payments relating to other operating activities		<u>138,521.12</u>	<u>172,403.99</u>
Cash outflows from operating activities		<u>138,521.12</u>	<u>172,403.99</u>
Net Cash Flow from Operating Activities	18	<u>(29,704.24)</u>	<u>(10,123.80)</u>
II. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH		<u>2,928.21</u>	<u>(164.68)</u>
III. NET CHANGES IN CASH AND CASH EQUIVALENTS		(26,776.03)	(10,288.48)
Add: Opening Balance of Cash and Cash Equivalents	17	<u>52,106.35</u>	<u>62,394.83</u>
IV. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	17	<u>25,330.32</u>	<u>52,106.35</u>

The accompanying notes form part of the financial statements.

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	<u>Paid-in capital</u> RMB	<u>Surplus reserve</u> RMB	<u>Retained earnings</u> RMB	<u>Total equity</u> RMB
I. At 31 December 2022 and 1 January 2023	<u>3,476,298.00</u>	<u>1,738,149.00</u>	<u>6,898,117.78</u>	<u>12,112,564.78</u>
II. Changes for the year (I) Total comprehensive income	<u>-</u>	<u>-</u>	<u>20,945.35</u>	<u>20,945.35</u>
III. At 31 December 2023	<u><u>3,476,298.00</u></u>	<u><u>1,738,149.00</u></u>	<u><u>6,919,063.13</u></u>	<u><u>12,133,510.13</u></u>
	<u>Paid-in capital</u> RMB	<u>Surplus reserve</u> RMB	<u>Retained earnings</u> RMB	<u>Total equity</u> RMB
I. At 31 December 2021 and 1 January 2022	<u>3,476,298.00</u>	<u>1,738,149.00</u>	<u>6,219,258.70</u>	<u>11,433,705.70</u>
II. Changes for the year (I) Total comprehensive income	<u>-</u>	<u>-</u>	<u>678,859.08</u>	<u>678,859.08</u>
III. At 31 December 2022	<u><u>3,476,298.00</u></u>	<u><u>1,738,149.00</u></u>	<u><u>6,898,117.78</u></u>	<u><u>12,112,564.78</u></u>

The accompanying notes form part of the financial statements.

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. GENERAL

Radisys Systems Equipment Trading (Shanghai) Co. LTD. (the "Company") is a limited liability company registered by Radisys Convedia (Ireland) Limited ("Radisys Convedia") in Shanghai on 10 October 2003 with registered capital of USD 420,000.00, and the Company is approved to operate for a period of 30 years.

The approved scope of business of the Company includes: wholesale, import and export, commission agency (except for auction) and maintenance of embedded and fully-integrated systems (including hardware such as template-level embedded computers, blade servers, rackmount servers, motherboards, network interface and packet processing engines, AMC carrier card small board computing, I/O cards and adapters), middleware and software for computer, data processing and network intensive applications; research and development of products similar with those listed above; transfer of own technology; provision of related technical support, technical consulting, after-sales service and other related ancillary services.

The immediate holding company of the Company is Radisys Convedia, and the ultimate holding company is Reliance Industries Limited.

2. BASIS of PREPARATION OF FINANCIAL STATEMENTS

Management of the Company assessed the Company's ability to continue as a going concern for the 12 months from 31 December 2023 and did not notice any events or circumstances that may cast significant doubt upon its ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

3. STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES ("ASBE")

The financial statements of the Company have been prepared in accordance with the ASBE, present truly and completely the Company's financial position as of 31 December 2023, and its performance and cash flows for the year then ended.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The following significant accounting policies and accounting estimates are determined in accordance with the ASBE.

Accounting year

The Company has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**Functional currency**

Renminbi ("RMB") is the functional currency of the Company as it is the currency of the primary economic environment in which the Company operates. The Company adopts RMB to prepare its financial statements.

Basis of accounting and principle of measurement

The Company has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Company adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash and cash equivalents paid or the fair value of the consideration given at the time of acquisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash and cash equivalents expected to be paid to settle the liabilities in the normal course of business.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurements date, regardless of whether that price is directly observable or estimated using valuation technique. Fair value measurement and/or disclosure in the financial statements are determined according to the above basis.

When measuring non-financial assets at fair value, consideration is given to the ability of a market participant to generate economic benefits from the use of the asset for its best use or the ability to generate economic benefits from the sale of the asset to other market participants who are able to use it for its best use.

For financial assets of which the transaction price is used as the fair value at initial recognition and for which a valuation technique involving unobservable inputs is used in the subsequent measurement of fair value, the valuation technique is corrected during the valuation process so that the initial recognition result determined by the valuation technique is equal to the transaction price.

Fair value measurements are categorized into Level 1, 2 or 3 based on degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than inputs within Level 1, which are observable for the asset or liability.
- Level 3 inputs are unobservable inputs for the asset or liability.

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**Cash and cash equivalents**

Cash comprises an cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Company's short-term (generally due within three months after the date of acquisition), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

For financial assets purchased or sold in a regular way, the Company recognizes assets acquired and liabilities assumed on a trade date basis, or derecognizes the assets sold on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument ,or, or where appropriate, a shorter period, to the net carrying amount of the financial asset or the amortized cost of financial liability on initial recognition. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms (such as earlier repayment, extension, call option or other similar options etc.) of the financial asset or financial liability without considering expected credit losses.

The amortized cost of a financial asset or a financial liability is the amount of a financial asset or a financial liability initially recognized net of principal repaid, plus or less the cumulative amortized amount arising from amortization of the difference between the amount initially recognized and the amount at the maturity date using the effective interest method, net of cumulative loss allowance (only applicable to financial assets).

Classification, recognition and measurement of financial assets

Subsequent to initial recognition, the financial assets of the Company are subsequently measured at amortized cost.

If contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial assets are held within a business model whose objective is to hold the financial assets in order to collect the contractual cash flows, such assets are classified as financial assets measured at amortized cost. The financial assets measured at amortized cost mainly include cash and bank balances, accounts receivable and other receivables.

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**Financial instruments - continued***Classification, recognition and measurement of financial assets - continued*

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from impairment or derecognition is recognized in profit or loss.

For financial assets measured at amortized cost, the Company recognizes interest income using effective interest method. Interest income is determined by applying an effective interest rate to the carrying amount of the financial asset, except for the following circumstances:

- For purchased or originated credit-impaired financial asset, the Company calculates the interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset since initial recognition.
- For purchased or originated credit-impaired financial asset that was not credit-impaired but has become credit-impaired in subsequent period, the Company calculates the interest income by applying the effective interest rate to the amortized cost of the financial assets. If the financial instrument subsequently becomes no longer credit-impaired due to improvement of its credit risk, and such improvement can be related to an event occurring subsequent to the application of above provisions, the Company calculates the interest income by applying the effective interest rate to the carrying amount of the financial asset.

Impairment of financial instrument

For financial asset measured at amortized cost, the Company accounts for the impairment and recognizes the provision for losses on the basis of expected credit loss ("ECL").

For accounts receivable arising from transactions regulated by Revenue Standards that do not contain significant financing component or without considering the financing component included in the contract with a term not exceeding one year, the Company recognizes the provision for losses at an amount equivalent to the lifetime ECL.

For other financial instruments (other than purchased or originated credit-impaired financial assets), the Company assesses the changes of credit risk since initial recognition of relevant financial instruments at each balance sheet date. If the credit risk has increased significantly since initial recognition of the financial instruments, the Company recognizes the provision for losses at an amount equivalent to lifetime ECL; if the credit risk has not increased significantly since initial recognition of the financial instruments, the Company recognizes the provision for losses at an amount equivalent to 12-month ECL. The increase or reversal of credit loss provision for financial assets is recognized as impairment loss or gain and included in profit or loss for the period.

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**Financial instruments - continued***Impairment of financial instrument* - continued

Where the Company has measured the provision for losses at an amount equivalent to lifetime ECL of a financial instrument in prior accounting period, but the financial instrument no longer satisfies the criteria of significant increase in credit risk since initial recognition at the current balance sheet date, the Company recognizes the provision for losses of the financial instrument at an amount equivalent to 12-month ECL at the current balance sheet date, with any resulting reversal of provision for losses recognized as impairment gains in profit or loss for the period.

- Significant increase in credit risk

The Company uses reasonable and supportable forward-looking information to assess whether the credit risk has increased significantly since initial recognition by comparing the risk of a default occurring on the financial instrument at the balance sheet date with the risk of a default occurring on the financial instrument at the date of initial recognition.

The following information is taken into account when assessing whether the credit risk has increased significantly:

- (1) Significant changes in internal price indicators as a result of a change in credit risk.
- (2) Other changes in the rates or terms of an existing financial instrument that would be significantly different if the instrument was newly originated or issued at the reporting date (such as more stringent covenants, increased amounts of collateral or guarantees, or higher income coverage).
- (3) Significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life. These indicators include the credit spread, the credit swap prices for the borrower, the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost and other market information related to the borrower, such as changes in the price of a borrower's debt and equity instruments.
- (4) An actual or expected significant change in the financial instrument's external credit rating.
- (5) An actual or expected internal credit rating downgrade for the borrower.
- (6) Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations;
- (7) An actual or expected significant change in the operating results of the borrower.
- (8) Significant changes in credit risk of other financial instruments issued by the same borrower.
- (9) An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower.
- (10) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the debtor's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring.
- (11) Significant changes that are expected to reduce the borrower's economic incentive to make scheduled contractual payments.

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**Financial instruments - continued***Impairment of financial instrument* - continued*- Significant increase in credit risk* - continued

- (12) Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument.
- (13) Significant changes in the expected performance and repayment behaviour of the borrower.
- (14) Changes in the Company's credit management approach in relation to the financial instrument.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly: - continued

At the balance sheet date, if the Company judges that the financial instrument only has low credit risk, the Company assumes that the credit risk of the financial instrument has not increased significantly since the initial recognition. If the financial instruments has lower risk of default, the borrower has a strong ability to fulfil its contractual cash obligation in a short term, and it is not certain to reduce the ability of the borrower to fulfil its contractual cash obligation even though no adverse changes happen to the economic trend and operating environment in a relatively long term, then the financial instruments are considered to have lower credit risk.

- Credit-impaired financial assets

When an event or several events that are expected to have adverse impact on the future cash flows of the financial assets have occurred, the financial assets become credit-impaired. The evidence of credit impairment of financial assets includes the following observable information:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- (3) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (4) It becoming probable that the debtor will enter bankruptcy or other financial reorganizations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer or the debtor;
- (6) Purchase or originate a financial asset at a significant discount which reflects the fact of credit impairment .

Based on the Company's internal credit risk management, the Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**Financial instruments - continued***Impairment of financial assets* - continued*- Determination of ECL*

In determining the credit loss of financial instruments, the accounts receivable are assessed on individual basis.

For financial assets, the ECL is the difference between all contractual cash flows that are due to the Company and the cash flows that the Company expected to receive, discounted at the effective interest rate determined at initial recognition.

The Company's measurement of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights, taken into account also time value of money, historical data adjusted by forward-looking information that is available without undue cost of effort.

- Write-down of financial assets

When the Company will no longer reasonably expect that the contractual cash flows of financial assets can be collected in aggregate or in part, the Company will directly write down the book value of the financial asset, which constitutes derecognition of relevant financial assets.

- Transfer of financial assets

The Company derecognizes a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, but retains control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability. For transferred financial assets carried at amortized cost, the carrying amount of relevant liabilities is calculated as the carrying amount of financial assets being transferred less the amortized cost of the Company's retained rights (if the Company retains relevant rights upon transfer of the financial assets) plus the amortized cost of the obligations assumed (if the Company assumes relevant obligations upon transfer of financial assets). Relevant liabilities are not designated as financial liabilities at fair value through profit or loss.

For transfer of financial assets carried at amortized cost in its entirety that satisfies the derecognition criteria, the difference between the carrying amount of the financial asset transferred on the date of derecognition and the consideration received from the transfer of financial asset is recognized in profit or loss for the period.

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**Financial instruments** - continued*Impairment of financial assets* - continued*- Transfer of financial assets* - continued

If a part of the transferred financial asset qualifies for derecognition, the overall carrying amount of the financial asset prior to transfer is allocated between the part that continues to be recognized and the part that to be derecognized, based on the respective fair value of those parts at the date of transfer. The difference between the consideration received and the carrying amount of the derecognized component at the date of derecognition is recognized in profit or loss.

For transfer of financial assets in its entirety that does not satisfy the derecognition criteria, the Company continues to recognize the transferred financial asset in its entirety. The consideration received from transfer is recognized as a liability upon receipt.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold or cancelled by the Company are recognized as changes of equity. Changes of fair value of equity instruments is not recognized by the Company. Transaction costs related to equity transactions are deducted from equity.

The Company recognizes the distribution to holders of the equity instruments as distribution of profits, dividends paid do not affect total amount of shareholders' equity.

Income tax

Income tax expenses include current income tax and deferred income tax.

Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**Income tax - continued***Deferred tax assets and deferred tax liabilities* - continued

Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

Current and deferred tax expenses or income are recognized in profit or loss for the period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in owners' equity, in which case they are recognized in other comprehensive income or in owners' equity, and when they arise from business combinations, in which case the carrying amount of the deferred income tax is adjusted.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

5. TAXATION

The Company applies the major tax categories and tax rates as below:

<u>Tax category</u>	<u>Tax rate</u>	<u>Tax base</u>
Enterprise income tax	25%	Assessable profit

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****6. CASH AND BANK BALANCES**

Item	31/12/2023			31/12/2022		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
Bank deposits						
RMB	24,597.55	1.0000	24,597.55	51,386.84	1.0000	51,386.84
USD	103.46	7.0827	732.77	103.31	6.9646	719.51
Total			25,330.32			52,106.35

7. ACCOUNTS RECEIVABLE

Aging analysis of accounts receivable is as follows:

	31/12/2023				31/12/2022			
	Amount RMB	Ratio %	Allowance for credit losses RMB	Carrying amount RMB	Amount RMB	Ratio %	Allowance for credit losses RMB	Carrying amount RMB
Over 3 years	9,729,639.62	100.00	-	9,729,639.62	9,678,941.45	100.00	-	9,678,941.45

Disclosure of accounts receivable by customers is as below:

	31/12/2023				31/12/2022			
	Amount RMB	Ratio %	Allowance for credit losses RMB	Carrying amount RMB	Amount RMB	Ratio %	Allowance for credit losses RMB	Carrying amount RMB
Radisys Corporation	9,729,639.62	100.00	-	9,729,639.62	9,678,941.45	100.00	-	9,678,941.45

8. PREPAYMENTS

Aging analysis of prepayments is as follows:

Aging	31/12/2023		31/12/2022	
	Amount RMB	Ratio %	Amount RMB	Ratio %
Within 1 year	3,580.00	100.00	3,580.00	100.00

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****9. OTHER RECEIVABLES**

(1) Aging analysis of other receivables is as follows:

<u>Aging</u>	<u>31/12/2023</u>				<u>31/12/2022</u>			
	<u>Amount</u> RMB	<u>Ratio</u> %	<u>Allowance for</u> <u>credit losses</u> RMB	<u>Carrying</u> <u>amount</u> RMB	<u>Amount</u> RMB	<u>Ratio</u> %	<u>Allowance for</u> <u>credit losses</u> RMB	<u>Carrying</u> <u>amount</u> RMB
Over 3 years	<u>2,404,186.98</u>	<u>100.00</u>	<u>-</u>	<u>2,404,186.98</u>	<u>2,404,186.98</u>	<u>100.00</u>	<u>-</u>	<u>2,404,186.98</u>

(2) Disclosure of other receivables by categories is as below:

<u>Category</u>	<u>31/12/2023</u>				<u>1/1/2023</u>			
	<u>Amount</u> RMB	<u>Ratio</u> %	<u>Allowance for</u> <u>credit losses</u> RMB	<u>Carrying</u> <u>amount</u> RMB	<u>Amount</u> RMB	<u>Ratio</u> %	<u>Allowance for</u> <u>credit losses</u> RMB	<u>Carrying</u> <u>amount</u> RMB
Others that are not individually significant	<u>2,404,186.98</u>	<u>100.00</u>	<u>-</u>	<u>2,404,186.98</u>	<u>2,404,186.98</u>	<u>100.00</u>	<u>-</u>	<u>2,404,186.98</u>

Note: Other receivables of the Company with amounts that are significant individually are with an original value of RMB 5 million or more.

10. OTHER PAYABLES

	<u>31/12/2023</u> RMB	<u>31/12/2022</u> RMB
Audit fee payable	<u>29,226.79</u>	<u>26,250.00</u>

11. PAID-IN CAPITAL

The registered capital of the Company is USD 420,000.00, which has been fully paid as at 31 December 2023. Details of the investor's contributions according to the Company's articles of association are as follows:

	<u>31/12/2023 & 31/12/2022</u>		
	<u>Registered</u> <u>currency</u>	<u>Proportion</u> %	<u>Equivalent</u> RMB
Radisys	USD	<u>100.00</u>	<u>3,476,298.00</u>

Note: The above paid-in capital has been verified by Ernst & Young Certified Public Accountants on 17 September 2004 and a capital verification report has been issued.

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****12. SURPLUS RESERVE**

	<u>1/1/2023</u> RMB	<u>Increase</u> RMB	<u>Decrease</u> RMB	<u>31/12/2023</u> RMB
Statutory surplus reserve	1,738,149.00	-	-	1,738,149.00

Note: The Company transfers 10% of annual net profit to its statutory surplus reserve until when the accumulated statutory surplus reserve is more than 50% of the paid-in capital.

13. RETAINED EARNINGS

	<u>2023</u> RMB	<u>2022</u> RMB
Retained earnings at the beginning of year	6,898,117.78	6,219,258.70
Add: Net profit for the year	20,945.35	678,859.08
Retained earnings at the end of year	6,919,063.13	6,898,117.78

14. ADMINISTRATIVE EXPENSES

	<u>2023</u> RMB	<u>2022</u> RMB
Professional service fee	96,318.22	103,773.65
Rents	42,960.00	42,960.00
Others	64.44	-
Total	139,342.66	146,733.65

15. FINANCIAL EXPENSES

	<u>2023</u> RMB	<u>2022</u> RMB
Interest income	(131.88)	(129.79)
Foreign exchange gains	(162,311.38)	(827,383.28)
Bank charges	2,155.25	1,920.34
Total	(160,288.01)	(825,592.73)

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**16. INCOME TAX EXPENSES**

	<u>2023</u> RMB	<u>2022</u> RMB
Current income tax	-	-

Reconciliation of income tax expenses to the accounting profit is as follows:

	<u>2023</u> RMB	<u>2022</u> RMB
Total profit	20,945.35	678,859.08
Income tax expenses calculated at 25% (2022: 25%)	5,236.34	169,714.77
Effect of unrecognized tax loss and deductible temporary difference for tax purpose	<u>(5,236.34)</u>	<u>(169,714.77)</u>
Income tax expenses	<u>-</u>	<u>-</u>

17. CASH AND CASH EQUIVALENTS

<u>Item</u>	<u>31/12/2023</u> RMB	<u>31/12/2022</u> RMB
Cash	25,330.32	52,106.35
Including: Bank balances which can be withdraw on demand	<u>25,330.32</u>	<u>52,106.35</u>
Balance of cash and cash equivalents	<u>25,330.32</u>	<u>52,106.35</u>

18. SUPPLEMENTARY INFORMATION TO STATEMENT OF CASH FLOWS

	<u>2023</u> RMB	<u>2022</u> RMB
(1) Reconciliation of net profit to cash flow from operating activities:		
Net profit	20,945.35	678,859.08
Add: Foreign exchange (profit) loss	(2,928.21)	164.68
Increase in operating receivables	(50,698.17)	(665,397.56)
Increase (Decrease) in operating payables	<u>2,976.79</u>	<u>(23,750.00)</u>
Net cash flow from operating activities	<u>(29,704.24)</u>	<u>(10,123.80)</u>
(2) Net changes in cash and cash equivalents		
Closing balance of cash and cash equivalents	25,330.32	52,106.35
Less: Opening balance of cash and cash equivalents	<u>52,106.35</u>	<u>62,394.83</u>
Net changes in cash and cash equivalents	<u>(26,776.03)</u>	<u>(10,288.48)</u>

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****19. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS**

(1) Basic information of the parent company

<u>Name of the parent company</u>	<u>Registered location</u>	<u>Nature of business</u>	<u>Shareholding ratio</u>	<u>Voting ratio</u>	<u>Registered capital</u>
Radisys	Ireland	Services	100.00%	100.00%	USD 420,000

The ultimate holding company of the Company is Reliance Industries Limited incorporated in India.

(2) The following companies are the main other related parties which has transactions with the Company while no control relationship exists:

<u>Name</u>	<u>Relationship with the Company</u>
Radisys Corporation	The same ultimate controlling shareholder
Radisys Technologies (Shenzhen) Co., Ltd.	The same ultimate controlling shareholder

(3) Amounts due to/from related parties

<u>Accounts</u>	<u>Name of the related party</u>	<u>31/12/2023</u> RMB	<u>31/12/2022</u> RMB
Accounts receivable	Radisys Corporation	<u>9,729,639.62</u>	<u>9,678,941.45</u>
Other receivables	Radisys Technologies (Shenzhen) Co., Ltd.	<u>2,396,926.98</u>	<u>2,396,926.98</u>

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's major financial instruments include cash and bank balances, accounts receivable, other receivables and other payables etc. Details of these financial instruments are disclosed in relevant notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure that risks are limited to a certain level.

The Company adopts sensitivity analysis technique to analyze how the profit and loss for the period or the owners' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued**

1. Risk management objectives and policies - continued

The Company's risk management objectives are to achieve a proper balance between risks and yield, minimizing the adverse impacts of risks on the Company's performance, and maximizing the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Company's basic risk management strategy is to identify and analyze the Company's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

1.1 Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Company's exposure to the currency risk is primarily associated with USD. As at 31 December 2023, the balance of the Company's assets and liabilities are mainly denominated in RMB except that the assets and liabilities set out below which are denominated in foreign currencies. Currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Company's profit or loss.

	<u>Currency type</u>	<u>31/12/2023</u> RMB	<u>31/12/2022</u> RMB
Cash and bank balances	USD	732.77	719.51
Accounts receivable	USD	9,729,639.62	9,678,941.45

The Company's management closely monitors the effects in the foreign exchange rates on the Company's currency risk exposures, and take measures to hedge currency risk exposures when necessary.

Sensitivity analysis on currency risk

On the basis of the above assumption, where all other variables are held constant, reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period and equity:

<u>Item</u>	<u>Change in exchange rate</u>	<u>2023</u>		<u>2022</u>	
		<u>Effect on profit</u> RMB	<u>Effect on equity</u> RMB	<u>Effect on profit</u> RMB	<u>Effect on equity</u> RMB
All foreign currencies	5% appreciation against RMB	486,518.62	486,518.62	483,983.05	483,983.05
All foreign currencies	5% depreciation against RMB	(486,518.62)	(486,518.62)	(483,983.05)	(483,983.05)

RADISYS SYSTEMS EQUIPMENT TRADING (SHANGHAI) CO. LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

1. Risk management objectives and policies - continued

1.2 Credit risk

As at 31 December 2023, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Company is arising from the carrying amount of the respective recognized financial assets as stated in the statement of financial position.

The Company reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Company considers that the Company's credit risk is significantly reduced.
