

2022 Auditor's Report
of
Parador (Shanghai) Trading Co., Ltd.

DSK [2023] No. 19-313

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Auditor's Report

DSK [2023] No. 19-313

To all shareholders of Parador (Shanghai) Trading Co., Ltd.,

I. Audit Opinions

We have audited the attached financial statements of Parador (Shanghai) Trading Co., Ltd. (hereinafter referred to as the Company), including the Balance Sheet as of December 31, 2022, and the Income Statement, the Cash Flow Statement and the Notes to Financial Statements.

In our opinions, the attached financial statements have been prepared in accordance with the Accounting Standards for Small-sized Businesses Enterprises in all significant aspects, and have given fair views on the Company's financial position as of December 31, 2022, and the operating results and cash flows for the year then ended.

II. Basis for Forming Audit Opinions

We conducted an audit in accordance with the Chinese Certified Public Accountants Auditing Standards. Our responsibilities under these Standards are further set forth in the Section "CPA's Responsibility for Auditing Financial Statements" hereunder. In accordance with the Code of Ethics for Chinese Certified Public Accountants, we are independent of the Company, and have fulfilled other responsibilities in respect of professional ethics. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinions.

III. Responsibilities of the Management and the Executives on the Financial Statements

The Company's management (hereinafter referred to as the management) is responsible for preparing the financial statements that give fair view in accordance with the Accounting System for Small-sized Business Enterprises, and designing, executing and maintaining necessary internal control, so that the financial statements are free from material misstatement, whether due to fraud or errors.

In preparation of the financial statements, the management is responsible for evaluating the Company's ability of going concern, disclosing the matters related to going concern (if applicable), and

utilizing the going concern assumptions, unless the management plans to liquidate the Company, or terminate operation or does not have any other practical choices.

The executives are responsible for supervising the process of the Company's financial reporting.

IV. CPA's Responsibility for Auditing Financial Statements

Our goal is to obtain reasonable assurance as to whether the financial statements in the whole are free from material misstatement, whether due to fraud or errors, and to issue the auditor's report including the audit opinions. The reasonable assurance is at high level, but cannot guarantee that audit in line with the auditing standards will always discover certain material misstatement if any. Misstatement might be caused by fraud or errors. If it is reasonably anticipated that misstatement might independently or together affect the economic decisions made by the users of the financial statements based on the financial statements, then, it is generally assumed that the misstatement is material.

In the course of audit performed in accordance with the auditing standards, we make our professional judgment and maintain the professional skepticism. Meanwhile, we also perform the following work:

(I) To identify and evaluate the material misstatement risks of the financial statements whether due to fraud or errors, design and implement the audit procedures to cope with these risks, and obtain sufficient and appropriate audit evidences as the basis for the audit opinions. As fraud might involve collusion, forging, intentional omission or false statement or overrides the internal control, the risk in failure to discover the material misstatement due to fraud overrides the risk in failure to discover the material misstatement due to errors.

(II) To understand the audit related internal control, in order to design appropriate procedures, but not for the purpose of expressing opinions on the effectiveness of the internal control.

(III) To evaluate the appropriateness of the accounting policies used by the management, and the reasonableness of the accounting estimates and relevant disclosures made by the management.

(IV) To make conclusions on appropriateness of the going concern assumptions used by the management, and make conclusions on material uncertainty of the matters or circumstances that are likely to materially challenge the Company's ability of going concern based on the obtained audit evidences at the same time. If our conclusions hold that there is material uncertainty, the auditing

standards require we remind the users of the statements of the relevant disclosures in the financial statements in our auditor's report; if the disclosures are insufficient, we should express unqualified opinions. Our conclusions are based on the information available as of the date of the auditor's report. However, the future matters or circumstances might disqualify the Company from going concern.

(V) To evaluate the overall presentation, structure and contents (including disclosures) of the financial statements, and evaluate whether the financial statements give fair view on the relevant transactions and matters.

We have communicated the planned audit scope, schedule and material audit discoveries with the executives, including the internal control defects that have been identified by us in the course of audit and should be paid attention to.



Chinese CPA:

Chinese CPA:



北京东审会计师事务所(特殊普通合伙)

Balancesheet 2022

Formed by: Parador(Shanghai)TradingCo.,Ltd.

KXQTable01

Unit: RMBYuan

Assets	LineNo.	Ending balance	Opening balance	Liabilities	LineNo.	Ending balance	Opening balance
Current assets:				Current liabilities:			
Monetary fund	1	594,865.88	4,007,877.21	Short-term borrowing	31	3,000,000.00	
Short-term investment	2			Bills payable	32		
Bills receivable	3			Accounts payable	33	2,923,198.07	9,185,134.18
Accounts receivable	4	3,337,184.18	4,476,820.80	Advance receipt	34	5,084,916.39	7,269,257.13
Advanced payment	5	524,491.45	335,180.95	Employees' remuneration payable	35	173,417.80	401,108.45
Dividend receivable	6			Tax payable	36	8,526.54	501,395.62
Interest receivable	7			Interest payable	37		
Other receivables	8	517,906.93	430,805.67	Profits payable	38		
Inventory	9	11,986,484.35	13,983,460.93	Other payables	39	1,338,141.11	1,820,519.61
Including: Raw material	10			Other current liabilities	40		
Goods in process	11			Total current liabilities	41	12,528,199.91	19,177,414.99
Merchandise inventory	12	11,332,513.90	11,161,477.66	Non-current liabilities:			
Turnover materials	13			Long-term borrowing	42		
Other current assets	14	100,996.95		Long-term payable	43		
Total current assets	15	17,061,929.74	23,234,145.56	Deferred income	44		
Non-current assets:				Other non-current liabilities	45		
Long-term bond investment	16			Total non-current liabilities	46		
Long-term equity investment	17			Total liabilities	47	12,528,199.91	19,177,414.99
Fixed assets	18	546,319.00	646,319.00				
Less: accumulated depreciation	19	305,913.23	194,473.76				
Book value of fixed assets	20	240,405.77	451,845.24				
Construction in progress(CIP)	21						
Construction supplies	22						
Disposal of fixed assets	23			Owners' equity:			
Non-recoverable loss on long-term equity investment	24			Paid-in capital	48	1,593,570.00	1,593,570.00
Intangible assets	25			less: investment returned	49		
Development expenditure	26			Capital reserve	50		
Long-term deferred expenses	27	37,445.55	87,372.99	Earning sreserve	51	608,552.67	586,989.43
Other non-current assets	28			Undistributed profit	52	2,609,458.48	2,415,389.37
Total non-current assets	29	277,851.32	539,218.23	Total owners' equity	53	4,811,581.15	4,595,948.80
Total assets	30	17,339,781.06	23,773,363.79	Total liabilities and owners' equity	54	17,339,781.06	23,773,363.79

Legal Representative:

Principal in charge of Accounting Work:

Principal of Accounting Department:

Profit Statement 2022

KXQ Table 02

Formed by: Parador (Shanghai) Trading Co., Ltd.

Unit: RMB Yuan

Item	Line No.	Amount in current period	Amount in previous year
I. Operating revenue	1	28,674,591.33	39,177,306.39
Less: operating costs	2	20,422,585.82	28,452,003.01
Taxes and surcharges	3	73,869.60	113,415.56
Including: Consumption tax	4		
Urban maintenance and construction tax	5	38,794.60	51,882.28
Resource tax	6		
Land-value increment tax	7		
Urban land use tax, house tax, vehicle and vessel tax, stamp tax	8	7,364.57	24,474.49
Educational surtax, mineral resource compensation, effluent fees	9	27,710.43	37,058.79
Selling expense	10	3,275,444.27	2,601,083.78
Including: maintenance expense	11		
Advertising expense and business propagandize expense	12	190,900.95	177,498.81
Management expense	13	4,400,783.14	5,139,189.73
Including: Starting expense	14		
Business reception expense	15	50,110.40	84,458.23
Research Cost	16		
Financial expense	17	723,983.36	-24,373.69
Including: interest expense (fill in "-" for gain)	18	5,026.62	-11,886.47
Add: Income from investments (fill in "-" for loss)	19		
II. Operating profit (fill in "-" for loss)	20	-222,074.86	2,895,988.00
Add: Non-operating income	21	443,801.19	6,416.65
Including: Government subsidies	22		
Less: Non-operating expenditure	23	49.71	19.89
Including: Bad debt loss	24		
Non-recoverable loss on long-term bond investment	25		
Non-recoverable loss on long-term equity investment	26		
Losses caused by natural disasters and other force majeure	27		
Tax delay charge	28	49.71	19.89
III. Total profit (fill in "-" for total loss)	29	221,676.62	2,902,384.76
Less: Income tax expense	30	6,044.27	218,618.79
IV. Net profit (net deficiency shall be filled by "-")	31	215,632.35	2,683,765.97

Legal Representative:

Principal in charge of Accounting Work:

Principal of Accounting Department:

Statement of Cash Flow

2022

KXQ Table 03

Formed by: Parador (Shanghai) Trading Co., Ltd.

Unit: RMB Yuan

Item	Line No.	Amount in current period	Amount in previous year
I. Cash flows from operating activities:			
Cash received from sale of products and services	1	32,513,458.64	40,306,180.07
Cash received from other operating activities	2	108,369.89	6,416.65
Cash paid for purchase of raw materials and services	3	30,448,384.14	31,085,922.81
Salary paid to and on behalf of employees	4	2,016,134.68	1,749,115.18
Payments of taxes	5	1,222,026.34	1,434,416.35
Payments for other operating activities	6	5,337,669.70	5,273,882.33
Net cash flows from operating activities	7	-6,402,386.33	769,260.05
II. Cash flows from investment activities:			
Cash received from short-term investment, long-term bond investment and long-term equity investment	8		
Cash received from investments	9		11,886.47
Net cash disposal of fixed assets, intangible assets and other non-current assets	10		
Cash paid from short-term investment, long-term bond investment and long-term equity investment	11		
Cash paid for purchase of fixed assets, intangible assets and other non-current assets	12		407,486.86
Net cash flow from investment activities	13		-395,600.39
III. Cash flows from financing activities:			
Cash received from borrowing	14	3,000,000.00	
Cash received from investments by investors	15		
Paid for repayments of borrowing capital	16		
Cash paid for interest expenses	17	10,625.00	
Cash paid for distribution of profits	18		2,568,404.98
Net cash flows from financing activities	19	2,989,375.00	-2,568,404.98
IV. Net increase of cash amount	20	-3,413,011.33	-2,194,745.32
Add: opening cash balance	21	4,007,877.21	6,202,622.53
V. Ending cash balance	22	594,865.88	4,007,877.21

Legal Representative:

Principal in charge of Accounting Work:

Principal of Accounting Department:

Parador (Shanghai) Trading Co., Ltd.

Notes to Financial Statements

2022

(All amounts shall be presented in RMB Yuan unless specified)

I. Basic Information of Company

Parador (Shanghai) Trading Co., Ltd. (hereinafter referred to as "This Company"), was established on August 8th, 2018, with Enterprise Unified Social Credit Code of 91310000MA1FPBPT5A; Company Type of limited liability company (sino-foreign joint venture); Enterprise Registered Address at Room 1006, 10th Floor, No.233 Taicang Road, Huangpu District, Shanghai, China. Registered Capital of EUR 200.00 thousand; Paid-in Capital of EUR 200.00 thousand. Operation Period: From August 8th, 2018 to August 7th, 2038; Legal Representative of Dong Yong.

Business Scope: Wholesale, commission agency (excluding auction), import and export of flooring, building materials, construction and decoration materials, and furniture, and the provision of related supporting services; and the provision of marketing services and business consulting services related to the above products. (Business activities subject to approval according to law can only be carried out upon approval by relevant departments).

Historical Development of Company:

The registered capital of the company is EUR 200.00 thousand, which is subscribed by the shareholder PARADOR GmbH and the shareholder Horgos Oriental Glamour Co., Ltd..The shareholder PARADOR GmbH subscribed the registered capital of EUR 100.00 thousand, with shareholding ratio of 50.00%; the shareholder Horgos Oriental Glamour Co., Ltd. subscribed registered capital of EUR 100.00 thousand, with shareholding ratio of 50.00%.

II. Preparing Basis of Financial Statements

This company implements recognition and measurement on the going-concern basis, based on the actually occurred transactions and matters, and according to the regulations in the “Accounting Regulations for Small-sized Businesses”, and prepares financial statements on this basis.

III. Statement of Compliance with the “Accounting Standards for Small-sized Businesses”

The financial statements prepared by this company have met the requirements in the “Accounting Standards for Small-sized Businesses”, authentically and completely reflected the company’s financial conditions, operating results, cash flow and other related information.

IV. Important Accounting Policies and Accounting Estimations Adopted by the Company

(I) Accounting Period

The accounting period shall be from Calendar January 1st to December 31st.

(II) Recording Currency

RMB was adopted as the recording currency

(III) Accounting Measurement Attributes

The subjects of financial statements were measured mainly in historical cost.

(IV) Recognition Standard of Cash Equivalent

Cash equivalent means the investments with short period of holding by enterprise (generally meaning maturity within 3 months since the date of purchase), strong liquidity, easy conversion to known amount of cash, and very low risk of value change.

(V) Conversion of Foreign Currency

For any foreign-currency business incurred, bookkeeping shall be made in RMB converted in spot

exchange rate on the occurring date of transaction. For the ending balance in foreign currency in various foreign-currency accounts, foreign-currency monetary items shall be converted in spot exchange rate on the balance sheet date, any difference incurred shall be accounted into current profit or loss; any foreign-currency non-monetary item measured in historical cost shall be converted in the spot exchange rate on the occurring date of transaction;

When converting foreign-currency financial statement, all the items in foreign-currency balance sheet, income statement and cash flow statement shall be converted in the spot exchange rate on balance sheet date.

(VI) Recognition and Measurement of Inventory

1. Inventory includes the held-for-sale finished products or goods in day-to-day activities, the products in production process, the materials consumed in production process or the process of providing labors, etc.

2. Inventory obtained by the enterprise shall be measured in actual cost. The cost of outsourced inventory shall be the purchase cost of such inventory, the cost of inventory obtained through further processing shall be composed of the procurement cost and processing cost.

3. The measurement of cost of inventory shipped by the enterprise shall adopt the month-end one-off weighted average method.

4. For any revolving material, accounting treatment shall be made in one-off writing-off method; any packing material received for production shall be directly accounted into cost and expense; any leased-out or lent-out revolving material shall not need to carry forward its cost, but shall be registered for review.

5. The inventory system shall be perpetual inventory system.

6. In case of any damage or destruction of inventory, the net amount of income from disposal, recoverable compensation by the liable person and insurance compensation after deducting its cost and related taxes shall be accounted into non-business expenditure or non-business income.

(VII) Recognition and Measurement of Fixed Assets

1. Recognition Conditions of Fixed Assets

Fixed asset means the tangible assets with all the following characteristics: (1) Held for producing products, providing labors, lease, operation or management; (2) With serviceable life longer than one accounting year.

2. Fixed assets shall have initial measurement based on cost

(1) The cost of outsourced fixed assets shall include purchase price payment, related taxes, transport freight, handling charges, insurance premium, installation fee, etc., but exclude the deductible VAT input according to tax law.

For purchase of multiple fixed assets without separate pricing and purchase with one single payment, the total cost shall be allocated based on the ratio of the market price or appraised value of each fixed asset or similar asset, and the cost of each fixed asset shall be recognized respectively.

(2) The cost of building fixed asset on one's own shall be composed of the expenditures (including the related borrowing expense) incurred before the completion final account in building such asset. The income from product, byproduct or test run generated in trial operation of Construction in Progress shall be used to reduce the cost of Construction in Progress.

(3) Any cost input in fixed asset by investor shall be recognized based on the appraised value and related taxes.

(4) The cost of fixed asset from financing lease shall be recognized based on the total amount of payment stipulated in the lease contract and the related taxes incurred in the process of lease contract.

(5) The cost of fixed asset with inventory profit shall be recognized based on the balance of the market price or appraised value of the similar type or similar fixed assets after deducting the depreciation estimated based on the new-old degree of such fixed asset.

3. Provisioning Method of Depreciation of Fixed Assets

Depreciation of fixed assets shall be provisioned in classification by adopting the straight-line method, the depreciation rate shall be recognized based on types of fixed assets, estimated serviceable

life and estimated net ratio of remaining value. The estimated serviceable life and annual depreciation rate of various fixed assets are as follows:

Type of assets	Serviceable life	Ratio of remaining value	Annual depreciation rate
Electronic equipments	3 years	0.00%	33.33%
Office furniture	5 years	0.00%	20.00%

Any rebuilding expenditure of fixed asset shall be accounted into the cost of the fixed asset, but the rebuilding expenditure of any fixed asset already fully provisioned of depreciation and any fixed asset leased for operation shall be accounted into Long-term Deferred Expenses. Rebuilding expenditure of fixed asset means the expenditures incurred from changing the structure of building or structure, extending the serviceable life, etc.

4. For disposal of fixed assets, the net amount of disposal income after deducting its book value, related taxes and clearing expense shall be accounted into non-business income or non-business expenditure.

(VIII) Recognition and Measurement of Intangible Assets

1. Intangible assets shall have initial measurement based on cost

(1) The cost of outsourcing intangible assets includes: purchase price payment, related taxes and related other expenditures (including the related borrowing expense).

(2) The cost of intangible assets input by investor shall be recognized based on appraised value and related taxes.

(3) The cost of independently developed intangible assets shall be composed of the expenditure (including related borrowing expense) incurred before reaching estimated use after meeting capitalization conditions.

The expenditure incurred from any intangible asset independently developed by the company shall be recognized as intangible assets only after meeting all the following conditions:

1) Complete such intangible asset to enable it to be used or sold or have technical feasibility;

- 2) Have the intention of completing such intangible asset and use & sell it;
- 3) It can be proved that there's market for the products produced with such intangible asset or there's market for the intangible asset itself, if the intangible asset is used internally, its usefulness can be proved;
- 4) There are sufficient support of technical, financial resources and other resources to complete the development of such intangible asset, and it's able to use or sell this intangible asset;
- 5) The expenditure attributable to the development stage of this intangible asset can be reliably measured.

2. Serviceable Life and Amortization of Intangible Asset

Intangible assets shall be amortized within its serviceable life in straight-line method, and shall be accounted into related asset cost or current profit or loss based on its benefiting object.

The amortization period of an intangible asset shall begin from the time when it's available for using and stop when it's stopped of using or sold. If the serviceable life is regulated by related law or stipulated in contract, it shall be amortized in installments based on the regulated or stipulated serviceable life. If it's unable to reliably estimate the serviceable life of intangible asset, the amortization period shall be no less than 10 years.

3. For disposal of any intangible asset, the net amount of income from disposal after deducting its book value and related taxes shall be accounted into non-business income or non-business expenditure.

(IX) Accounting Method of Long-term Deferred Expense

1. Long-term Deferred Expense includes the rebuilding cost of fixed assets already fully provisioned of deprecation, the rebuilding expenditure of operational leased-in fixed asset, the overhaul expenditure of fixed asset and other Long-term Deferred Expense, etc.

The overhaul expenditure of fixed asset referred to above means the expenditure after meeting all the following conditions:

- (1) Repair cost reaches over 50% of the taxing base of fixed asset at acquisition;

- (2) After repairs, the serviceable life of fixed asset is extended by over 2 years.
2. Long-term Deferred Expense shall be accounted based on actual expenditure, and shall be amortized within its amortization period in straight-line method. Including:
- (1) The rebuilding expenditure of any fixed asset already fully provisioned of depreciation shall be amortized in installments based on the estimated remaining serviceable life of the fixed asset.
- (2) The rebuilding expenditure of leased-in fixed asset for operation shall be amortized in installments within the remaining lease period stipulated in contract.
- (3) The overhaul of fixed asset shall be amortized in installments within the remaining serviceable life of the fixed asset.
- (4) Other Long-term Deferred Expenses shall be amortized in installments since the next month after the occurring month of expenditure, and the amortization period shall be no less than 3 years.

(X) Income Recognition Principle

1. Income from Sales of Goods

Income from sales of goods shall be recognized when shipping goods and receiving the goods payment or obtaining the right to receive payment. The amount of income from sales of goods shall be recognized based on the contractual price payment already received or receivable from the purchaser.

- (1) If the method of collection with acceptance is adopted for selling goods, the income shall be recognized when completely handling the collection procedures.
- (2) If the method of advances received is adopted for selling goods, the income shall be recognized when shipping the goods.
- (3) If the method of collection in installments is adopted for selling goods, the income shall be recognized on the date of collection as stipulated in the contract.
- (4) If installation and inspection are needed for selling goods, the income shall be recognized when the buyer accepts the goods and the installation and inspection are completed. If the installing procedure is relatively simple, the income can be recognized when shipping the goods.
- (5) If the method of commission agent sales by paying commission is adopted for selling goods,

the income shall be recognized when receiving the list of commission agent sales.

(6) If the old for new service is adopted for selling goods, the sold goods shall be treated as goods sales, the recycled goods shall be treated as purchased goods.

(7) If the income obtained by adopting product sharing method, the income from sales of goods shall be recognized based on the market price or appraised value of product on the date of sharing the product.

2. Income from Labor

For any labor started and completed within the same accounting year, the income from labor shall be recognized when the transaction of providing labor is completed and the payment or the right to payment is received. The amount of income from providing labor shall be the contractual price payment already received or receivable from the party accepting labor service.

If any labor service is started and completed in different accounting years, the income from providing labor shall be recognized based on completion progress. At the end of period, the amount of total income from providing labor multiplying the completion progress after deducting the income from recognized provision of labor in previous period in accumulation shall be recognized as the income from labor service in current period; meanwhile, the amount of estimated total amount of labor provision cost multiplying the completion progress after deducting the recognized operating cost in previous period in accumulation shall be carried forward to operating cost in current period.

(XI) Recognition and Measurement of Enterprise Income Tax

The accounting treatment of enterprise income tax shall be accounted in payable tax method.

V. Notes to Change of Accounting Policy and Accounting Estimation and Correction of Previous Errors

(I) Notes to Change of Accounting Policy

The company didn't have change of accounting policy in current period.

(II) Notes to Change of Accounting Estimation

The company didn't have any change of accounting estimation in current period.

(III) Notes to Correction of Major Errors in Previous Period

The company didn't have any correction of major errors of previous period in current period.

VI. Taxes (Fee)**1. The main taxes and tax rates are presented as follows:**

Tax	Tax rate
VAT	13%、9%、6%
Urban construction tax	7%
Education surcharge	3%
Local education surcharge	2%
Enterprise income tax	25%
Individual income tax	---

According to the *Announcement by the State Administration of Taxation Regarding the Implementation of the Issues Related to the Preferential Tax Policies Supporting the Development of Small and Low-margin Enterprises and Individual Businesses* (No.8 Announcement by the State Administration of Taxation in 2021), During the period from January 1st, 2021 to December 31st, 2022, for the part of annual taxable income of small and low-margin enterprises no more than RMB 1 million, it shall be included into the taxable income at reduced rate of 12.5%, and the enterprise income tax shall be paid at the rate of 20%.

According to the *Announcement by the State Administration of Taxation of the Ministry of Finance regarding on the further implementation of the preferential policies for income tax of small and Low-margin enterprises* (No. 13 Announcement by the State Administration of Taxation of the Ministry of Finance in 2022), from January 1st, 2022 to December 31st, 2024, for the portion of the annual taxable income of small low- margin enterprises which exceeding 1 million yuan but not exceeding 3 million yuan, it shall be included into the taxable income at a reduced rate of 25%, and the enterprise income tax shall be paid at the rate of 20%.

To sum up the policies above, during the period from January 1st, 2022 to December 31st, 2022, for the part of annual taxable income of the company no more than RMB 1 million, it shall be included into the taxable income at reduced rate of 12.5%, and the enterprise income tax shall be paid at the rate of 20%; For the part of annual taxable income more than RMB 1 million but no more than RMB 3 million, the enterprise income tax shall be paid at the reduced rate of 25%; and the enterprise income tax shall be paid at the rate of 20%.

VII. Notes to Main Items of Financial Statements

1.Monetary Fund

Item	Ending balance	Opening balance
Cash	2,278.98	6,160.41
Cash in bank	592,586.90	4,001,716.80
Total	594,865.88	4,007,877.21

2.Accounts Receivable

Type	Ending balance	Opening balance
Related parties	923,716.57	487,086.02
Third parties	2,413,467.61	3,989,734.78
Total	3,337,184.18	4,476,820.80

As of December 31st, 2022, all of the Company's accounts receivable were less than one year old.

3.Advance Payment

Type	Ending balance	Opening balance
Related parties	95,631.07	0.00
Third parties	428,860.38	335,180.95
Total	524,491.45	335,180.95

4. Other Receivables

Type	Ending balance	Opening balance
Third parties	517,906.93	430,805.67
Total	517,906.93	430,805.67

5. Inventory

Item	Ending balance	Opening balance
Merchandise inventory	11,332,513.90	11,161,477.66
Materials in transit	653,970.45	2,821,983.27
Total	11,986,484.35	13,983,460.93

6. Other Current Assets

Item	Ending balance	Opening balance
Period-end VAT retained	23,470.65	0.00
Input tax to be deducted	18,774.48	0.00
Advance payment of corporate income tax	58,751.82	0.00
Total	100,996.95	0.00

7. Fixed Assets and Accumulated Depreciation

Item	Opening balance	Increase of this period	Decrease of this period	Ending balance
Original value of fixed assets	646,319.00	0.00	100,000.00	546,319.00
Accumulated depreciation	194,473.76	126,439.48	15,000.01	305,913.23
Net value	451,845.24	---	---	240,405.77

8. Long-term Deferred Expenses

Item	Opening balance	Increase in current period	Amortization in current period	Ending balance
System usage fee	87,372.99	0.00	49,927.44	37,445.55

Total	87,372.99	0.00	49,927.44	37,445.55
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9.Short-term Borrowing

Item	Ending balance	Opening balance
Unsecured loans	3,000,000.00	0.00
Total	3,000,000.00	0.00

10.Accounts Payable

Type	Ending balance	Opening balance
Related parties	2,923,198.07	9,185,134.18
Total	2,923,198.07	9,185,134.18

11.Advance Receipt

Type	Ending balance	Opening balance
Third parties	5,084,916.39	7,269,257.13
Total	5,084,916.39	7,269,257.13

12.Employee's Remuneration Payable

Item	Ending balance	Opening balance
Salaries and bonuses	102,990.50	343,076.94
Social insurance and housing fund	70,427.30	58,031.51
Total	173,417.80	401,108.45

13.Tax Payable

Item	Ending balance	Opening balance
Value-added tax	0.00	281,339.92
Urban maintenance and construction tax	0.00	19,693.79

Educational surtax	0.00	8,440.20
Local educational surtax	0.00	5,626.80
Corporate income tax	0.00	113,801.13
Individual income tax	7,672.00	48,019.28
Stamp duty	854.54	24,474.50
Total	8,526.54	501,395.62

14. Other Payables

Item	Ending balance	Opening balance
Deposit	806,300.00	856,300.00
Warehousing and transportation costs	0.00	663,492.75
Employee reimbursement	1,776.03	81,705.26
Others	530,065.08	219,021.60
Total	1,338,141.11	1,820,519.61

15. Paid-in Capital

Name of shareholder	Ending balance		Opening balance	
	EUR	RMB	EUR	RMB
PARADOR GmbH	100,000.00	800,450.00	100,000.00	800,450.00
Horgos Oriental Glamour Co., Ltd.	100,000.00	793,120.00	100,000.00	793,120.00
Total	200,000.00	1,593,570.00	200,000.00	1,593,570.00

16. Earnings reserve

Type	Ending balance	Opening balance
Statutory surplus reserves	608,552.67	586,989.43
Total	608,552.67	586,989.43

17. Undistributed Profit

Item	Ending balance
Opening undistributed profits	2,415,389.37
Plus: Net profits of this period	215,632.35
Less: Withdrawal of statutory surplus reserves	21,563.24
Closing undistributed profits	2,609,458.48

18. Business Revenue

Item	Amount in current period	Amount in previous period
I. Income from main business:	28,674,591.33	39,177,306.39
Including: income from sales of goods	28,674,591.33	39,177,306.39
Total	28,674,591.33	39,177,306.39

19. Operating Cost

Item	Amount in current period	Amount in previous period
I. Cost of main business:	20,422,585.82	28,452,003.01
Including: cost from sales of goods	20,422,585.82	28,452,003.01
Total	20,422,585.82	28,452,003.01

20. Financial Expense

Item	Amount in current period	Amount in previous period
Interest expenses	10,375.78	0.00
Less: interest income	5,349.16	11,886.47
Exchange losses	702,815.45	-31,822.90
Handling charges expenses	16,141.29	19,335.68
Total	723,983.36	-24,373.69

VIII. Affiliated Party Relationships and Connected Transactions

(I) Affiliated Party Relationships

1. Shareholders of the Company

Name of related party	Shareholding percentage in the Company	Voting power percentage in the Company
PARADOR GmbH	50.00%	50.00%
Horgos Oriental Glamour Co., Ltd.	50.00%	50.00%

2. Related parties without control relationship

Entity	Relationship with the Company
Shanghai J & CO Design Studio Co., Ltd.	Enterprises jointly-controlled by key management personnel
Beijing Orient Commercial Co., Ltd.	Enterprises controlled by key management personnel
Shanghai Casajolie Co., Ltd.	Enterprises controlled by key management personnel

(II) Affiliated Transaction

1. Content of Transaction of Affiliated Parties

① Purchase of goods from the related parties

Entity	Amount in current period
Shanghai J & CO Design Studio Co., Ltd.	4,368.93
Beijing Orient Commercial Co., Ltd.	1,336,500.00
Horgos Oriental Glamour Co., Ltd.	1,462,357.66

② Sales of goods to the related parties

Entity	Amount in current period
Shanghai Casajolie Co., Ltd.	1,023,716.57

2. Balance of the accounts receivable from the related parties**(1) Accounts receivable**

Debtor	Ending balance	Opening balance
Shanghai Casajolie Co., Ltd.	923,716.57	487,086.02
Total	923,716.57	487,086.02

3. Balance of Accounts payable to the related parties**(1) Accounts payable**

Creditor	Ending balance	Opening balance
PARADOR GmbH	2,923,198.07	9,185,134.18
Total	2,923,198.07	9,185,134.18

IX. Contingent Matter

As of December 31st, 2022, this company had no pending lawsuit, outbound guarantee or other contingent matters to be disclosed.

X. Commitment Matter

As of December 31st, 2022, this company didn't have any commitment matter to be disclosed.

XI. Non- adjustment Matter after Balance Sheet Date

As of March 29th, 2023, this company had no matter after balance sheet date to be disclosed.

XII. Other Important Matters

As of December 31st, 2022, this company had no other important matters to be disclosed.

XIII. Approved Reporting of Accounting Statements

The accounting statements have been approved of reporting by the company's board of

shareholders on March 29th , 2023.

Parador (Shanghai) Trading Co., Ltd..

March 29th , 2023

北京东审会计师事务所(特殊普通合伙)

2022 corporate income tax tax adjustment item table

Taxpayer Number:	Identification	91310000MA1FPHPT5A		Name of reporting unit:	Parador (Shanghai) Trading Co., Ltd.	
Address	Room 1006, 10th Floor, No. 233 Taicang Road, Huangpu District, Shanghai			Currency unit:	RMB	
Economic Type:	Limited Liability Company (sino-foreign joint venture)			Industry:	Wholesale of building materials	
Line times	Item	Current period	Line times	Item	Current period	
1	1. The total profit listed in the audited profit statement	221,876.82	20	(3) Fines for illegal operations and loss of confiscated properties		
2	2. Increase in tax adjustment (1=3+17+28)	20,093.87	21	(4) Tax late fees, fines, and fines	49.71	
3	1. Items exceeding the prescribed standards (3=4+5...+17)	20,044.16	22	(5) Compensation for disaster accident losses		
4	(1) Salary expenditure		23	(6) Non-profit relief donations		
5	(2) Employee welfare expenses		24	(7) Non-advertising sponsorship expenditure		
6	(3) Staff education funds	-	25	(8) Advertising fee for grain liquor		
7	(4) Labor union funds		26	(9) Expenditure items for loan guarantees for other enterprises		
8	(5) Interest expenses		27	(10) Other		
9	(6) Business entertainment	20,044.16	28	3. Taxable income items (28=29+30+31)		
10	(7) Donation expenditure		29	(1) Understating taxable income		
11	(8) Withdrawal depreciation expenses	-	30	(2) Uncalculated taxable income		
12	(9) Amortization of intangible assets		31	(3) Recovery of bad debt losses		
13	(10) Advertising expenses and business promotion expenses	-	32	3. Reduction in tax adjustment (32=33+34+35+36)		
14	(11) Housing provident fund and various indemnificatory contributions		33	(1) Wages of previous years to which credit has been granted		
15	(12) Management fee		34	(2) Depreciation of fixed assets in one go		
16	(13) Other		35	(3) Management fee		
17	2. Deductions are not allowed (17=18+19...+27)	49.71	36	(4) Salary expenditure		
18	(1) Capital expenditure		37	4. Taxable income after adjustment (37=1+2-32)	241,770.49	
19	(2) Transfer of intangible assets and development expenditure		38			

Statement: The above amount of taxable income is the audit opinion of certified public accountants, and the final amount of taxable income shall be subject to the audit of tax authorities.

