

Aobo Environmental Technology Limited and its controlled entities

(ACN 633 117 807)

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021



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Directors' Report

For the year ended 31 December 2021

The directors present their report together with the financial report of Aobo Environmental Technology Limited ("the Company") and its controlled entities ("the Group") for the year ended 31 December 2021 and the auditor's report thereon.

Directors

The following persons were directors of Aobo Environmental Technology Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Andrew Smith
Zhang Jiangang
Hon. Andrew Thomson
Brendan Connell

Information of directors

The directors of the Company at any time during or since the end of the financial year to the date of this report are:

Name	Andrew Smith
Title	Non-Executive Chairman
Appointment date	29 April 2019
Qualifications	Bachelor of Economics and Politics
Experience and expertise	Andrew's business career has focused on finance and the financial markets in the Asia Pacific. He was the managing director and chief executive of the stockbroking and corporate finance group Intersuisse Ltd (now Phillip Capital) from 2000 to 2010. Prior to that, Andrew was Chairman of the Sedgwick Group in the Asia Pacific between 1995 and 2000.
Current directorships in other listed companies	None
Former directorships in other listed companies (last 3 years)	Eagle Health Holdings Limited
Special responsibilities	Chairman
Interests in shares	8,000
Interests in options	None
Contractual rights to shares	None

Name	Zhang Jiangang
Title	Executive Director and Chief Executive Officer
Appointment date	29 April 2019
Qualifications	Diploma in Business Administration
Experience and expertise	Mr Zhang has been employed by Aobo for 21 years. He is integral to Aobo's journey. He has experience across all areas of business. Mr Zhang oversees Aobo's operation and production and is responsible for developing and implementing Aobo's strategy. Prior to Aobo, Mr Zhang worked as engineer and general manager for manufacturing companies in Wuxi. He is an engineer by trade.
Current directorships in other listed companies	None
Former directorships in other listed companies (last 3 years)	None
Special responsibilities	None
Interests in shares	38,000,000
Interests in options	None
Contractual rights to shares	None

Directors' Report

For the year ended 31 December 2021

Name	Hon. Andrew Thomson
Title	Non-Executive Director
Appointment date	3 February 2020
Qualifications	Bachelor of Arts, Bachelor of Laws, Master of Laws
Experience and expertise	<p>The Hon. Andrew Thomson has significant experiences in legal practices in Australia and overseas. He commenced his career as a solicitor at Mallesons before holding the position of Investment Manager at GT Management (Japan) Ltd and Assistant Vice President of Compliance at Credit Suisse First Boston (Japan Ltd). He is a special counsel for Lander & Rogers Lawyers.</p> <p>The Hon. Andrew Thomson also held positions as a Member (House of Representatives) in the Australian Parliament, Parliamentary Secretary for Foreign Affairs, the Minister for Sport, Tourism and Sydney Olympic Games, and Chairman of the Joint Committee on Treaties for the Australian Parliament. He is fluent in Japanese and Mandarin.</p>
Current directorships in other listed companies	None
Former directorships in other listed companies (last 3 years)	None
Special responsibilities	None
Interests in shares	None
Interests in options	None
Contractual rights to shares	None

Name	Brendan Connell
Title	Non-Executive Director
Appointment date	30 January 2020
Qualifications	Bachelor of Laws, GDLP
Experience and expertise	<p>Brendan has over 35 years' experience and was formerly the Managing Partner of one of the largest law firms in South Australia.</p> <p>Having qualified in 1982 he has acted for numerous Chinese companies in mergers and acquisitions and in corporate finance transactions.</p> <p>Brendan provides legal advice to listed and unlisted companies on all aspects of governance and has extensive experience with capital market transactions on all Australian stock exchanges. He is admitted to South Australia Supreme Court and High Court of Australia.</p>
Current directorships in other listed companies	None
Former directorships in other listed companies (last 3 years)	None
Special responsibilities	None
Interests in shares	None
Interests in options	None
Contractual rights to shares	None

Company secretary

Mr Ting Jiang is a qualified Certified Practising Accountant in Australia and has broad experience in corporate finance and corporate advisory and legal practice, and has completed a range of capital market transactions in both Australia and China.

Directors' Report

For the year ended 31 December 2021

Principal activities

The main principal activities during the financial year were manufacturing and selling air treatment system and lithium-ion battery energy storage system in the People's Republic of China (PRC) and international markets.

There were no significant changes in the nature of the activities of the Company during the year.

Review of operations and financial results

In the context of China's strategic goals of peak carbon emissions and carbon neutrality, and driven by the global demand for new energy, the industry of air treatment system and energy storage have flourished. The Company recorded a consolidated revenue of approx. A\$19.5 million, up by 143% year on year.

But the challenges and uncertainties arisen from COVID-19 continued throughout 2021. Following the massive social and economic disruption around the world last year, global economy recovered at a slow pace. Prices of raw materials in particular lithium-ion batteries and international shipping fee reached all time high amid the pandemic uncertainties in 2021. The rising rates and prices brought a significant impact on the cost of goods sold and profit margin of lithium-ion batteries energy storage business. The Company continued to invest in R&D to develop its competitive advantage in products and technology. Furthermore, the Company booked additional approx. \$1.9 million in allowance for expected credit loss. Under such circumstances, the Company suffered a net loss of A\$4,440,155 (2020 loss: \$60,944).

The Company has commenced use of its new manufacturing facility in Wuxi during 2021.

Dividends

No dividend has been declared, recommended or paid relating to the 31 December 2021 financial year.

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 31 December 2021 and up to the date of this report.

Significant Changes in State of Affairs

During the financial year, two subsidiaries were incorporated.

Company name	Country of incorporation	Equity owned by the Company	Main business of the subsidiaries
Aobo Energy Storage Technology (Wuxi) Co., Limited ("AESTWX")	China	60%	Lithium-ion battery energy storage R&D
Aobo New Energy Power (Wuxi) Co., Limited ("ANEPWX")	China	51%	Sale of Lithium-ion battery energy storage products

Other than above, there were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Directors' Report

For the year ended 31 December 2021

Subsequent Events After the Balance Date

The Group has entered into new borrowing agreements with bank of \$1,423,475 (RMB \$6,900,000) for 12 months terms with interest rate between 4.3% to 4.7%.

The Directors are not aware of any matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

Likely Developments

The Group will

- focus on air treatment business and actively seize upon growth opportunities driven by global carbon emission reduction
- scale down energy storage business operation due to continued loss from this business and dramatic increasing raw material prices and international shipping rates.
- enhance product research and development
- continue to expand its air treatment business internationally

Environmental Regulation

The Group is subject to environmental regulations under Commonwealth and State legislation and those of the People's Republic of China. The Board is not aware of any breach of those environmental requirements.

Indemnification and Insurance of Directors and Officers

No indemnities have been given or insurance premiums paid, during the financial year for any person who is or had been an officer of the Company.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify during or since the financial year.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or Committee member).

	Board of Directors		Audit and Risk Committee		Remuneration Committee	
	A	B	A	B	A	B
Andrew Smith	4	4	-	-	-	-
Zhang Jiangang	4	4	-	-	-	-
Hon. Andrew Thomson	4	4	-	-	-	-
Brendan Connell	4	3	-	-	-	-

Column A is the number of meetings the Director was entitled to attend

Column B is the number of meetings the Director attended

Directors' Report

For the year ended 31 December 2021

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Remuneration policy
- Details of remuneration
- Service agreements
- Share-based compensation
- Other information
- Additional disclosures relating to key management personnel

Directors and Key Management Personnel ("KMP")

Andrew Smith	Non-Executive Chairman
Zhang Jiangang	Executive Director
Hon. Andrew Thomson	Non-Executive Director
Brendan Connell	Non-Executive Director

Remuneration policy

The remuneration policy of the Group has been designed to align directors' objectives with shareholders and business objectives. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the business, as well as create goal congruence between directors, executives and shareholders. The Board's policy for determining the nature and amount of remuneration for Board members of the Company is as follows:

The Board is responsible for determining and reviewing the compensation of the directors and the executive directors are responsible for determining and reviewing the remuneration of senior executives. This process requires consideration of the levels and form of remuneration and appropriate to secure, motivate and retain executives with the skills to manage the Group's operations. The Board assesses market rates in connection with the structure of remuneration packages. The Board also recommends levels and form of remuneration for non-executive directors with reference to performance and relevant comparative remuneration. The total sum of remuneration payable to non-executive directors shall not exceed the sum fixed by members of the Company in general meeting.

There is no direct relationship between the Company's Remuneration Policy and its performance. However, in determining the remuneration to be paid in each subsequent financial year, the Board may consider to link with the Company's performance.

Details of remuneration

		Cash salary and fees \$	Cash bonus \$	Non- monetary \$	Super- annuation \$	Long service leave	Equity-settled shares \$	Equity-settled options \$	Total \$
<i>Non-Executive Directors:</i>									
Andrew Smith	2021	67,719	-	-	-	-	-	-	67,719
	2020	5,417	-	-	-	-	-	-	5,417
Hon. Andrew Thomson	2021	41,661	-	-	-	-	-	-	41,661
	2020	3,333	-	-	-	-	-	-	3,333
Brendan Connell	2021	41,661	-	-	-	-	-	-	41,661
	2020	3,333	-	-	-	-	-	-	3,333
<i>Executive Directors:</i>									
Zhang Jiangang	2021	61,482	7,427	-	-	-	-	-	68,909
	2020	60,914	21,005	-	-	-	-	-	81,919
Total	2021	212,523	7,427	-	-	-	-	-	219,950
Total	2020	72,997	21,005	-	-	-	-	-	94,002

Directors' Report

For the year ended 31 December 2021

Service Agreements

Remuneration and other terms of employment for the directors are summarised below:

Andrew Smith

Andrew Smith is entitled to a director fee of 65,000 per annum (\$60,000 for Non-Executive Chairman role and \$5,000 for being a director of the Company's subsidiary Aobo New Energy Pty Ltd).

Hon. Andrew Thomson

Hon. Andrew Thomson is entitled to a director fee of 40,000 per annum.

Brendan Connell

Brendan Connell is entitled to a director fee of 40,000 per annum.

Zhang Jiangang

The employment agreement for Zhang Jiangang is a framework agreement without specific employment term. The salaries and bonus are paid as disclosed in above remuneration table.

Options granted as part of remuneration

There were no options issued during the year to any of the KMP.

Share-based compensation

No shares in the Company were provided as remuneration to KMP of the Company.

Additional information

The earnings of the consolidated entity for the five years to 31 December 2021 are summarised below:

	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
Sales revenue	19,591,621	8,051,663	-	-	-
EBITDA	(3,907,493)	553,530	-	-	-
EBIT	(4,458,987)	228,393	-	-	-
Loss after income tax	(4,440,155)	(60,944)	-	-	-

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019	2018	2017
Share price at financial year end (\$)	0.45	0.39	-	-	-
Total dividends declared (cents per share)	-	-	-	-	-
Basic losses per share (cents per share)	(2.29)	(0.03)	-	-	-

Company is officially listed on NSX (National Stock Exchange of Australia) on 30 November 2020.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Andrew Smith	8,000	-	-	-	8,000
Zhang Jiangang	38,000,000	-	-	-	38,000,000
Hon. Andrew Thomson	-	-	-	-	-
Brendan Connell	-	-	-	-	-
	<u>38,008,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,008,000</u>

End of Remuneration Report (Audited)

Auditor's Independence Declaration

The auditor's independence declaration is set out immediately after the Directors' Report and forms part of the Directors' Report for the financial year ended 31 December 2021.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Dated at this 5 day of May 2022



Andrew Smith
Chairman of the Board

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Aobo Environmental Technology Limited (the company) and its controlled entities (the group) for the year ended 31 Dec 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

David Talbot

David Talbot
Partner

Sydney, NSW

Dated: 5 May 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Note	2021 AUD	2020 AUD
Sales revenue	4	19,591,621	8,051,663
Cost of sales		(15,240,764)	(6,065,173)
Gross profit		4,350,857	1,986,490
Other income	4	1,123,173	1,490,051
Interest income		1,874	16,471
Sales and marketing expenses	5	(922,032)	(875,378)
Research and development expenses		(4,072,196)	(1,001,861)
Administrative expenses	5	(2,714,895)	(1,178,737)
Other expenses		(2,225,768)	(192,171)
Finance costs	5	(436,969)	(361,269)
Loss before income tax		(4,895,956)	(116,404)
Income tax benefit	6	455,801	55,460
Loss for the year		(4,440,155)	(60,944)
Other comprehensive income:			
<i>Items that may subsequently be reclassified to profit or loss:</i>			
• Exchange differences on translating foreign operations		1,085,729	(388,681)
Total comprehensive loss for the year		(3,354,426)	(449,625)
Earnings per share on profit attributable to ordinary equity holders			
Basic earnings per share (cents per share)	28	(2.29)	(0.03)
Diluted earnings per share (cents per share)	28	(2.29)	(0.03)

These consolidated financial statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	2021 AUD	2020 AUD
Current assets			
Cash and cash equivalents	8	256,181	630,690
Trade and other receivables	9	10,522,481	9,951,344
Inventories	10	6,272,382	3,439,586
Other current assets	11	1,470,777	2,193,013
Current tax receivables		6,947	-
Total current assets		18,528,768	16,214,633
Non-current assets			
Property, plant and equipment	12	9,092,949	6,843,118
Deferred tax assets	16	665,983	150,873
Land use rights	13	2,791,302	2,619,746
Total non-current assets		12,550,234	9,613,737
Total assets		31,079,002	25,828,370
Current liabilities			
Trade and other payables	14	13,164,628	9,399,542
Other financial liabilities	15	9,729,730	5,734,762
Current tax liabilities		-	74,996
Total current liabilities		22,894,358	15,209,300
Total liabilities		22,894,358	15,209,300
Net assets		8,184,644	10,619,070
Equity			
Issued capital	17	1,728,100	808,100
Reserves	19	600,578	(485,151)
Retained earnings		5,967,181	10,296,121
Equity attributable to the owners of Aobo Environmental Technology Limited		8,295,859	10,619,070
Non-controlling interest	26	(111,215)	-
Total equity		8,184,644	10,619,070

These consolidated financial statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Issued capital AUD	Reserves AUD	Retained earnings AUD	Non -controlling interest AUD	Total equity AUD
Balance at 1 January 2021	808,100	(485,151)	10,296,121	-	10,619,070
Loss for the year	-	-	(4,328,940)	(111,215)	(4,440,155)
Other comprehensive income for the year	-	1,085,729	-	-	1,085,729
Total comprehensive income for the year	-	1,085,729	(4,328,940)	(111,215)	(3,354,426)
Issuance of share capital, net of related issuance costs	920,000	-	-	-	920,000
Transactions with owners in their capacity as owners	920,000	-	-	-	920,000
Balance at 31 December 2021	1,728,100	600,578	5,967,181	(111,215)	8,184,644
Balance at 1 January 2020	100	(96,470)	10,357,065	-	10,260,695
Profit for the year	-	-	(60,944)	-	(60,944)
Other comprehensive income for the year	-	(388,681)	-	-	(388,681)
Total comprehensive income for the year	100	(485,151)	10,296,121	-	9,811,070
Issuance of share capital, net of related issuance costs	808,000	-	-	-	808,000
Transactions with owners in their capacity as owners	808,000	-	-	-	808,000
Balance at 31 December 2020	808,100	(485,151)	10,296,121	-	10,619,070

These consolidated financial statements should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 AUD	2020 AUD
Cash flows from operating activities			
Receipts from customers		21,483,771	13,248,105
Payments to suppliers and employees		(24,125,326)	(10,269,883)
Interest received		16,471	16,471
Finance costs		(436,969)	(361,268)
Income tax paid		(128,235)	(42,527)
Net cash (used in)/ provided by operating activities	21	(3,190,290)	2,590,898
Cash flows from investing activities			
Purchases of property, plant and equipment		(2,601,781)	(1,759,552)
Purchase of intangible assets		-	(31,094)
Purchase for other investments		-	(143,509)
Receipts from disposal of property, plant and equipment		9,989	75,514
Net cash (used in) investing activities		(2,591,792)	(1,858,641)
Cash flows from financing activities			
Proceeds from borrowings		14,486,487	568,422
Proceeds from issuance of shares		920,000	808,000
Repayment of borrowings		(10,491,518)	(2,137,899)
Net movements in related party loans		437,401	(588,132)
Net cash provided by (used in) financing activities		5,352,370	(1,349,609)
Net change in cash and cash equivalents held		(429,712)	(617,352)
Cash and cash equivalents at beginning of financial year		630,691	1,232,904
Effect of exchange rates on cash holdings in foreign currencies		55,201	15,138
Cash and cash equivalents at end of financial year	8	256,180	630,690

These consolidated financial statements should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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1 Nature of operations, General information and Statement of Compliance

Aobo Environmental Technology Limited ("Company") and its subsidiaries (the "Group") is a public listed company, incorporated in Australia on 29 April 2019.

The principal activities are included in the directors' report, which is not part of the financial statement. The Group operates predominately in one geographical location being the People's Republic of China (PRC) where the majority of the Group's assets are held. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2021.

All amounts are presented in Australian Dollars (unless otherwise stated) which is the Group's presentational currency and the functional currency of Aobo Environmental Technology Limited (parent entity).

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

The consolidated financial statements were authorised for issue by the directors on 5 May 2022.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity generated a loss of \$4,440,155 (2020: \$60,944) and had net cash outflow from operating activities of \$3,190,290 (cash inflow 2020: \$2,590,898) for period ended 31 December 2021. As at that date the company had net current liabilities of \$4,365,590 (2020: net current assets \$1,005,333) and net assets of \$8,184,644 (2020: 10,619,070).

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- The Group has prepared detailed budgets and cash flow forecasts to May 2023 which show that the group will continue as a going concern.
- Furthermore, the directors regularly monitor the company's cash position and, on an on-going basis, consider strategic and operational plans to ensure that adequate funding continues to be available for the company to meet its liquidity requirement.
- Current liabilities include a bank loan facility of \$9.7m which will be expired within 12 months. The directors are of the opinion that the facility will be renewed based on the successful renewal of loan facilities in the past.
- If required, the Group has the ability to raise further capital in future based on successful placement during 2021 financial year.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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2 Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 January 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principle of Consolidation

The Group financial statements consolidate those of Aobo Environmental Technology Limited and its controlled entities as of 31 December 2021. Aobo Environmental Technology Limited controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

A list of controlled entities is contained in Note 26 to the consolidated financial statements.

2 Significant accounting policies(continued)

Comparative Financial Statement Presentation

The consolidated financial statements can be presented using one of two methods. The first method, being the consolidated financial statements can incorporate the acquired entity's results as if both entities (acquirer and acquiree) had always been combined. Alternatively, the consolidated financial statements can incorporate acquired entity's results only from the date on which the transaction occurred.

Management has determined to use option one – reporting comparatives as if the Group had always been combined.

Revenue

Revenue arises mainly from sale of air treatment system and lithium-ion battery energy storage system.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Sale of goods maybe bundled with installation services and warranty services. In order to assess whether sale of good(s) and service(s) in a contract are distinct and therefore give rise to separate performance obligations, the Group considers the following criteria:

- the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer; and
- the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

The Group allocates the transaction price to the identified performance obligations and recognises revenue when (or as) those performance obligations are satisfied.

For stand-alone sales of goods that are not subject to significant installation services, control transfers at the point in time the customer takes undisputed delivery of the goods. When such items sold together with significant installation services, the goods and services represent a single combined performance obligation over which control is considered to transfer at the point in time the installation is completed.

Revenue from sale of goods is recognised based on the price specified in the contract, net of the estimated volume discounts and rebates. Accumulated experience is used to estimate and provide for the discounts and rebates, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

The sales arrangements often contain an assurance-type warranties, which promises the customer that the delivered products are as specified in the contract. Such warranties are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Asset. If a warranty provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the promised service-type warranty is a separate performance obligation and the revenue is recognised over the service period.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts in the consolidated statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

2 Significant accounting policies(continued)

Income Tax

The income tax expense for the year comprises current income tax expense and deferred income tax expense. The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Aobo Environmental Technology Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. 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.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. Refer to Note 25 for details of credit risk analysis of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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2 Significant accounting policies(continued)

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis on normal operating capacity. Costs are assigned on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost, where applicable, any accumulated depreciation and impairment losses.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate	Residual Value	Depreciation Basis
Office equipment	3-5 years	0%	Straight line
Machinery and equipment	10 years	0%	Straight line
Motor vehicle	4 years	5%	Straight line
Buildings and improvements	20 years	0%	Straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit or loss.

Land use rights

Land use rights have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation of land use rights are calculated using the straight line method to allocate the cost of the land use right over its estimated useful life. Land use rights which has been recognised as an unamortised upfront payment as a finance lease in accordance with AASB 16 Leases to the extent to which risks and rewards incidental to ownership of the land resides within the Group arising from the land right term.

2 Significant accounting policies(continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 29.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2 Significant accounting policies(continued)

Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled wholly within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on government bonds with terms to maturity that match the expected timing of cash flows.

Value Added Tax (VAT)/Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of VAT/GST, except where the amount of VAT/GST incurred is not recoverable from the Local Taxation Office. In these circumstances, the VAT/GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of VAT.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the VAT/GST component of investing and financing activities, which are disclosed as operating cash flows.

Segment Reporting

Operating segments are presented on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Issued capital

Ordinary shares are classified as equity.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjust the figures used to determine basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2 Significant accounting policies(continued)

Foreign Currency Translations and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian Dollars which is the parent entity's functional and presentational currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in profit or loss.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

Borrowing costs

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale. All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

Accounting Standards issued but not yet effective and not been adopted early by the Group

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

3 Critical accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the consolidated financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of non-financial assets

The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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4 Revenue and Other Income

	2021 AUD	2020 AUD
Operating activities		
<i>Revenue recognised at point in time</i>		
- Sales of goods	19,591,621	8,051,663
Total revenue	19,591,621	8,051,663
Non-operating activities		
Other income	1,123,173	1,490,051
Total other income	1,123,173	1,490,051

5 Expenses

	2021 AUD	2020 AUD
Depreciation and amortisation		
Included in:		
- Cost of sales – manufacturing	159,880	141,468
- Research and development	103,350	91,994
- Administrative expenses	288,264	181,212
Total depreciation and amortisation expenses	551,494	414,674
Employee expenses		
Included in:		
- Cost of sales – manufacturing	299,917	199,122
- Research and development	551,678	230,480
- Sales staff – sales and marketing	121,499	99,500
- Administration staff	365,979	372,794
Total employee benefits	1,339,073	901,896
Finance costs		
Bank charges	3,759	2,248
Interest expense	433,210	359,020
Total finance costs	436,969	361,268
Net foreign exchange loss		
Net foreign exchange loss	15,509	1,350

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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6 Income Tax Expense

	2021 AUD	2020 AUD
The components of tax expense comprise:		
Current tax	-	(34,759)
Deferred tax	(515,110)	67,986
Over provision in prior period	59,309	22,235
Total income tax benefit/(expense)	(455,801)	55,462
Reconciliation of tax expense/(benefit)		
Loss before income tax	(4,895,956)	(116,404)
Prima facie tax payable on profit before income tax at 30%	(1,468,787)	(34,921)
Less:		
Differences in taxation rates in foreign subsidiaries	244,798	5,820
R&D tax incentive	344,928	85,562
Tax losses not recognized	404,095	25,362
High-tech enterprise status incentive (15% tax rate)	-	(23,173)
Over provision in prior period	(59,309)	(22,235)
Other tax effects	78,474	19,047
Income tax attributable to the Group	(455,801)	(55,462)

The Group is subject to the income tax law of Australia, People's Republic of China (PRC) and Hong Kong (HK).
The unrecognized deferred tax asset on carry forward tax loss for the financial year is \$404,095 (\$25,362).

7 Segment Reporting

The Group operates predominately in one segment. This is based on the internal reports that are reviewed and used by the Board of Directors/Management, who are identified as the Chief Operating Decision Makers ('CODM') in assessing performance and determining the allocation of resources.

The Board has considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the CODM in allocating resources and have concluded at that there are no separately identifiable segments as there is currently no discrete financial information received by the chief operation decision maker.

8 Cash and Cash Equivalents

	2021 AUD	2020 AUD
Cash on hand	692	503
Cash at bank	255,488	630,187
Total cash and cash equivalents	256,180	630,690

Notes to the Consolidated Financial Statements

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9 Trade and Other Receivables

	2021 AUD	2020 AUD
Current		
Trade receivables	11,690,698	9,851,074
Less: Allowance for expected credit losses	(2,420,513)	(561,496)
Other receivables	1,252,296	661,766
Total current trade and other receivables	10,522,481	9,951,344

Allowance for expected credit losses

The consolidated entity has recognised a loss of \$1,976,543 in profit or loss in respect of the expected credit losses for the year ended 31 December 2021.

The consolidated entity has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the Coronavirus (COVID-19) pandemic. As a result, the calculation of expected credit losses has been revised as at 31 December 2020.

31 December 2021	Within 1 year	1 -2 years	2 – 3 years	> 3 years	Total
Group 1*					
Expected loss rate	5%	38%	70%	63%	
Gross carrying amount	2,451,208	1,134,571	540,964	1,372,031	5,498,774
Loss allowance	122,560	431,137	378,675	864,380	1,796,752
Group 2**					
Expected loss rate	4%	10%	29%	52%	
Gross carrying amount	4,165,984	456,935	910,934	282,839	5,816,692
Loss allowance	166,639	45,694	264,171	147,076	623,580
Total trade receivables	6,617,192	1,591,506	1,451,898	1,654,870	11,315,466
Total loss allowance	289,199	476,831	642,846	1,011,456	2,420,332
31 December 2020	Within 1 year	1 -2 years	2 – 3 years	> 3 years	Total
Group 1*					
Expected loss rate	6%	13%	22%	26%	
Gross carrying amount	77,046	439,713	844,971	1,117,721	2,479,451
Loss allowance	4,623	57,163	185,894	289,522	537,202
Group 2**					
Expected loss rate	0%	0%	7%	30%	
Gross carrying amount	4,430,748	2,617,103	316,684	7,088	7,371,623
Loss allowance	-	-	22,168	2,126	24,294
Total trade receivables	4,507,794	3,056,816	1,161,655	1,124,809	9,851,074
Total loss allowance	4,623	57,163	208,062	291,648	561,496

* customer historically with longer repayment period and higher credit risk

**large, regular, creditable customers historically with shorter repayment period and lower credit risk

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9 Trade and Other Receivables(continued)

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2021	2020
	AUD	AUD
Opening balance	561,496	373,384
Additional provisions recognised	2,754,535	561,496
Receivables written off during the year as uncollectable	-	-
Unused amounts reversed	(561,496)	(373,384)
Closing balance	<u>2,754,535</u>	<u>561,496</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the consolidated financial statements. The Group does not hold any collateral as security over any receivable balance, nor does it hold any restrictions of title. The Group generally requires its customers to pay in advance. Credit terms may be provided through negotiation with customers. No interest is charged on trade receivables.

10 Inventory

	2021	2020
	AUD	AUD
Current		
Raw materials	3,129,133	1,746,026
Finished goods	993,417	934,553
Work in progress	2,149,832	759,007
Total inventory	<u>6,272,382</u>	<u>3,439,586</u>

11 Other current assets

	2021	2020
	AUD	AUD
Prepayment to suppliers for purchases and services	1,140,367	2,042,071
Other current assets	330,410	150,940
Total other current assets	<u>1,470,777</u>	<u>2,193,011</u>

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12 Property, Plant and Equipment

	2021 AUD	2020 AUD
Machinery and Office Equipment		
At cost	1,723,390	1,182,554
Accumulated depreciation	(927,774)	(675,027)
Total machinery and office equipment	795,616	507,527
Leasehold Improvement		
At cost	-	213,699
Accumulated depreciation	-	(213,699)
Total leasehold improvement	-	-
Motor Vehicles		
At cost	410,965	374,287
Accumulated depreciation	(358,614)	(352,124)
Total motor vehicles	52,351	22,163
Construction in Progress	-	6,313,428
Total construction in progress	-	6,313,428
Buildings and improvements		
At cost	8,545,721	-
Accumulated depreciation	(300,740)	-
Total buildings and improvements	8,244,981	-
Total property, plant and equipment	9,092,948	6,843,118

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Machinery and Office Equipment	Leasehold Improvement	Motor Vehicles	Construction in Progress	Buildings and improvements	Total
	AUD	AUD	AUD	AUD	AUD	AUD
Balance at 1 January 2020	657,051	62,043	40,469	2,340,466	-	3,100,029
Additions	21,106	-	-	4,039,131	-	4,060,237
Depreciation	(149,336)	(62,043)	(19,881)	-	-	(231,260)
Net exchange differences	(21,294)	-	1,575	(66,169)	-	(85,888)
Balance at 31 December 2020	507,527	-	22,163	6,313,428	-	6,843,118
Additions	423,071	-	34,996	1,413,693	730,021	2,601,781
Transfer	-	-	-	(7,727,121)	7,727,121	-
Disposals	(9,989)	-	-	-	-	(9,989)
Depreciation	(186,009)	-	(6,192)	-	(300,740)	(492,941)
Net exchange differences	61,016	-	1,384	-	88,579	150,979
Balance at 31 December 2021	795,616	-	52,351	-	8,244,981	9,092,948

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13 Land use rights

	2021 AUD	2020 AUD
At cost	2,928,380	2,691,952
Accumulated amortisation	(137,078)	(72,206)
Total land use rights	2,791,302	2,619,746

Movements in Carrying Amounts

Movement in the carrying amounts for land use right between the beginning and the end of the current financial year:

	2021 AUD	2020 AUD
Balance at 1 January	2,619,746	1,928,502
Additions	-	787,307
Amortisation	(58,551)	(41,082)
Net exchange differences	230,107	(54,981)
Total land use rights	2,791,302	2,619,746

Land use rights relate to the following:

Location	Use of property	Land area (sq.metres)	Tenure
Land Registration – Huishan Area, Wuxi City, Jiangsu Province, People's Republic of China	Industrial	26,756	50 years (valid until 13 February 2069)

14 Trade and Other Payables

	2021 AUD	2020 AUD
Current		
Trade payables	6,360,159	2,546,506
VAT and other taxes payable	374,507	59,837
Other payables *	3,624,961	562,935
Customer deposits	2,530,279	825,569
Accrued expenses**	-	5,333,912
Payroll liabilities	274,722	70,780
Total trade and other payables	13,164,628	9,399,539

All amounts are short-term. The carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

*Within other payables there are amounts payable to shareholder, Zhang Jiangang (Director). Refer to Note 24 Related Party Transactions for details.

**Accrued expenses relating to the construction of a new manufacturing site in Wuxi.

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15 Other Financial Liabilities

	2021 AUD	2020 AUD
Short-term borrowings*	9,729,730	5,583,822
Notes payables **	-	150,940
Total other financial liabilities	9,729,730	5,734,762

* Short term borrowings amounting to \$9.73 million (RMB45 million) (2020: \$5.58 million (RMB28 million)) are secured by property and plants and land use rights (Refer to Note 12 and 13) and personal guarantees provided by Zhang Jiangang (Director) and Mu Xianhong (wife of Zhang Jiangang). Interest is payable on rates between 3.90% to 4.78% per annum (2020: 4.35% to 5.22% per annum) for the current financial period with maturity dates is within one years after reporting date.

** Notes payable are guaranteed by short term security deposit within Trade and Other Receivables.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit

	2021 AUD	2020 AUD
Total facilities		
Bank loans	9,729,730	5,566,821
	9,729,730	5,566,821
Used at the reporting date		
Bank loans	9,729,730	5,566,821
	9,729,730	5,566,821
Unused at the reporting date		
Bank loans	-	-
	-	-

16 Deferred tax

Deferred taxes arising from temporary differences can be summarised as follows:

	2021 AUD	2020 AUD
Provision for expected credit losses	616,546	140,374
Other	49,437	10,499
Total	665,983	150,873

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17 Issued Capital

		2021 Shares	2020 Shares	2021 AUD	2020 AUD
Ordinary shares - fully paid		195,532,000	193,232,000	1,728,100	808,100
Details	Date	Shares	Issue price	AUD	
Balance	1 January 2020	190,000,000		100	
Issue of shares	November 2020	3,232,000	\$0.25	808,000	
Balance	31 December 2020	193,232,000		808,100	
Issue of shares	September 2021	2,300,000	\$0.40	920,000	
Balance	31 December 2021	195,532,000		1,728,100	

18 Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

	2021 AUD	2020 AUD
Total liabilities	23,279,929	15,209,300
Less: cash and cash equivalents	(256,181)	(630,690)
Net liabilities/(Net cash and cash equivalents)	23,023,748	14,578,610
Total equity	8,184,644	10,619,070
Net liabilities/(Net cash and cash equivalents) to equity ratio	281%	137%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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19 Reserves

	2021 AUD	2020 AUD
Statutory reserve	140,746	140,746
Foreign currency translation reserve	459,832	(625,897)
Total reserves	<u>600,578</u>	<u>(485,151)</u>

Statutory reserve

Pursuant to the current People's Republic of China Company Law, the Group is required to transfer between 5% to 10% of its profit after taxation to a statutory reserve until the surplus reserve balance reaches minimal 50% of the registered capital. For the purposes of calculating the transfer to this reserve, the profit after taxation shall be the amount determined under the People's Republic of China accounting standards. The transfer to this reserve must be made before the distribution of dividends to the shareholders.

Foreign Currency Translation Reserve

The foreign currency translation reserve represents exchange differences arising from translation of the subsidiaries' functional currency (Chinese Renminbi and Hong Kong Dollars) into presentational currency of the Group (Australian Dollars).

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Statutory reserve AUD	Foreign currency AUD	Total AUD
Balance at 1 January 2020	140,746	(237,216)	(96,470)
Foreign currency translation	-	(394,354)	(394,354)
Balance at 31 December 2020	140,746	(625,897)	(485,151)
Foreign currency translation	-	1,091,402	1,091,402
Balance at 31 December 2021	<u>140,746</u>	<u>459,832</u>	<u>600,578</u>

20 Commitments

Capital commitments

The Group has no capital commitments as at 31 December 2021(2020:nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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21 Cash Flow Information

Reconciliation of Net Profit after Tax to Net Cash Flows from Operations

	2021 AUD	2020 AUD
Operating (Loss) after income tax	(4,929,042)	(60,944)
Non-cash flows in operating surplus		
Depreciation/Amortisation	551,493	414,674
Provision for expected credit losses	1,976,543	209,892
Changes in assets and liabilities		
(Increase)/Decrease in trade and other receivables	(1,666,534)	(579,725)
(Increase)/Decrease in other current assets	(1,288,685)	5,464,196
(Increase)/Decrease in deferred tax assets	(13,205)	74,996
(Increase)/Decrease in inventory	(2,832,797)	(1,750,521)
Increase/(Decrease) in trade and other payables	5,093,880	(1,247,244)
Increase/(Decrease) in income tax payable	(81,945)	65,574
Cash (used in) / provided by operating activities	(3,190,290)	2,590,898

22 Contingent Liabilities

As at 31 December 2021, the Group is not aware of any other contingent assets or liabilities that should be disclosed in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets (2020: nil).

23 Events After the Reporting Date

The Group has entered into new borrowing agreements with bank of \$1,423,475 (RMB \$6,900,000) for 12 months terms with interest rate between 4.3% to 4.7%.

Other than above, there are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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24 Related Party Transactions

Details of Key Management Personnel during the year as follows:

Andrew Smith (Non-Executive Chairman)
 Zhang Jiangang (Executive Director)
 Andrew Thomson (Non-Executive Director)
 Brendan Connell (Non-Executive Director)

Key Management Personnel Remuneration

The aggregate compensation made to Directors and other members of key management personnel ('KMP') of the Group is set out below:

	2021	2020
	AUD	AUD
Short-term employee benefits	68,909	94,002
Post-employment benefits	-	-
Share-based payments	-	-
Total KMP remuneration	68,909	94,002

Transaction with related parties and key management personnel

The following comprises transactions with entities in which the Directors have an interest

	2021	2020
	AUD	AUD
Zhang Jiangang (Executive Director)		
Net advances to related party*	(136,743)	(554,422)
Wuxi Aogang New Energy Co., Ltd (Director related entity)		
Purchases of goods and services	(2,017,500)	-
Advances to related party*	(593,321)	(1,344,306)
Repayment from related party*	174,737	1,501,842
Hongbao New Energy Technology(Wuxi) Co.,Ltd (Director related entity)		
Sales of goods	2,089,683	-
Jiang Ting (Non-Executive Director) (Resigned 30 January 2020)		
Advances to related party*	-	(252,924)

*Related party transactions have arisen from normal course of business and related party loans, no specific terms and conditions have been attached to the above transactions. The advances to related parties are interest free, no repayment term and no security.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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24 Related Party Transactions (continued)

Balances with related parties and key management personnel

	2021	2020
	AUD	AUD
Zhang Jiangang (Executive Director)		
Payable to related party*	310,410	447,153
Wuxi Aogang New Energy Co., Ltd		
<i>(Director related entity)</i>		
Payable to related party	438,703	149,111
Hongbao New Energy Technology (Wuxi)Co.,Ltd		
<i>(Director related entity)</i>		
Receivables from related party	118,729	
Jiang Ting (Non-Executive Director) (Resigned 30 January 2020)		
Prepayment to related party	-	408,705

a) Other transactions with related parties and key management personnel

Zhang Jiangang (Director) and Mu Xianhong (wife of Zhang Jiangang) have provided a personal guarantee for short-term borrowings (Refer to Note 15).

25 Financial Instrument Risk Management

Risk management objectives and policies

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Financial instruments used

The principal categories of financial instrument used by the Group:

- Trade and other receivables
- Cash at bank
- Trade and other payables
- Other financial liabilities

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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25 Financial Instrument Risk Management(continued)

Market risk analysis

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. However, the Group is not exposed to significant foreign currency risk given the transaction denominated in foreign currency is not material.

Interest rate risk

Exposure to interest rate risk arises on financial assets and liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. However, the Group is not exposed to significant interest rate risk given the financial liabilities are in fixed rate.

Price risk

The consolidated entity is not exposed to any significant price risk.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The Group adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from default. The utilisation of credit limits by customers is regularly monitored by line management. For significant transactions, customers are required to make sufficient prepayments in order to reduce the credit risk to an acceptable level.

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2021	2020
	AUD	AUD
Classes of financial assets -		
Carrying amounts:		
Cash and cash equivalents	256,181	630,690
Trade and other receivables	10,522,481	9,951,344
Total	<u>10,778,662</u>	<u>10,582,034</u>

The Group's management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. None of the Group's financial assets are secured by collateral or other credit enhancements.

The credit risk for liquid funds is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

The group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers. As disclosed in note 10, due to the Coronavirus (COVID-19) pandemic, the calculation of expected credit losses has been revised as at 31 December 2021.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 3 years.

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For the year ended 31 December 2021

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25 Financial Instrument Risk Management(continued)

Liquidity risk

Liquidity risk arises from the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt serving payments for financial liabilities as well as forecast cash inflows and outflows due in day-to-day business.

Remaining contractual maturities

The following table details the Group's remaining contractual maturity for its financial instrument liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the consolidated statement of financial position.

	Weighted average interest rate %	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
2021						
<i>Non-interest bearing</i>						
Trade payables	-	6,360,159	-	-	-	6,360,159
Other payables	-	6,804,469	-	-	-	6,804,469
<i>Interest-bearing - fixed rate</i>						
Bank loans	4.27%	9,729,730	-	-	-	9,729,730
Total		<u>22,894,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,894,358</u>

	Weighted average interest rate %	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
2020						
<i>Non-interest bearing</i>						
Trade payables	-	2,546,506	-	-	-	2,546,506
Other payables	-	6,782,253	-	-	-	6,782,253
<i>Interest-bearing - fixed rate</i>						
Bank loans	5.05%	5,734,762	-	-	-	5,734,762
Total		<u>15,063,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,063,521</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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26 Controlled Entities

Details of subsidiaries controlled by the Group as at 31 December 2021 are as follows:

	Country of Incorporation	Percentage Owned (%)	
		31 December 2021	31 December 2020
Aobo Environmental Technology Limited	Australia		
Subsidiaries of Aobo Environmental Technology Limited			
i. Aobo New Energy Pty Ltd	Australia	100%	100%
ii. Aobo Environmental Technology (Hong Kong) Limited ("Aobo HK")	Hong Kong (People's Republic of China)	100%	100%
iii. Aobo Environmental Technology (Wuxi) Co., Limited ("AETWX")	People's Republic of China	100%	100%
iv. Aobo Environmental New Energy (Wuxi) Co., Limited ("AENEWX")	People's Republic of China	100%	100%
v. Aobo Energy Storage Technology (Wuxi) Co., Limited ("AESTWX") (2)	People's Republic of China	60%	-
vi. Aobo New Energy Power (Wuxi) Co., Limited("ANEPWX")(2)	People's Republic of China	51%	-

(1) Percentage of voting power is in proportion to ownership.

(2) During 2021 financial year, two subsidiaries were incorporated which are Aobo Energy Storage Technology (Wuxi) Co limited which the main business is conduct R&D activities for Lithium-ion battery storage and Aobo New Energy Power (Wuxi) Co Limited which the main business is sale of Lithium-ion battery energy storage products.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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27 Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company, its network firms and unrelated firms:

	Consolidated	
	2021	2020
	AUD	AUD
<i>Audit services – RSM Australia Partners</i>		
Audit and review of the financial statements	95,500	90,000
Total	95,500	90,000

28 Earnings per share

Both the basic earnings per share have been calculated using the profit attributable to shareholders of the Company as a numerator, i.e. no adjustments to profits were necessary during the year ended 31 December 2021:

	31 December 2021	31 December 2020
Loss used to calculate basic EPS	(4,440,155)	(60,944)
Weighted average number of shares used in basic and diluted EPS	193,964,603	190,531,288
	Cents	Cents
Basic earnings per share	(2.29)	(0.03)
Diluted earnings per share	(2.29)	(0.03)

29 Parent information

Statement of Financial Position	2021	2020
	AUD	AUD
Assets		
Current assets	1,051,971	808,100
Non-current assets	8,500	-
Total assets	1,060,471	808,100
Liabilities		
Current liabilities	(8,500)	-
Non-current liabilities	-	-
Total liabilities	(8,500)	-
Net assets	1,051,971	808,100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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29 Parent information(continued)

Equity		
Issued capital	1,728,100	808,100
Reserves	-	-
Accumulated losses	(676,129)	-
Total equity	1,051,971	808,100

Statement of Profit or Loss and Other Comprehensive

Income

Total loss	(676,129)	-
Total comprehensive income	(676,129)	-

The parent entity had no contingent liabilities as at 31 December 2021.

The parent entity had no commitments as at 31 December 2021.

30 Group details

The registered office and principle place of business of the Group is:
Suite 511, 434 St Kilda Road
Melbourne VIC 3004

Director's declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Andrew Smith

Chairman

Dated this 5 day of May 2022

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT

To the Members of Aobo Environmental
Technology Limited

Opinion

We have audited the financial report of Aobo Environmental Technology Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$4,440,155 during the year ended 31 December 2021 and, as of that date, the Group's current liabilities exceeded its total assets by \$4,365,590. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Recognition of Revenue Refer to Note 4 in the financial statements	
Revenue was considered a key audit matter because it is the most significant account balance in the consolidated statement of comprehensive income, and the process of revenue recognition may be complex and involves significant management judgements, which includes the determination of when risk and reward have passed to the customers.	Our audit procedures in relation to the recognition of revenue included: <ul style="list-style-type: none"> • Obtaining understanding of management's controls over revenue recognition • Assessing whether the Group's revenue recognition policies were in compliance with Australian Accounting Standards • Inspection of sales contracts and delivery documentation, and review of the allocation of revenue to various elements in the contracts • Review of sales transactions before and after year-end to ensure that revenue is recognised in the correct period.
Recoverability of Trade Receivables Refer to Note 9 in the financial statements	
<p>Trade receivables and unbilled revenues represent approximately 34% of the gross assets on the balance sheet. The valuation of trade receivables and unbilled revenues is considered a Key Audit Matter because it requires management judgment due to the specific risks associated with each individual trade receivable.</p> <p>Elements of judgement associated with assessing the valuation of trade receivables include assessing the level of credit risk where receivables have become past due.</p>	Our audit procedures in relation to the recoverability of trade receivables included: <ul style="list-style-type: none"> • Obtaining understanding of management's controls over credit control and approval • Assessing the recoverability of debtors by comparing management's estimate of recoverability of amounts outstanding to historical patterns of receipts. • Challenging the reasonableness of management's key assumptions relating to credit risk and recoverability by review of customer correspondence, and comparison to historical patterns of receipt. • Assessing the appropriateness of the Group's disclosures relating to credit risk.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2021 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

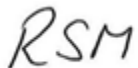
Opinion on the Remuneration Report

We have audited the Remuneration Report included in paragraphs a to b or pages 4 to 6 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Aobo Environmental Technology Limited, for the year ended 31 December 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



RSM Australia Partners



David Talbot

Partner

Sydney, NSW dated 5 May 2022