

AJ Environmental Solutions Co., Ltd.

Audit Report

2022/3/1-2022/7/28



公证天业会计师事务所(特殊普通合伙)

Gongzheng Tianye Certified Public Accountants, SGP

中国·江苏·无锡
总机: 86 (510) 68798988
传真: 86 (510) 68567788
电子信箱: mail@gztycpa.cn

Wuxi, Jiangsu, China
Telephone: 86 (510) 68798988
Fax: 86 (510) 68567788
E-mail: mail@gztycpa.cn

AUDIT REPORT

WCPA E [2023]No. 7002

To the Board of Directors of AJ Environmental Solutions Co., Ltd.,

We accept the engagement of your company for the liquidation audits concerned with Accounting in 2022.

According to the Liquidation decision made by the shareholders' meeting of the company: the stoppage of the operation was ended at 28th. February, 2022, and the liquidation period started from 1st. March, 2022.

So, liquidation period of the company is from 1st. March, 2022 to 28th. July, 2022.

I . Financial statement audit opinion for the liquidation period

We have audited the financial statements prepared by the company, comprising the liquidation balance sheet as at 28th. July, 2022, liquidated Income statement covered from 1st. March, 2022 to 28th. July, 2022.

II . Detailed information for the Liquidation period

- (1) During the liquidation period from 1st. Mar., 2022 to 28th. Jul., 2022, the total income during the liquidation period is RMB160.03 as interest income from bank;
- (2) During the liquidation period from 1st. Mar., 2022 to 28th. Jul., 2022, the exchange rate inflation gain as RMB31,108.24, un-deductible VAT loss as RMB 26,899.17;
- (3) During the liquidation period from 1st. Mar., 2022 to 28th. Jul., 2022, the total liquidation expense is RMB10,234.00, including: auditor fee as RMB10,000.00, bank handling charge as RMB234.00;

- (4) During the liquidation period from 1st. Mar., 2022 to 28th. Jul., 2022, un-paid AP as RMB909.50 had been adjusted as Non-operating income accordingly;
- (5) After the liquidation audit, the residual amount which is available for contribution for shareholder is RMB621,498.34;
- (6) By the liquidation date as 28th. July, 2022, the accumulated un-distributed loss is RMB-380,271.48, which means, there is no residual amount could be available for distribution to the shareholder anymore;
- (7) Final conclusion: the liquidation loss of the company is RMB-380,271.48.

In our opinion, the financial statements of the Company present fairly, in all material respects the financial position of the Company as of 28th. July, 2022, and its liquidation results during the liquidation period which is in accordance with the Accounting Standards for Enterprise of the People's Republic of China.

Gongzheng Tianye Certified Public Accountants, SGP

Certified Public Accountant of China Mao Jun

Certified Public Accountant of China Zhang Yicheng

China · Wuxi

18 Jan, 2023



Liquidation Balance Sheet

28th. July, 2022

Name of the company: AJ Environmental Solutions Co., Ltd.

monetary unit: RMB

Assets	28 th . July, 2022	1 st . March, 2022	liabilities & equity	28 th . July, 2022	1 st . March, 2022
Current assets:			Current liabilities:		
Cash	631,654.48	600,464.07	Short-term borrowings		
Financial assets with fair value through profit & loss			Financial liabilities with fair value through profit & loss		
Derivative financial assets			Derivative financial liabilities		
Notes receivable			Notes payables		
Accounts receivable			Accounts payables		
Payments in advance			Received in advance		
Other receivable	43.86		Accrued Payroll		
Inventory			Tax liabilities		-25,989.67
Assets held for sale			Other payables	10,200.00	
Non-current assets due within one year			Liabilities held for sale		
Other current assets			Non-current liabilities due within one year		
Subtotal of current assets	631,698.34	600,464.07	Other current liabilities		
Non-current assets:			Subtotal of current liabilities	10,200.00	-25,989.67
Available for sale financial assets			Non-current liabilities:		
Held-to-maturity investment			Long-term borrowings		
Long-term receivables			Debentures payables		
Long-term equity investment			Long-term payables		
Investment real estate			Provisions for liabilities		
Fixed assets-net value			Deferred income		
Construction in progress			Deferred tax liabilities		
Capitalized biological assets			Other non-current liabilities		
Oil and gas assets			Subtotal of non-current liabilities	-	-
Intangible assets			Total liabilities	10,200.00	-25,989.67
Development expenditure			Owners' equity:		
Goodwill			Paid-in capital	1,001,769.82	1,001,769.82
Long-term deferred expenses			Capital reserve		
Deferred tax assets			Deduct: treasury stock		
Other non-current assets			Specific reserve		
			Capital surplus		
			Liquidated loss	-4,955.40	
			Undistributed loss	-375,316.08	-375,316.08
Subtotal of non - current assets	-	-	Subtotal of owners' equity	621,498.34	626,453.74
Total asset	631,698.34	600,464.07	Total liabilities & owners' equity	631,698.34	600,464.07

Liquidated Income Statement

from 1st. March, 2022 to 28th. July, 2022

Name of the company: AJ Environmental Solutions Co., Ltd.

monetary unit: RMB

Items	Loss	Gain	Subtotal
Disposal of assets	-	160.03	160.03
Including: 1.un-collected receivables			-
2.disposal of inventory			-
3.disposal of long-term investment			-
4.disposal of fixed- assets			-
5.disposal of un-amortized intangible assets			-
6.disposal of un-amortized long-term deferred expense			-
7.interest income		160.03	160.03
8.other disposal income			-
Disposal of liabilities	26,899.17	909.50	-25,989.67
Subtotal of liquidation loss	26,899.17	1,069.53	-25,829.64
Clearing expense:			-
Including: 1.salary & welfare of employees			-
2.tranportation expense			-
3.office expense			-
4.rent of present office			-
5.audit & lawyers' charge	10,000.00		-10,000.00
6.dismiss expense to employees			-
7.water & power expense			-
8. insurance expense			-
9.financial expense	234.00	31,108.24	30,874.24
10.lawsuit expense			-
11. withholding tax for prior years			-
12. others			-
Subtotal of clearing expense	10,234.00	31,108.24	20,874.24
Liquidation loss	37,133.17	32,177.77	-4,955.40

AJ Environmental Solutions Co., Ltd.
Notes to the Financial Statements
For the liquidation ended at 28th. July, 2022
(Expressed in RMB)

I. Corporate Information

The company is a Sino-foreign joint venture by Arvind Envisol Limited and Wuxi JINMAO Foreign Trade Co., Ltd. in Wuxi, Jiangsu province, the People's Republic of China. The company got the business license (the license number : 91320200MA1YTP0Q95) on 31st. July, 2019. Which was issued by Wuxi Administration Bureau for Market Supervision.

The total amount of investment of the Company is RMB 14million. The amount of registered capital is RMB 10 million and the company operation period is 20 years. The main business scope of the Company includes: sewage, waster water treatment; zero emission technology development and provide realted technology consultation and service; environmental protection equipment sales, installation (Business items subject to approval pursuant to law are engaged in upon approval by authorities.) The company started the business in July, 2019.

The company started the liquidation period since 1st. March, 2022.

II. Principal accounting policies

1. Accounting standard

The financial statements of the company are prepared according to the Accounting Standards for Enterprises of People's Republic of China, the Accounting System for Enterprises and other related regulations accordingly.

2. liquidation period

The company's liquidation period is from 1st. March, 2022 to 28th. July, 2022.

3. Priority of clearing expense

- a. mangment , disposal and distribution of liquidated property (inventory , fixed assets etc.) ;
- b. announcement , lawsuit , arbitration expense ;
- c. other expense occurred during the liquidation period.

4. Liquidation order of liquidated assets

- a. salaries , labor insurance of employees;
- b. tax payment to Tax Bruea;
- c. other obligations.

5. Distribution method of residual liquidated assets

The residual liquidation assets shall be paid to the shareholder after the payment of the above clearing expense.

III. Detailed information of Liquidation items

1. Disposal of assets

Items	Disposal gains/losses	Note
Interest income	160.03	

AJ Environmental Solutions Co., Ltd.
Notes to the Financial Statements
For the liquidation ended at 28th. July, 2022
(Expressed in RMB)

Items	Disposal gains/losses	Note
Total	160.03	

2.Obligations

Items	Disposal gains/losses	Note
Un-deductible input VAT	-26,899.17	
Payables need not to be paid	909.50	
Total	-25,989.67	

3.Clearing expense

Items	Amount	Note
Audit & lawyer's charge	10,000.00	
Financial expense	-31,108.24	Inflation gain
Financial expense	234.00	Bank handling charge
Total	-20,874.24	

IV. Summary of the finalized liquidation results

By the end of liquidation period as date of 28th. July, 2022, the owner's equity is RMB 621,498.34, the liquidation loss is RMB -4,955.40 and the un-distributed profit is RMB -375,316.08.