

**MIXEL (Beijing) Agitator Co., Ltd.**  
**Financial Statements with Auditors' Report**  
**For The Year Ended 31 December 2023**  
**(English Translation for Reference Only)**

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## AUDITOR'S REPORT

*FiveCode Audit Zi [2024] No. 021-1*

**To The Board of Directors of MIXEL (Beijing) Agitator Co., Ltd.**

### **Audit Opinion**

We have audited the accompanying financial statements of MIXEL (Beijing) Agitator Co., Ltd. (the 'company'), which comprise the balance sheet as at 31 December 2023, the income statement and statement of profit distribution and cash flow statement for the year then ended and other explanatory notes.

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

### **Basis of Auditor's Opinion**

We conducted our audit work in accordance with the Standards on Auditing for Certified Public Accountants. The part of "Auditor's Responsibility for the Financial Statements" in audit report also elaborated the responsibilities of auditors in accordance with the Standards on Auditing for Certified Public Accountants. Based on the code of professional ethics for Chinese Certified Public Accountants, we are independent of MIXEL (Beijing) Agitator Co., Ltd. and fulfil other responsibilities in professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Management's Responsibility for the Financial Statements**

Management of the Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (I) preparing the financial statements in accordance with Accounting Standards for Business Enterprises and Accounting System for Business Enterprises to achieve fair presentation of the financial statements; (II) designing, implementing and maintaining internal control that is necessary to enable the financial statements that are free from material misstatement, whether due to fraud or error.

As compiling the financial statement, the management takes responsible for evaluation of the sustainable operation capability of MIXEL (Beijing) Agitator Co., Ltd., disclosure items relating to sustainable operation (if applicable), and usage of the sustainable operation assumption, unless the management plans to liquidate MIXEL (Beijing) Agitator Co., Ltd., terminates operation or has no other realistic choice.

The management is responsible for the supervision of the financial reporting process of MIXEL (Beijing) Agitator Co., Ltd.

### **Auditor's Responsibility for the Financial Statements**

Our audit objective is to obtain reasonable assurance about whether the financial statement is free of material misstatement caused by fraud or error and issue the audit report including the audit opinion. reasonable assurance is the high-level assurance, but there is no guarantee that the audit conducted in accordance with the Auditing Standards will always find out material misstatement. Misstatement June be caused by fraud or error. If rational expected misstatement June affect the economic decision made by financial statement users in accordance with the financial statement, the misstatement is significant.

In the process of our audit work in accordance with the Audit Standards, we have professional scepticism and

be able to use professional judgment to assess the sufficiency and appropriateness of audit evidence. Meanwhile, we also execute the following work:

(I) Identifying and evaluating the material misstatement risks of the financial statement caused by fraud or error, design and implement the audit procedures to prevent or reduce audit risks, obtaining sufficient and appropriate audit evidence as the basis of issuing the audit opinion. As fraud June get involved in collusion, counterfeit, deliberate omission, false statement or override its internal control, the risk of failing to discover the material misstatements caused by fraud is higher than the risk of failing to find out the material misstatements caused by error.

(II) Understanding audit related internal control and designing appropriate audit procedures. However, the objective is not to issue an opinion on the effectiveness of internal control.

(III) Evaluating the appropriateness of selection and application of accounting policies, making reasonable accounting estimates and the rationality of relevant disclosure by management.

(IV) Drawing conclusion about the appropriateness of the management's assumption of sustainable operation capacity. If we come to the conclusion that there is significant uncertainty of the sustainable operation capacity of the company, Audit Standards requires to disclosure to remind users of financial statement to be attention. If disclosure is insufficient, we should issue a modified auditing opinion. Our conclusion is based on the information obtained before the audit report date, however, the future items or situations June failure of sustainable operation of the company.

(V) Evaluating the overall presentation, structure and contents of the financial statement (including disclosure) and evaluating whether the financial statement reflect relevant transactions and matters fairly.

We have communicated with the management about the audit scope, time schedule and material audit finding, including the deficiency of internal control system that identified during our audit.

**Beijing FiveCode Certified Public Accountants**

**Beijing, China**

**15th March 2024**

**MIXEL (Beijing) Agitator Co., Ltd.**

**Balance Sheet as at 31 December 2023**

**Currency: ¥**

<b>ASSETS</b>	<b>Notes</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
<b>Current assets</b>			
Monetary funds	4.1	7,946,587.99	6,398,590.79
Short-term investments			
Notes receivable	4.2	352,800.00	440,000.00
Dividend receivable			
Interest receivable			
Bills receivable			
Accounts receivable	4.3	278,027.60	1,017,140.77
Other receivables	4.4	101,018.11	275,089.11
Advances to suppliers	4.5	2,931,376.57	1,080,385.89
Subsidies Receivable			
Inventories	4.6	5,549,649.80	5,209,684.81
Contract assets	4.7	5,649,262.16	838,141.56
Prepaid expenses			
Long-term debt investment due within a year			
<b>Sub-total of current assets</b>		<b>22,808,722.23</b>	<b>15,259,032.93</b>
<b>Long-term investments</b>			
Long-term equity investments			
Long-term debt investments			
<b>Sub-total of long-term investments</b>			
<b>Fixed assets</b>			
Fixed assets-cost	4.8	2,451,488.63	2,296,416.14
Less: Accumulated depreciation	4.8	1,414,189.20	1,128,259.08
Fixed assets-net book value	4.8	1,037,299.43	1,168,157.06
Less: Provision for impairment of fixed assets	4.8		
Fixed assets-net	4.8	1,037,299.43	1,168,157.06
Construction materials			
Construction in progress			
Fixed assets held for disposal			
<b>Sub-total of fixed assets</b>		<b>1,037,299.43</b>	<b>1,168,157.06</b>
<b>Intangible and other assets</b>			
Right-of-use assets	4.9	5,092,462.08	5,542,277.18
Intangible assets	4.10	1,087.91	2,175.23
Long-term prepayments			
Other long-term assets			
Long-term amortization of costs	4.11	474,939.83	543,605.87
<b>Sub-total of intangible and other assets</b>		<b>5,568,489.82</b>	<b>6,088,058.28</b>
<b>Deferred taxes</b>			
Deferred tax assets	4.12	1,406,419.70	
<b>TOTAL ASSETS</b>		<b>30,820,931.18</b>	<b>22,515,248.27</b>

The notes to the accounts form an integral part of the financial statements

**MIXEL (Beijing) Agitator Co., Ltd.****Balance Sheet as at 31 December 2023 (continued)****Currency: ¥**

<b>LIABILITIES AND OWNERS' EQUITY</b>	<b>Notes</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
<b>Current liabilities</b>			
Short-term loans			
Notes payable			
Accounts payable	4.13	3,125,466.42	5,076,184.43
Advances from customers			
Contract liability	4.14	6,928,710.20	5,264,433.34
Accrued payroll	4.15	360,805.99	392,391.14
Welfare expenses payable			
Dividend payable			
Taxes payable	4.16	1,251,713.35	295,848.77
Other payables	4.17	281,152.01	199,051.63
Other amounts payable			
Accrued expenses			
Estimated liabilities			
Long-term liabilities due within a year	4.18	713,670.95	661,680.20
Other current liabilities			
<b>Sub-total of current liabilities</b>		<b>12,661,518.92</b>	<b>11,889,589.51</b>
<b>Long-term liabilities</b>			
Long-term borrowings	4.19	4,042,402.45	
Bonds payable			
Long-term payables			
Special payables			
Lease liability	4.20	4,626,101.93	5,115,580.97
Other long-term liabilities			
<b>Sub-total of long-term liabilities</b>		<b>8,668,504.38</b>	<b>5,115,580.97</b>
<b>Deferred taxes</b>			
Deferred tax liabilities	4.12	1,273,115.52	
<b>TOTAL LIABILITIES</b>		<b>22,603,138.82</b>	<b>17,005,170.48</b>
<b>OWNERS' EQUITY</b>			
Paid-in capital	4.21	7,750,658.69	7,750,658.69
Less: Investments returned			
Paid-in capital net value	4.21	7,750,658.69	7,750,658.69
Capital surplus	4.22	705.61	705.61
Surplus reserve		46,642.81	
Including: Reserve fund			
Enterprise expansion fund			
Undistributed profit	4.23	419,785.25	-2,241,286.51
<b>TOTAL OWNERS' EQUITY</b>		<b>8,217,792.36</b>	<b>5,510,077.79</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>30,820,931.18</b>	<b>22,515,248.27</b>

The financial statements have been approved by the management (Approval date: 15th March 2024)

In charge of company:

In charge of accounting function:

In charge of accounting department:

The notes to the accounts form an integral part of the financial statements

**MIXEL (Beijing) Agitator Co., Ltd.**

**Income Statement and statement of profit distribution for the year ended 31 December 2023**

**Currency: ¥**

	Notes	2023	2022
<b>1. Revenue from main operations</b>	<b>4.24</b>	<b>31,639,055.88</b>	<b>25,146,873.56</b>
Less: Cost of main operations	4.25	22,400,223.81	18,129,079.13
Taxes and surcharge for main operations		66,207.64	55,373.40
<b>2. Profit from main operations</b>		<b>9,172,624.43</b>	<b>6,962,421.03</b>
Add: Profit from other operations			
Other Revenue		4,141.81	1,507.36
Less: Operating expenses	4.26	2,476,995.70	1,906,816.52
General and administrative expenses	4.27	2,590,238.89	3,304,066.43
Financial expenses	4.28	457,666.58	521,467.81
Credit impairment losses (losses are listed with "-")	4.29	-189,702.82	
<b>3. Operating profit</b>		<b>3,462,162.25</b>	<b>1,231,577.63</b>
Add: Investment income/loss			
Revenue from subsidies			
Non-operating revenue	4.30	300.00	94,476.11
Less: Non-operating expenditure	4.31	3,767.60	18,983.37
<b>4. Income before tax</b>		<b>3,458,694.65</b>	<b>1,307,070.37</b>
Less: Income tax	4.32	750,980.08	48,651.46
<b>5. Net income</b>		<b>2,707,714.57</b>	<b>1,258,418.91</b>
Add: Undistributed profit at the beginning of the year		-2,241,286.51	-3,499,705.42
Other transfers-in			
<b>6. Profit to be distributed</b>		<b>466,428.06</b>	<b>-2,241,286.51</b>
Less: Appropriation of employee welfare and bonus fund			
Appropriation of reserve fund		46,642.81	
Appropriation of enterprise expansion fund			
Profit capitalised on return of investment			
<b>7. Profit to be distributed to investors</b>		<b>419,785.25</b>	<b>-2,241,286.51</b>
Less: Dividend payable on preferred stock			
Appropriation of discretionary surplus reserve			
Dividend payable on common stock			
Common stock dividend converted into capital			
<b>8. Undistributed profit</b>		<b>419,785.25</b>	<b>-2,241,286.51</b>
<b>9. EBIT</b>		<b>3,501,097.10</b>	<b>1,307,070.37</b>
<b>10. EBITDA</b>		<b>3,791,439.79</b>	<b>1,578,268.02</b>

**Supplementary information:**

1. Gain on sale and disposal of a department or an invested enterprise
2. Losses arising from natural disasters
3. Increase in income before tax due to a change in accounting policy
4. Increase in income before tax due to a change in accounting estimate
5. Losses arising from debt restructuring
6. Others

The financial statements have been approved by the management (Approval date: 15<sup>th</sup> March 2024)

In charge of company:

In charge of accounting function:

In charge of accounting department:

The notes to the accounts form an integral part of the financial statements

**MIXEL (Beijing) Agitator Co., Ltd.**

**Cashflow Statement for the year ended 31 December 2023**

**Currency: ¥**

	<b>2023</b>	<b>2022</b>
<b>1. Cash flows from operating activities</b>		
Cash received from the sale of goods or rendering of services	32,776,808.44	24,979,323.55
Refunds of taxes	243,150.57	136,986.15
Other cash receipts relating to operating activities	2,932,343.95	837,793.41
<b>Sub-total of cash inflows</b>	<b>35,952,302.96</b>	<b>25,954,103.11</b>
Cash paid for goods and services	28,949,461.36	16,314,988.86
Cash paid to and on behalf of employees	3,164,372.59	3,595,690.58
Payments of all types of taxes	603,578.06	1,541,083.03
Other cash payments relating to operating activities	4,538,657.89	3,042,783.31
<b>Sub-total of cash outflows</b>	<b>37,256,069.90</b>	<b>24,494,545.78</b>
<b>Net cash flows from operating activities</b>	<b>-1,303,766.94</b>	<b>1,459,557.33</b>
<b>2. Cash flows from investing activities</b>		
Cash received from return of investments		
Cash received from return on investment		
Net cash received from the sale of fixed, intangible and other long-term assets		
Other cash receipts relating to investing activities		
<b>Sub-total of cash inflows</b>		
Cash paid to acquire fixed, intangible and other long-term assets	172,449.54	105,708.90
Cash paid to acquire investments		
Other cash payments relating to investing activities		
<b>Sub-total of cash outflows</b>	<b>172,449.54</b>	<b>105,708.90</b>
<b>Net cash flows from investing activities</b>	<b>-172,449.54</b>	<b>-105,708.90</b>
<b>3. Cash flows from financing activities</b>		
Cash received from investments by others		
Cash received from borrowings	4,000,000.00	
Other cash receipts relating to financing activities		
<b>Sub-total of cash inflows</b>	<b>4,000,000.00</b>	
Cash repayments of amounts borrowed		
Cash paid for distribution of dividends or profits and for interest expenses		
Other cash payments relating to financing activities	992,230.75	992,236.75
<b>Sub-total of cash outflows</b>	<b>992,230.75</b>	<b>992,236.75</b>
<b>Net cash flows from financing activities</b>	<b>3,007,769.25</b>	<b>-992,236.75</b>
<b>4. Effect of changes in foreign exchange rate on cash</b>	<b>16,444.43</b>	<b>25,810.73</b>
<b>5. Net increase in cash and cash equivalents</b>	<b>1,547,997.20</b>	<b>387,422.41</b>

The notes to the accounts form an integral part of the financial statements



**MIXEL (Beijing) Agitator Co., Ltd.****Cashflow statement for the year ended 31 December 2023(continued)**

Currency: ¥

**Supplementary information**

	<b>2023</b>	<b>2022</b>
<b>1. Reconciliation of net income to cash flows from operating activities</b>		
Net income	2,707,714.57	1,258,418.91
Add: Provision for impairment of assets		
Credit impairment loss	189,702.82	
Depreciation of fixed assets	290,342.69	271,197.65
Depreciation of right to use assets	781,453.56	742,647.94
Amortisation of intangible assets	1,087.32	1,087.32
Amortisation of long-term prepayments	68,666.04	51,953.98
Decrease / (Increase) in prepaid expenses		
Increase / (Decrease) in accrued expenses		
Losses on disposal of fixed, intangible and other long-term assets		
Losses on scrapping of fixed assets		
Financial expenses	402,886.23	274,831.71
Investments losses		
Deferred tax credit	-133,304.18	
(Increase) / decrease in inventories	-339,964.99	911,721.62
(Increase) / decrease in operating receivables	-5,661,727.11	735,675.38
Increase in operating payables	389,376.11	-2,787,977.18
Others		
<b>Net cash flows from operating activities</b>	<b>-1,303,766.94</b>	<b>1,459,557.33</b>
<b>2. Investing and financing activities not involving cash flows</b>		
Conversion of debt into capital		
Convertible bonds to expire within one year		
Fixed assets under finance lease		
<b>3. Net increase in cash and cash equivalents</b>		
Cash at the end of the period	7,946,587.99	6,398,590.79
Less: Cash at the beginning of the period	6,398,590.79	6,011,168.38
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
<b>Net increase in cash and cash equivalents</b>	<b>1,547,997.20</b>	<b>387,422.41</b>

The financial statements have been approved by the management (Approval date: 15th March 2024)

In charge of company:

In charge of accounting function:

In charge of accounting department:

The notes to the accounts form an integral part of the financial statements

**MIXEL (Beijing) Agitator Co., Ltd.****Statement of Changes in Owners' Equity for the year ended 31 December 2023**

Currency: ¥

	<b>Paid in capital</b>	<b>Capital surplus</b>	<b>Legal reserves</b>	<b>Undistributed profit</b>	<b>Total</b>
<b>At 31 December 2021</b>	<b>7,750,658.69</b>	<b>705.61</b>		<b>-3,499,705.42</b>	<b>4,251,658.88</b>
Current Year Movement				1,258,418.91	1,258,418.91
<b>At 31 December 2022</b>	<b>7,750,658.69</b>	<b>705.61</b>		<b>-2,241,286.51</b>	<b>5,510,077.79</b>
Current Year Movement			46,642.81	2,661,071.76	2,707,714.57
<b>At 31 December 2023</b>	<b>7,750,658.69</b>	<b>705.61</b>	<b>46,642.81</b>	<b>419,785.25</b>	<b>8,217,792.36</b>

The notes to the accounts form an integral part of the financial statements

## **Note 1 General**

MIXEL (Beijing) Agitator Co., Ltd. (the “Company”) was established on 7th June 2005, and obtained its social credit code No. 911103027754511811. The type of company is corporation limited (foreign corporate owned); the address of company is Room 530, 5th Floor, Building 1, No. 5 Hongda South Road, Beijing Economic and Technological Development Zone, Beijing. Registered capital is USD 1.13 million, paid-in capital is 1.13 million, and legal representative is LEROUX

Vincent.

The scope of the business is manufacturing agitator and its components; selling your own products; providing technical consulting, technical training and technical services; wholesale and import of the above products.

## **Note 2 Basis of reporting for financial statements**

The company’s financial statements are prepared on a going concern basis, and the actual transactions and events are recognized and measured in accordance with the Accounting Standards for Business Enterprises and its application guidance and interpretative rules. In addition, the company also discloses financial information in accordance with the China Securities Regulatory Commission’s “General Provisions on Financial Reports” (Revised in 2014) for the disclosure of financial information of publicly traded companies.

### **2.1 Financial year**

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

### **2.2 Reporting currency**

The reporting currency of the Company is the Renminbi (¥).

### **2.3 Basis of accounting and principle of measurement**

The accrual basis is adopted for throughout these financial statements. Assets are measured at their historical cost.

### **2.4 Accounting treatment of foreign currency transactions**

Transactions denominated in foreign currencies are translated into Renminbi (RMB) at the average market exchange rate prevailing at the dates of transactions. The balances of all foreign currency accounts are restated into RMB at the exchange rate prevailing at the end of an accounting period. The difference between the amounts restated into RMB and the amount recorded in RMB are accounted for as exchange gains or losses of the period.

### **2.5 Designation of cash equivalents**

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **2.6 Accounts receivable**

#### *(1) Criteria for recognition of bad debts*

The Company carries out an inspection, on the balance sheet day, on the carrying amount of accounts receivable; where there is any objective evidence described below proving that such accounts receivable has been impaired, an impairment provision is made.

- a. A serious financial difficulty occurs to the debtor;
- b. The debtor breaches any of the contractual stipulations, for example, fails to pay or delays the payments, etc.;
- c. The debtor will probably become bankrupt or carry out other financial reorganizations;
- d. Other objective evidences showing the impairment of the accounts receivable.

#### *(2) The method used in establishment of provision*

The individual method is adopted to account for bad debts.

### **2.7 Receivables including account receivable and other account receivables.**

#### *(1) The provision for bad debts:*

A provision is established for the Company’s receivables (including accounts receivable and other receivables) in accordance with the following notes.

#### *(2) The method and proportion used in establishment of provision:*

The basis for determining the group of accounts receivable is as follows:

	Basis for determining the group
Group 1: Related party group	This group includes amounts due from related parties within the scope of consolidation
Group 2: High credit rating group	This group is based on customer credit ratings as a credit risk feature
Group 3: Aging analysis group	This group is based on the aging of receivables as a credit risk feature

Unless there is conclusive evidence that the credit risk of the financial instrument has increased significantly since initial recognition, expected credit losses are not recognized for receivables classified in Group 1 and Group 2.

For accounts receivables classified as Group 3, credit impairment losses are accrued in the following proportion:

Aging	Ratio of provision
0-30 day	0.5
31-60 day	3
61-90 day	10
91 day-1 year	15
Over 1 year	100

The basis for determining the group of other receivables is as follows:

	Basis for determining the combination
Group 1: Interest receivable group	This group includes interest receivable
Group 2: Dividend receivable group	This group includes dividend receivable
Group 3: Related party group	This group includes amounts due from related parties within the scope of consolidation
Group 4: Deposit receivable and security deposit group	This group includes deposit receivable and security deposit receivable
Group 5: Advance receivable group	This group includes advanced receivable
Group 6: Aging analysis group	This group is based on the aging of receivables as a credit risk feature

Unless there is conclusive evidence that the credit risk of the financial instrument has increased significantly since initial recognition, expected credit losses are not recognized for receivables classified in Group 1, Group 2, Group 3, Group 4 and Group 5.

For other receivables classified as Group 6, credit impairment losses are accrued in the following proportion:

Aging	Ratio of provision
0-30 day	0.5
31-60 day	3
61-90 day	10
91 day-1 year	15
Over 1 year	100

(3) *Criteria for recognition of bad debts:*

Bad debts are recognised under the following situations:

There are reasonable grounds to believe that the receivables are unlikely to be recovered. (e.g., the debtor has been disbanded or has gone bankrupt or is insolvent, is experiencing cash flow difficulties; or the occurrence of a severe natural disaster causes the debtor to cease production and therefore cannot repay the debt in the short term, and the receivables are more than 3 years old).

## 2.8 Inventory

### (1) *Classification of inventory*

The Company's inventories comprise raw materials; work in process, finished goods, goods for resale, etc.

*(2) Measurement of inventories*

- 1) The inventories are initially measured at cost. The cost of inventory consists of purchase costs, processing costs and other costs.
- 2) In determining the cost of inventories transferred out or issued for use the first-in-first-out method, the actual costs are determined by the first-in-first-out method.

*(3) Amortization of low-value consumables and packing materials*

The low-value and short-lived consumables and packaging materials are amortized by applying immediate write-off method when using these items.

*(4) Recognition and measurement for inventory impairment provision*

On balance sheet date, the inventories are measured at lower of cost and net realisable value. If the cost of On balance sheet date, the inventories are measured at lower of cost and net realisable value. If the cost of inventories is higher than the net realizable value as a result of deterioration, trends of reducing market prices, entire or partial obsolescence, or technical improvements, then a provision is made and recorded in the current period income statement. The Company makes impairment loss of inventories on individual basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated expenses and related taxes necessary to make the sale. The net realizable value of goods inventories is the estimated sale price of inventories deducts the estimated sale expense and relevant taxes; the net realizable value of materials inventories is the estimated sale price of finish goods deducting the cost of completion, the estimated sale expense and relevant taxes. The net realizable value of inventories held for the execution of sales contracts or labour contracts is calculated on the ground of the contract price. If the Company holds more inventories than the quantities subscribed in the sales contract, the net realizable value of the excessive part of the inventories is calculated on the ground of the general sales price.

**2.9 Fixed assets***(1) Definition*

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; have useful life more than one year; and have relatively high unit price.

*(2) Measurement*

Fixed assets are initially recorded at their cost.

*(3) Fixed assets depreciation method*

Depreciation is provided monthly using the straight-line method. The estimated residual value rate, useful life and annual depreciation rate of each category of fixed assets are as follows:

	Residual value rate (%)	Useful life (year)	Depreciation rate (%)
Production equipment	10	10	9
Office furniture	10	5	18
Electronic equipment	10	3-5	18-30
Transportation equipment	10	5	18

Fixed assets held under finance lease are depreciated on the same basis as owned assets. If it is reasonably certain that the ownership of the leased asset will be transferred at the end of the lease term, depreciation is provided over the useful life of the leased asset. If it is not reasonably certain that the ownership of the leased asset at the end of the lease term will be transferred, depreciation is provided over the shorter of the lease term and the estimated useful life of the leased asset.

*(4) Provision for impairment of fixed assets:*

The Company examined its fixed assets at the end of an accounting period. If the recoverable amount of a fixed asset is lower than its carrying amount, the Company will make a provision for impairment of fixed asset at an amount equal to the difference between the asset's recoverable amount and its carrying amount. The impairment loss is recognised in the income statement for the current period.

**2.10 Revenue recognition***(1) Revenue from sale of goods:*

Revenue is recognised when the Company has transferred to the buyer the significant risks and rewards of

ownership of the goods, it retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the economic benefits associated with the transaction will flow to the Company, and the relevant amount of revenue and costs can be measured reliably.

(2) *Revenue from rendering of services:*

When the provision of services is started and completed within the same accounting year, revenue is recognised at the time of completion of the services. When the provision of services is started and completed in different accounting years and the outcome of a transaction involving the rendering of services can be estimated reliably. Revenue is recognised at the balance sheet date by the use of the percentage of completion method. Revenue is otherwise, recognised at the balance sheet date only to the extent of the costs incurred that are expected to be recoverable and charge an equivalent amount of cost to the profit and loss account. When the costs incurred are not expected to be recovered, revenue is not recognised and the costs incurred are recognised as an expense in the current period.

**2.11 Borrowing costs**

Borrowing costs comprise interest incurred on borrowings, amortisation of discounts or premiums, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

**2.12 Leases**

(1) *Definition:*

Finance leases: It is a lease that transfers substantially all the risks and rewards incident to ownership of an asset.

Operating leases: All other leases are classified as operating leases.

(2) *The Company as lessee under finance leases:*

At the inception of a lease, the finance lease payable is recorded as a long-term liability at an amount equal to the gross amount of the minimum lease payments. The difference between the recorded amount of the leased asset and the liability is recorded as unrecognised finance charges and allocated to each period during the lease term using the effective interest method.

Leased assets are recorded at the minimum lease payments at the inception of the lease as long-term accounts payable.

(3) *The Company as lessor under finance leases:*

At the inception of a lease, the total minimum lease receipts are recorded as a finance lease receivable and the unguaranteed residual value is recorded as an asset. The difference between (a) the aggregate of the minimum lease receipts and the unguaranteed residual value and (b) their present value, is recognised as unrealised finance income, which is allocated to each period during the lease term using the effective interest method.

(4) *The Company as lessee under operating leases:*

Lease payments under operating leases are recognised as an expense in the income statement on a straight-line basis over the lease term.

(5) *The Company as lessor under operating leases:*

Lease income from operating leases is recognised as income using the straight-line method over the lease term.

**2.13 Income tax**

Income tax payment is computed using the taxes payable method. The income tax expense for the period is equal to the income tax payable for the period.

**Note 3 Principal taxation****3.1 Income tax**

The income tax rate is 25%.

**3.2 Value added tax**

The company's industry applicable VAT rate is at 13% as a general taxpayer.

**3.3 Other taxes**

Urban Construction Fund, Education Surcharge and Local Education Surcharge are levied at 7%, 3%, and 2% of the applicable turnover taxes payable

Employee bears individual income tax and the Company has the duty to withhold these taxes and remit them to the Tax Bureau.

**Note 4 Notes to the financial statements****4.1 Monetary funds**

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Cash on hand	13,562.54	5,727.46
Cash in bank	7,933,025.45	6,392,863.33
Total	<u>7,946,587.99</u>	<u>6,398,590.79</u>

**4.2 Notes receivable**

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Bank acceptance	352,800.00	440,000.00
Total	<u>352,800.00</u>	<u>440,000.00</u>

**4.3 Accounts receivable**

(1) Ageing analysis of accounts receivable:

	<b>31 Dec 2023</b>		<b>31 Dec 2022</b>	
< 1 year		285,977.60		645,412.81
1-2 years				335,447.95
2-3 years		19,800.00		5,480.00
>3 years		290,309.50		281,109.51
<b>Subtotal</b>		<b>596,087.10</b>		<b>1,267,450.27</b>
Less: provision		318,059.50		250,309.50
Total		<u>278,027.60</u>		<u>1,017,140.77</u>

(2) Accounts receivable for bad debt provision based on aging categories

	<b>31 Dec 2023</b>			<b>31 Dec 2022</b>		
	<b>Amount</b>	<b>Provision</b>	<b>Book value</b>	<b>Amount</b>	<b>Provision</b>	<b>Book value</b>
0-30 day						
31-60 day	265,000.00	7,950.00	257,050.00			
61-90 day						
91day-1 year						
> 1 year	310,109.50	310,109.50				
Total	<u>575,109.50</u>	<u>318,059.50</u>	<u>257,050.00</u>			

(3) According to other combinations, the provision for bad debts is made on accounts receivable

	31 Dec 2023			31 Dec 2022		
	Amount	Provision	Book value	Amount	Provision	Book value
Related party group	20,977.60		20,977.60			
Total	20,977.60		20,977.60			

(4) On 31 December 2023, the first five debtors were:

	Amount	Rate%
Veolia Water Technologies (Shanghai) Co., Ltd.	231,000.00	38.75
Rizhao Golden Harvest Biotechnology Co., Ltd.	63,000.00	10.57
Chongqing Zekai Mechanical and Electrical Equipment Co., Ltd.	61,400.00	10.30
Ningbo Lehui International Engineering Equipment Co., Ltd.	44,600.00	7.48
Praxair Environmental Systems (Beijing) Co., Ltd.	37,300.00	6.26
Total	437,300.00	73.36

#### 4.4 Other receivables

Ageing analysis of other receivables:

	31 Dec 2023				31 Dec 2022			
	Amount	Rate%	Provision	Book value	Amount	Rate%	Provision	Book value
< 1 year					120,000.00	43.62		120,000.00
1-2 years	10,000.00	9.90		10,000.00	45,221.00	16.44		45,221.00
2-3 years	1,650.00	1.63		1,650.00	104,858.11	38.12		104,858.11
>3 years	89,368.11	88.47		89,368.11	5,010.00	1.82		5,010.00
Total	101,018.11	100.00		101,018.11	275,089.11	100.00		275,089.11

On 31 December 2023, the main debtors were:

	Amount	Rate%
Tianjin Bozhuan Testing Technology Co. LTD	80,000.00	79.19
Dongmei Niu (employee)	10,000.00	9.90
Zhiyun Zhang (employee)	5,000.00	4.95
Beijing Hongyang Wantong Investment Management Co., Ltd	3,400.00	3.37
Tianjin Jingbin Industrial Park Development Co., Ltd.	1,500.00	1.48
Total	99,900.00	98.89

#### 4.5 Advances to supplies

Ageing analysis of advances to supplies:

	31 Dec 2023	31 Dec 2022
< 1 year	2,816,495.42	1,053,900.28
1-2years	95,255.68	19,625.59
2-3 years	19,625.47	
> 3 years		6,860.02
Total	2,931,376.57	1,080,385.89



**MIXEL (Beijing) Agitator Co., Ltd.****Notes to the financial statements for the year ended 31 December 2023(continued)**

Currency: ¥

On 31 December 2023, the first five debtors were:

	Amount	Rate%
SEW-Eurodrive (Tianjin) Holding Co., Ltd.	167,820.20	5.72
Baoding Lanshen Environmental Protection Technology Co., LTD	283,749.60	9.68
Nord (China) Transmission Equipment Co., Ltd.	189,000.00	6.45
Beijing Xingye Wanfang Stainless Steel Co., Ltd.	312,615.06	10.66
Weihai Yuanhang Biotechnology Equipment Co., Ltd.	1,665,000.00	56.80
<b>Total</b>	<b>2,618,184.86</b>	<b>89.31</b>

**4.6 Inventories**

	31 Dec 2023	31 Dec 2022
Raw Materials	1,554,322.75	1,928,758.61
Production Cost	3,995,327.05	3,280,926.20
<b>Total</b>	<b>5,549,649.80</b>	<b>5,209,684.81</b>
Provision for inventory write-down		
Inventory-net	5,549,649.80	5,209,684.81

**4.7 Contract assets**

	31 Dec 2023			31 Dec 2022		
	Amount	Provision	Book value	Amount	Provision	Book value
Not invoiced receivables	4,080,244.25	79,173.70	4,001,070.55	838,141.56		838,141.56
Unexpired warranty	335,873.89	2,126.21	333,747.68			
Other account receivables not meeting the receipt conditions	1,355,096.84	40,652.91	1,314,443.93			
<b>Subtotal</b>	<b>5,771,214.98</b>	<b>121,952.82</b>	<b>5,649,262.16</b>			
Less: Contract assets listed in other non-current assets and non-current assets that mature within one year						
<b>Total</b>	<b>5,771,214.98</b>	<b>121,952.82</b>	<b>5,649,262.16</b>	<b>838,141.56</b>		<b>838,141.56</b>

**4.8 Fixed assets & accumulated depreciation**

	01 Jan 2023	Increase	Decrease	31 Dec 2023
Original cost				
Production equipment	1,588,328.29	65,890.25		1,654,218.54
Office furniture	219,019.01	19,380.53	8,171.42	230,228.12
Electronic equipment	324,555.57	77,973.13		402,528.70
Transportation equipment	164,513.27			164,513.27
<b>Total</b>	<b>2,296,416.14</b>	<b>163,243.91</b>	<b>8,171.42</b>	<b>2,451,488.63</b>
Accumulated depreciation				
Production equipment	849,920.88	119,528.05		969,448.93
Office furniture	54,769.53	41,626.59	4,412.57	91,983.55
Electronic equipment	183,468.61	92,172.61		275,641.22
Transportation equipment	40,100.06	37,015.44		77,115.50
<b>Total</b>	<b>1,128,259.08</b>	<b>290,342.69</b>	<b>4,412.57</b>	<b>1,414,189.20</b>
<b>Fixed assets-NBV</b>				

The notes to the accounts form an integral part of the financial statements

	01 Jan 2023	Increase	Decrease	31 Dec 2023
Production equipment	738,407.41			684,769.61
Office furniture	164,249.48			138,244.57
Electronic equipment	141,086.96			126,887.48
Transportation equipment	124,413.21			87,397.77
Total	1,168,157.06			1,037,299.43
Provision for impairment				
Fixed assets-net	1,168,157.06			1,037,299.43

**4.9 Right-of-use asset**

Items	Buildings and constructions	Machinery equipment	Vehicles	Total
<b>Initial cost:</b>				
Balance as at 31 December 2022	6,993,318.31			6,993,318.31
Changes in accounting policies				
Balance as at 1 January 2023	6,993,318.31			6,993,318.31
Increase during the reporting period				
Decrease during the reporting period	1,181,265.05			1,181,265.05
Balance as at 31 December 2023	5,812,053.26			5,812,053.26
<b>Accumulated depreciation:</b>				
Balance as at 31 December 2022	1,451,041.13			1,451,041.13
Changes in accounting policies				
Balance as at 1 January 2023	1,451,041.13			1,451,041.13
Increase during the reporting period	781,453.56			781,453.56
Decrease during the reporting period	1,512,903.51			1,512,903.51
Balance as at 31 December 2023	719,591.18			719,591.18
<b>Provision for impairment:</b>				
Balance as at 31 December 2022	—	—	—	—
Changes in accounting policies				
Balance as at 1 January 2023				
Increase during the reporting period				
Decrease during the reporting period				
Balance as at 31 December 2023				
<b>Carrying amount:</b>				
Balance as at 31 December 2023	5,092,462.08			5,092,462.08
Balance as at 31 December 2022	5,542,277.18			5,542,277.18

Note: Depreciation accrued in 2023 for the right-of-use assets was RMB 781,453.56, among which RMB 76,694.78 was recorded in administrative expenses, and RMB 704,758.78 was recorded in manufacturing costs.

**4.10 Intangible assets & accumulated amortization**

	01 Jan 2023	Increase	Decrease	31 Dec 2023
Original cost				
Software	10,873.79			10,873.79
Total	10,873.79			10,873.79
Accumulated depreciation				
Software	8,698.56	1,087.32		9,785.88
Total	8,698.56	1,087.32		9,785.88
Intangible assets-NBV				
Software	2,175.23			1,087.91
Total	2,175.23			1,087.91
Provision for impairment				
Intangible assets-net	2,175.23			1,087.91

**4.11 Long-term prepayments**

	01 Jan. 2023	Increase	Decrease	31 Dec. 2023
Decoration costs and office rental	543,605.87	68,666.04		474,939.83
Total	543,605.87	68,666.04		474,939.83

**4.12 Deferred tax assets and deferred tax liabilities**

## (1) Unsetoff deferred tax assets

	31 Dec 2023		31 Dec 2022	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Credit impairment provision	440,012.32	110,003.08		
Lease liabilities and rent payable	5,185,666.47	1,296,416.62		
Total	5,625,678.79	1,406,419.70		

## (2) Unsetoff deferred tax liabilities

	31 Dec 2023		31 Dec 2022	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Right to use assets	5,092,462.08	1,273,115.52		
Total	5,092,462.08	1,273,115.52		

**4.13 Accounts payable**

	31 Dec 2023	31 Dec 2022
≤ 1 year	1,901,855.15	3,790,304.06
1-2 years	13,260.00	60,301.20
2-3 years	9,174.00	139.00
>3 years	1,201,177.27	1,225,440.17
Total	3,125,466.42	5,076,184.43

The notes to the accounts form an integral part of the financial statements

**4.14 Contract liabilities**

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
≤ 1 year	6,795,232.56	4,083,228.03
More than 1 year	133,477.64	1,181,205.31
Total	<u>6,928,710.20</u>	<u>5,264,433.34</u>

**Details of contract liabilities**

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Advances for goods	6,928,710.20	5,264,433.34
Total	<u>6,928,710.20</u>	<u>5,264,433.34</u>

**4.15 Accrued payroll**

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Salaries, bonuses, allowances and subsidies	343,783.36	376,580.72
Social security	1,353.76	2,194.46
Labor union expenditure and employee education fund	13,581.29	10,231.97
Post-employment benefit	2,087.58	3,383.99
Total	<u>360,805.99</u>	<u>392,391.14</u>

**4.16 Taxes payable**

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Value added tax	335,760.70	215,162.28
City construction tax	11,751.62	10,304.68
Individual income tax	11,268.05	9,798.11
Educational Surcharge (Including local education surcharge)	8,394.01	7,360.48
Corporate Income tax	880,738.94	50,640.08
Stamp Duty	3,800.03	2,583.14
Total	<u>1,251,713.35</u>	<u>295,848.77</u>

**4.17 Other payables**

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Current payment	18,211.86	18,211.86
Staff union fee refund	198,377.93	171,149.56
Others	64,562.22	9,690.21
Total	<u>281,152.01</u>	<u>199,051.63</u>

**4.18 Non-current Liabilities Maturing within One Year**

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Lease liabilities due within one year	713,670.95	661,680.20
Total	<u>713,670.95</u>	<u>661,680.20</u>

**4.19 Long-term borrowings**

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Credit borrowings	4,042,402.45	
Total	<u>4,042,402.45</u>	

**4.20 Lease liabilities**

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Lease payments	6,080,356.37	6,803,265.38
Less: Unrealized finance expenses	740,583.49	1,026,004.21
Subtotal	5,339,772.88	5,777,261.17
Less: lease liabilities due within one year	713,670.95	661,680.20
Total	4,626,101.93	5,115,580.97

**4.21 Paid-in capital**

	<b>31 Dec 2023</b>			
	%	Registered capital	Paid-in capital	Paid-in capital (¥)
MIXEL Limited Partnership	100.00	USD1.13m	USD1.13m	7,750,658.69
Total	<b>100.00</b>	<b>USD1.13m</b>	<b>USD1.13m</b>	<b>7,750,658.69</b>

**4.22 Capital surplus**

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Capital premium	705.61	705.61
Total	705.61	705.61

**4.23 Undistributed profit**

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Beginning balance	-2,241,286.51	-3,499,705.42
Add: Net profit for this year	2,707,714.57	1,258,418.91
Less: Appropriation of reserve fund	46,642.81	
Distributive earnings		
Distributed profit		
Ending balance	419,785.25	-2,241,286.51

**4.24 Revenue from main operations**

	<b>2023</b>	<b>2022</b>
Revenue	31,639,055.88	25,146,873.56
Total	31,639,055.88	25,146,873.56

**4.25 Cost of main operations**

	<b>2023</b>	<b>2022</b>
Cost	22,400,223.81	18,129,079.13
Total	22,400,223.81	18,129,079.13

**4.26 Operating expenses**

	<b>2023</b>	<b>2022</b>
Salary and Wages	1,538,608.03	1,186,758.35
Office expenses	15,962.27	26,686.52
Travel expenses	448,860.79	326,074.12
Service charge	42,117.09	60,822.94
Transportation	17,492.69	15,476.36
Communication fee	8,378.06	4,197.38
Business promotion fee	287,028.33	230,469.78

The notes to the accounts form an integral part of the financial statements

**MIXEL (Beijing) Agitator Co., Ltd.****Notes to the financial statements for the year ended 31 December 2023(continued)**

Currency: ¥

	<b>2023</b>	<b>2022</b>
Freight charge	41,105.97	43,843.87
Entertainment fee	76,242.47	4,968.21
Training fee	1,000.00	
Personnel service fee	200.00	7,518.99
Total	<u>2,476,995.70</u>	<u>1,906,816.52</u>

**4.27 General and Administrative expenses**

	<b>2023</b>	<b>2022</b>
Salary and Wages	1,231,340.13	1,310,681.75
Office expenses	137,102.42	172,628.13
Travel expenses	35,255.35	42,092.71
Rental property utility bills	38,140.07	32,119.28
Depreciation and amortization	101,098.46	1,014,932.91
Entertainment fee	15,871.06	15,398.39
Vehicle fee	6,714.81	10,783.47
Communication fee	24,004.25	18,670.36
Commercial insurance premium	25,249.02	24,939.35
Heating costs		47,581.41
Postal fee	16,045.61	29,596.27
Transportation expenses	17,976.38	19,719.31
Decoration fee	68,666.04	88,277.69
Service fee	864,942.93	343,593.92
Others	7,832.36	133,051.48
Total	<u>2,590,238.89</u>	<u>3,304,066.43</u>

**4.28 Financial expenses**

	<b>2023</b>	<b>2022</b>
Interest expenses	42,402.45	
Add: Interest expense on lease liability	131,708.81	274,831.71
Less: interest income	12,847.26	12,643.44
Exchange losses / (gain)	228,774.97	175,997.77
Bank charge	67,627.61	83,281.77
Total	<u>457,666.58</u>	<u>521,467.81</u>

**4.29 Credit Impairment Losses**

	<b>2023</b>	<b>2022</b>
Bad debt of accounts receivable	<u>-189,702.82</u>	
Total	<u>-189,702.82</u>	

The notes to the accounts form an integral part of the financial statements

**4.30 Non-operating revenue**

	<b>2023</b>	<b>2022</b>
Others	300.00	94,476.11
Total	300.00	94,476.11

**4.31 Non-operating expenditure**

	<b>2023</b>	<b>2022</b>
Non-current assets damage and scrap loss	3,758.85	
Overdue fine	8.75	83.37
Penalty		18,900.00
Total	3,767.60	18,983.37

**4.32 Income tax**

	<b>2023</b>	<b>2022</b>
Current tax	836,858.55	18,689.96
Deferred tax	-85,878.47	
Total	750,980.08	18,689.96

**Note 5 Related party relationships and transactions****5.1 Related parties with control relationship**

Name	Place of registration	Business activities	Relationship	Business nature	Legal representative
MIXEL SAS	France	Manufacturing industrial agitators	Parent company	Limited Partnership	Pfautler GmbH

**5.2 Changes in registered capital for related parties with a control relationship**

Name	01 Jan 2023	Increase	Decrease	31Dec 2023
MIXEL Limited Partnership	7,750,658.69			7,750,658.69

**5.3 Proportion of shares or equity interest held by related parties and changes therein**

Name	01 Jan 2023	%	Increase	Decrease	31Dec 2023	%
MIXEL Limited Partnership	7,750,658.69	100.00			7,750,658.69	100.00

**5.4 Amounts due to/from related companies**

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
<b>Accounts receivable</b>		
MIXEL SAS		279,412.81
Pfautler interseal GmbH	20,977.60	
<b>Accounts payable</b>		
MIXEL SAS	642,439.15	3,712,118.06
<b>Long-term borrowings</b>		
Pfautler (Changzhou) Fluid Equipment Co., Ltd.	4,042,402.45	

**MIXEL (Beijing) Agitator Co., Ltd.**

**Notes to the financial statements for the year ended 31 December 2023(continued)**

**Currency: ¥**

**Note 6 Contingencies**

There are no significant contingencies that require disclosure.

**Note 7 Non-adjusting events occurring after the balance sheet date**

There are no significant events occurring after the balance sheet date that require disclosure.

**Note 8 Other important items**

There are no other important items that require disclosure.