

**Pfaudler (changzhou) Process Equipment Co., Ltd**  
**Audited Financial Statements**

(2023) SuQianZheng Shen Zi No. 0412



SUZHOU QIANZHENG CERTIFIED PUBLIC ACCOUNTANTS

Tel: 0512-62578487

Donghuan Building, Room 502, No.328, Donghuan Road, Suzhou

## Auditor's Report

(2023) SuQianZheng Shen Zi No.0412

### 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 2022, 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 2022 and the result of its operations and its cash flows for the year then ended.

Suzhou QianZheng Certified Public Accountants      Chinese Certified Public Accountant:



Chinese Certified Public Accountant:



Apr. 6, 2023



Pfaudler (changzhou) Process Equipment Co., Ltd

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31,2022

(All amounts listed in RMB if not noted otherwise)

ITEMS	LINE	2022	2021	ITEMS	LINE	2022	2021
I.TOTAL REVENUE	1	217,731,241.51	125,850,077.21	III.OPERATING INCOME	29	17,235,789.73	7,231,986.74
Including:Revenue	2	217,731,241.51	125,850,077.21	Add: Non-operating income	30	51,672.34	290,900.17
Including: Revenue from related parties	3	-	-	Less: Non-operating expenses	31	101,080.35	90,000.00
Revenue from non-related parties	4	217,731,241.51	125,850,077.21		32		
Dividends receivable	5			IV.INCOME BEFORE TAX (LOSS EXPRESSED WITH ".")	33	17,186,381.72	7,432,886.91
Interest income	6			Less: Income tax	34	4,305,820.58	1,873,674.29
	7				35		
II.TOTAL COST OF REVENUE	8	200,495,451.78	118,618,090.47	V.NET INCOME (LOSS EXPRESSED WITH ".")	36	12,880,561.14	5,559,212.62
Including:Cost of Revenue	9	173,828,068.53	97,527,758.17	Owner's net profit attributable to parent company	37	12,880,561.14	5,559,212.62
	10			Minority interest	38		
	11				39		
Interest expense	12			VI.EARNINGS PER SHARE	40		
Sales tax and additions	13	953,587.87	516,727.87	Basic earnings per share	41		
Selling expense	14	9,767,861.16	8,961,569.61	Diluted earnings per share	42		
General and administrative expenses	15	10,293,469.48	10,480,903.57		43		
Including: Entertainment expenses	16			VI.OTHER CONSOLIDATED INCOME	44	-477,381.77	-
Research and development expense	17			VIII.TATOL CONSOLIDATED INCOME	45	12,403,179.37	5,559,212.62
Finance costs	18	1,170,424.55	1,131,131.25		46		
Including: interest expense	19				47		
Exchange loss (less: exchange gain)	20				48		
Asset impairment loss	21				49		
Other expense	22	4,482,035.19	0.00		50		
Add: The profits on the changes in fair value	23				51		
Investment income	24				52		
Exchang gain	25				53		
	26				54		
	27				55		
	28						

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报告附件专用章

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

(All amounts listed in RMB if not noted otherwise)

ITEM	LINE	2022	2021	ITEM	LINE	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Cash received from sale of goods or rendering of services	1			Net cash payments for acquisitions of subsidiaries and other business units	21		
	2	196,209,494.70	164,935,120.91	Other cash payments relating to investing activities	22		
Tax refunds received	3	-	119,360.31	Sub-total of cash outflows from Investing Activities	23	1,354,084.31	19,646,951.96
Other cash received relating to operating activities	4	32,507,597.59	15,964,980.16	Net cash flows from investing activities	24	-1,297,684.31	-19,646,951.96
Subtotal of cash inflows from operating activities	5	228,717,092.29	181,019,461.38	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			25
Cash paid for goods and services	6	173,361,362.27	103,851,426.63	Cash received from capital contribution	26		
Cash paid to and on behalf of employees	7	21,028,088.46	25,393,699.59		27		
Payments of all types taxes	8	10,990,253.78	5,626,618.54	Cash received from borrowings	28		
Other cash paid relating to operating activities	9	2,265,384.61	10,422,576.08	Other cash received relating to financing activities	29	-	-
Sub-total of cash outflows from operating activities	10	207,645,089.12	145,294,320.84	Sub-total of cash inflows from financing activities	30	-	-
Net cash flows from operating activities	11	21,072,003.17	35,725,140.54	Cash repayments of amounts borrowed	31		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Cash received from disposals of investments	12			Cash payments for interest expenses and distribution of dividends or profit	32	-	346,532.95
Cash received from returns on investments	13	-			33		
Proceeds from sale of property and equipment	14			Other cash payments relating to financing activities	34		
Net cash receipts from disposals of subsidiaries and other business units	15	-		Sub-total of cash outflows from financing activities	35	-	346,532.95
Other cash received relating to investing activities	16	56,400.00	-	Net cash flows from financing activities	36	-	-346,532.95
NON-CURRENT ASSETS:	17				37	-318,027.55	-658,458.82
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	18	56,400.00	-		38	19,456,291.31	15,073,196.81
Purchase of property and equipment, net of value	19	1,319,979.31	19,646,951.96	Add: Cash equivalents at beginning of year	39	34,247,399.36	19,174,202.55
Cash paid to acquire investments	20	34,105.00		Cash equivalents at end of year	40	53,703,690.67	34,247,399.36

**Pfaudler (changzhou) Process Equipment Co., Ltd**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended 31 December 2022**

**(Monetary Unit RMB 000's )**

**Company information**

Pfaudler (changzhou) Process Equipment Co., Ltd (Here in after referred to as company), Founded March 29,1996 , Original name: Suzhou Pfaudler Glass-lined Equipment Co., Ltd. Absorption Pfaudler (changzhou) Process Equipment Co., Ltd in Nov. 2020. Renamed Pfaudler (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, 2021</u>	<u>Dec. 31, 2022</u>
Raw material	39,612	32,604
Product in process	16,209	5,038
Finished goods	14,095	16,711
Provision for obsolete stocks	(2,846)	(6,936)
Total	<u>67,070</u>	<u>47,417</u>

## 2. FIXED ASSETS

	<u>Dec. 31, 2021</u>	<u>Dec. 31, 2022</u>
Original Value	40,177	39,383
Office furniture	948	1,253
Equipment	33,332	32,233
Building construction	5,897	5,897
Less: Accumulated depreciation		
Net book value	<u>33,416</u>	<u>28,468</u>

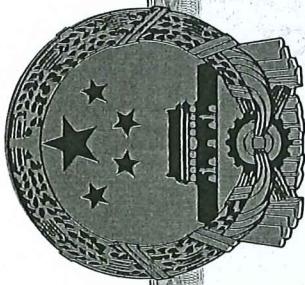
## 3. PAID-IN CAPITAL

Paid-in capital	<u>Investment USD000's</u>	<u>Percentage (%)</u>
Pfaudler-GmbH	800	12.7%
Pfaudler 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>2021</u>	<u>2022</u>
Revenue	125,850	217,731
Cost of Revenue	97,528	173,828



统一社会信用代码

913205946841327678

# 营业执照

告 执 业



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编 号 3205946841327678

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、出具有关的报告；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；工程造价咨询服务；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