

Pfaudler (changzhou) Process Equipment Co., Ltd

Audited Financial Statements

SuQianZheng Shen Zi (2024) No. 0730



Auditor's Report

SuQianZheng Shen Zi (2024) No.0730

To the Board of Directors of Pfaudler (changzhou) Process Equipment Co., Ltd

We have audited the accompanying financial statements of Pfaudler (changzhou) Process Equipment Co., Ltd (the "Company") which comprise the balance sheet as at 31 December 2023, and the income statement, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements.

Management's Responsibility for the Financial Statements

The management is responsible for preparing financial statements in accordance with Accounting Standards for Business Enterprises and the Accounting System for the Business Enterprise. This responsibility includes (1) designing, implementing and maintaining the internal control relevant to the preparation of the financial statements that are free from material misstatement whether due to fraud or error; (2) selecting and applying appropriate accounting policies; and (3) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements base on our audit. We conducted our audit in accordance with the Chinese Auditing Standards issued by the Chinese Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the entity's preparation of financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well ad evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises, and present fairly, in all material aspects, the financial position fo the Company as at 31 December 2023 and the result of its operations and its cash flows for the year then ended.

Suzhou QianZhong Certified Public Accountants



Suzhou, China

Chinese Certified Public Accountant:



Chinese Certified Public Accountant:



Apr. 29, 2024

Pfaudler (changzhou) Process Equipment Co., Ltd
BALANCE SHEET AS OF DECEMBER 31, 2023

		LINE	2023	2022	LINE	2023	2022
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents		1			51		
Transaction monetary assets		2	34,543,525.11	53,703,690.67	52		
Notes receivables		3	-	34,105.00	53		
Accounts receivable		4	29,676,082.45	39,470,082.20	54	12,746,319.06	27,825,298.69
Advance to suppliers		5	14,643,191.18	3,625,049.00	55	38,350,806.88	93,280,634.54
Dividends receivable		6	29,375,414.07	56,889,936.85	56	2,999,934.96	2,319,625.30
Interest receivable		7			57		
Other receivables		8			58		
Subsidy receivable		9	27,869,772.01	19,570,033.51	59		
Inventories		10	22,961,863.95	47,416,557.15	60	3,930,461.21	8,391,026.30
Raw materials		11			61	45,968,333.51	35,170,514.72
Commodity stocks		12			62		
Long-term debt investment within one year		13			63	13,170,082.06	8,466,097.36
Other current assets		14			64	117,165,937.68	175,453,196.91
		15	399,448.43	583,745.54	65		
TOTAL CURRENT ASSETS		16	159,469,297.20	221,293,199.92	66		
NON-CURRENT ASSETS:							
Available-for-sale financial assets		17			67		
Hold investment due		18			68		
Long-term investment on stocks		19			69		
Long-term account payable		20			70	17,771,492.14	17,573,849.32
Real estate investment		21			71		
Usufruct asset		22			72		
Fixed assets original cost		23			73		
Less: Accumulated depreciation		24			74	17,771,492.14	17,573,849.32
Fixed assets impairment provision		25	11,207,361.54	13,266,544.02	75		
Fixed assets--net book value		26	43,264,209.64	39,382,829.75	76	134,937,429.82	193,027,046.23
Construction in process		27	15,124,194.47	10,914,665.71	77		
Fixed assets pending disposal		28			78		
Intangible assets		29	28,140,015.17	28,468,164.04	79	52,220,500.00	52,220,500.00
Long-term prepaid assets		30			80		
Deferred income tax assets		31			81	52,220,500.00	52,220,500.00
Other long-term assets		32			82		
Including: Exchange loss to be written off		33			83	52,220,500.00	52,220,500.00
		34			84	238,370.88	238,370.88
		35	6,465,329.26	4,055,523.45	85	4,387,103.00	4,387,103.00
		36			86		
		37			87		
TOTAL NON-CURRENT LIABILITIES		38	45,812,705.97	45,790,231.51	88		
		39			89		
		40			90		
		41			91		
		42			92		
		43			93	13,498,599.47	17,210,411.32
		44			94		
		45			95	70,344,573.35	74,056,385.20
TOTAL ASSETS		46	205,282,003.17	267,083,431.43	96	205,282,003.17	267,083,431.43
LIABILITIES & OWNERS' EQUIT							
CURRENT LIABILITIES:							
Short-term loans							
Notes payable							
Accounts payable							
Accounts advanced from customers							
Employee pay payable							
Including: Accrued payroll							
Welfare benefits payable							
Dividends payable							
Taxes payable							
Other payables							
Long-term liabilities maturing within one year							
Other current liabilities							
TOTAL CURRENT LIABILITIES							
LONG-TERM LIABILITIES							
Long-term loans							
Debentures payable							
Payables due after one year							
Government grants payable							
Other long-term payables							
Including: Exchange loss to be charged							
TOTAL LONG-TERM LIABILITIES							
OWNERS' (OWNERS)/SHAREHOLDERS' EQUITY							
Registered capital							
Chinese investment (non-RMB balance amount at the end of this period)							
Foreign investment (non-RMB balance amount at the end of this period)							
Less: Returned investment							
Registered capital--net book value							
Capital surplus							
Surplus reserve							
Including: Statutory accumulation reserve							
Statutory welfare reserve							
Discretionary accumulation							
Reserved funds							
Enterprise expansion funds							
Profits capitalised on return of investments							
Uncertain investment loss							
Undistributed profits							
Currency exchange difference							
TOTAL OWNERS' EQUITY							
TOTAL LIABILITIES & OWNERS' EQUIT							

Pfaudler (changzhou) Process Equipment Co., Ltd
INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

(All amounts listed in RMB if not noted otherwise)

ITEMS	LINE	2023	2022	ITEMS	LINE	2023	2022
I. TOTAL REVENUE	1	234,096,044.97	217,731,241.51	III. OPERATING INCOME	29	17,054,019.86	17,235,789.73
Including: Revenue	2	234,096,044.97	217,731,241.51	Add: Non-operating income	30	958,083.50	51,672.34
Including: Revenue from related parties	3	-	-	Less: Non-operating expenses	31	742.16	101,080.35
Revenue from non-related parties	4	234,096,044.97	217,731,241.51		32		
Dividends receivable	5			IV. INCOME BEFORE TAX (LOSS EXPRESSED WITH "-")	33	18,011,361.20	17,186,381.72
Interest income	6			Less: Income tax	34	4,512,761.73	4,305,820.58
	7				35		
II. TOTAL COST OF REVENUE	8	217,042,025.11	200,495,451.78	V. NET INCOME (LOSS EXPRESSED WITH "-")	36	13,498,599.47	12,880,561.14
Including: Cost of Revenue	9	187,800,978.13	173,828,068.53	Owner's net profit attributable to parent company	37	13,498,599.47	12,880,561.14
	10			Minority interest	38		
	11				39		
Interest expense	12			VI. EARNINGS PER SHARE	40		
Sales tax and additions	13	845,092.72	953,587.87	Basic earnings per share	41		
Selling expense	14	12,530,314.72	9,767,866.16	Diluted earnings per share	42		
General and administrative expenses	15	13,954,118.83	10,293,469.48		43		
Including: Entertainment expenses	16			VII. OTHER CONSOLIDATED INCOME	44	-17,210,411.32	-477,381.77
Research and development expense	17			VIII. TATOL CONSOLIDATED INCOME	45	-3,711,811.85	12,403,179.37
Finance costs	18	-316,760.42	1,170,424.55		46		
Including: interest expense	19				47		
Exchange loss (less: exchange gain)	20				48		
Asset impairment loss	21				49		
Other expense	22	2,228,281.13	4,482,035.19		50		
Add: The profits on the changes in fair value	23				51		
Investment income	24				52		
Exchange gain	25				53		
	26				54		
	27				55		
	28						

Pfaudler (changzhou) Process Equipment Co., Ltd
CONSOLIDATED STATEMENTS OF CASH FLOWS

(All amounts listed in RMB if not noted otherwise)

ITEM	LINE	2023	2022	ITEM	LINE	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from sale of goods or rendering of services	1			Net cash payments for acquisitions of subsidiaries and other business units	21		
	2	202,740,141.40	196,209,494.70	Other cash payments relating to investing activities	22		
Tax refunds received	3			Sub-total of cash outflows from Investing Activities	23	3,847,274.89	1,354,084.31
Other cash received relating to operating activities	4	52,833,999.50	32,507,597.59	Net cash flows from investing activities	24	-3,847,274.89	-1,297,684.31
Subtotal of cash inflows from operating activities	5	255,574,140.90	228,717,092.29	CASH FLOWS FROM FINANCING ACTIVITIES	25		
Cash paid for goods and services	6	172,770,474.74	173,361,362.27	Cash received from capital contribution	26		
Cash paid to and on behalf of employees	7	5,825,860.59	21,028,088.46		27		
Payments of all types taxes	8	2,622,804.45	10,990,253.78	Cash received from borrowings	28		
Other cash paid relating to operating activities	9	72,425,832.07	2,285,384.61	Other cash received relating to financing activities	29		
Sub-total of cash outflows from operating activities	10	253,644,971.85	207,645,089.12	Sub-total of cash inflows from financing activities	30		
Net cash flows from operating activities	11	1,929,169.05	21,072,003.17	Cash repayments of amounts borrowed	31		
CASH FLOWS FROM INVESTING ACTIVITIES				Cash payments for interest expenses and distribution of dividends or profit	32	17,211,978.40	
Cash received from disposal of investments	12				33		
Cash received from returns on investments	13			Other cash payments relating to financing activities	34		
Proceeds from sale of property and equipment	14			Sub-total of cash outflows from financing activities	35	17,211,978.40	
Net cash receipts from disposals of subsidiaries and other business units	15			Net cash flows from financing activities	36	-17,211,978.40	
Other cash received relating to investing activities	16		56,400.00	EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	37	-30,081.32	-318,027.55
NON-CURRENT ASSETS:				NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	38	-19,160,165.56	19,456,291.31
Purchase of property and equipment, net of value	17			Add: Cash equivalents at beginning of year	39	53,703,690.67	34,247,399.36
Cash paid to acquire investments	18	3,881,379.89	1,319,979.31	Cash equivalents at end of year	40	34,543,525.11	53,703,690.67
	19						
	20	-34,105.00	34,105.00				

Pfautler (changzhou) Process Equipment Co., Ltd

NOTES TO FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

(Monetary Unit RMB 000's)

Company information

Pfautler (changzhou) Process Equipment Co., Ltd (Here in after referred to as company), Founded March 29,1996 , Original name: Suzhou Pfautler Glass-lined Equipment Co., Ltd. Absorption Pfautler (changzhou) Process Equipment Co., Ltd in Nov. 2020. Renamed Pfautler (changzhou) Process Equipment Co., Ltd. Get the business license (NO.913205006082379543), The registered capital of the company is 6.3 million US dollars. Legal representative: Mark Goldsmith.

Registered address: #6 Tong Gang Avenue, Shang Xing Town, Li Yang City, Jiang Su Province, China.



the duration date is 50 years that lasts from March 29, 1996 to March 28, 2046.

Principal activities: Manufacturing and sale of glass-lined equipment, parts and related chemical equipment, research of antiseptic technology and provide services for related technology.

Significant accounting policies

1.Accounting period

Accounting period lasts from September 1 to August 31 of the next year.

2.Foreign currencies

Transactions in foreign currencies are measured and recorded in RMB, using the official exchange rate in effect at the beginning of the month of the transaction, At each balance sheet date, recorded monetary balances that are denominated in a foreign currency are adjusted to reflect the official exchange rate at the balance sheet date. All exchange adjustments are taken into the profit and loss account.

3. Inventories

Inventories include raw materials, products in process, finished goods and Provision for obsolete stocks. Raw materials are accounted for at standard cost. Material cost variances are allocated on composite material variance rate at the end of the month. The cost of products in process consists of costs of direct material and direct labor, manufacturing expenses and material cost variance which is calculated on base of the cost of direct material.

4. Evaluation of Fixed Assets and Depreciation method

Fixed assets are accounted for at actual cost, and are depreciated at rate sufficient to write off the cost over their estimated useful lives on the straight-line method, taking into account the residual value, which is estimated at 10% of their original cost.

5. Intangible assets

- (1) Industrial property rights shall be amortized evenly over 10 years.
- (2) Software shall be amortized evenly over 5 years.



6. Taxes

- (1) Value added tax: The rate of VAT is 13%、6%.
- (2) City build tax : The rate is 7%.
- (3) Educational surtax and surcharge: The rate is 5%.

Notes for major item for Financial Statements

1. INVENTORY

Items	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2023</u>
Raw material	32,604	4,721
Product in process	5,038	10,391
Finished goods	16,711	18,834
Provision for obsolete stocks	<u>(6,936)</u>	<u>(10,984)</u>
Total	<u>47,417</u>	<u>22,962</u>

2. FIXED ASSETS

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2023</u>
Original Value	<u>39,383</u>	<u>43,264</u>
Office furniture	1,253	1,270
Equipment	32,233	35,723
Building construction	5,897	6,271
Less: Accumulated depreciation	<u>10,915</u>	<u>15,124</u>
Net book value	<u>28,468</u>	<u>28,140</u>

3. PAID-IN CAPITAL

Paid-in capital	<u>Investment USD000's</u>	<u>Percentage (%)</u>
Pfautler-GmbH	800	12.7%
Pfautler Limited	1,000	15.9%
GMM International S.à r.l.	<u>4,500</u>	<u>71.4%</u>
Total	<u>6,300</u>	<u>100%</u>

The paid-in capital mentioned above had been verified by Justice United CPAs.

4. REVENUE AND COST

	<u>2022</u>	<u>2023</u>
Revenue	217,731	234,096
Cost of Revenue	173,828	187,801



编号 32059466202211020265

营业执照

统一社会信用代码
913205946841327678

扫描二维码登录“国家企业信用信息公示系统”了解更多登记、备案、许可、监管信息。



名称 苏州乾正会计师事务所(普通合伙)

类型 普通合伙企业

执行事务合伙人 张连勇

经营范围

审查企业会计报表、出具审计报告；验证企业资本、出具验资报告；办理企业合并、分立、清算中的审计业务、出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其
他业务。(依法须经批准的项目，经相关部门批准后方可开展经营活动)
一般项目：资产评估；工程造价咨询业务；招投标代理服务
(除依法须经批准的项目外，凭营业执照依法自主开展经营活动)

出资额 100万元整

成立日期 2009年01月07日

主要经营场所 苏州工业园区东环路328号东环大厦502室



登记机关

2022

年 月 日