ASTIKA HOLDINGS, INC.
MARCH 21, 2023
(UNAUDITED)

ASTIKA HOLDINGS INC. AND SUBSIDIARY

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

ASTIKA HOLDINGS INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

	March 21, 2023
Assets	
Current Assets	
Cash and cash equivalents	742,241
Accounts receivable	12,791,706
Accounts receivable - related parties	3,310,687
Advance to suppliers	6,004,367
Inventory, net	10,932,282
Other receivable, net	1,170,539
Total Current Assets	34,951,822
Property and equipment, net	7,057,431
Intangible assets, net	1,383,914
Long-term investment	433,846
Total Assets	43,827,013
Liabilities and Stockholders' Deficit	
Current Liabilities	
Accounts payable	5,493,804
Accounts payable - related parties	1,599,144
Notes payable	1,156,922
Advances from customers	4,233,559
Accrued expenses	177,889
Short-term borrowing	9,045,684
Amount due to related parties	2,154,181
Tax payable	99,056
Other current liabilities	350,856
Total Current Liabilities	24,311,095
Total Liabilities	24,311,095
Equity (Deficit)	
Preferred stock, \$.001 par value; 3,090,000 shares authorized; 3,090,000 and 2,090,000 shares issued and outstanding as of March 21, 2023 and December 31, 2022, respectively	3,090
Common stock, \$.001 par value; 79,890,066 shares authorized; 79,890,066 and 29,890,066 shares issued and outstanding as of as of March 21, 2023 and December 31, 2022, respectively	79,890
Additional paid in capital	9,958,647
Accumulated deficit	9,493,471
Accumulated other comprehensive (loss) income	(19,180)
Total Deficit	19,515,918
Total Liabilities and Deficit	43,827,013

ASTIKA HOLDINGS INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)

	For the Period Ended March 21, 2023
Net revenue	5,423,100
Cost of revenue	4,227,800
Gross profit	1,195,300
Selling and marketing expenses	87,799
General and administrative expenses	230,694
Total operating expenses	318,493
Income (Loss) from operations	876,807
Interest income (expense)	-
Income (Loss) before provision for income tax	876,807
Provision for income tax	219,202
Net income	657,605
Other comprehensive income (loss):	
Foreign currency translation gain (loss)	132,471
Comprehensive income	790,076
BASIC AND DILUTED NET LOSS PER COMMON SHARE	**0.02**
BASIC AND DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARI	**30,138,337**

The accompanying notes are an integral part of these financial statements.

ASTIKA HOLDINGS INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

	Preferred Stock		Common Stock		Additional Paid In Capital	Accumulated Profit (Deficit)	Accumulated Other Comprehensive Gain (Loss)	Total Stockholders' Profit (Deficit)
	Shares	Amount	Shares	Amount				
Balance at December 31, 2021	**2,090,000**	**2,090**	**29,890,066**	**29,890.00**	**10,332,808**	**6,782,049**	**28,958**	**17,175,795**
Recapitalization					(322,139)			(322,139)
Foreign currency translation							(180,609)	(180,609)
Net loss						2,053,817		2,053,817
Balance at December 31, 2022	**2,090,000**	**2,090**	**29,890,066**	**29,890**	**10,010,669**	**8,835,866**	**(151,651)**	**18,726,864**
Recapitalization	1,000,000	1,000	50,000,000	50,000.00	(52,022)			(1,022)
Foreign currency translation							132,471	132,471
Net loss						657,605		657,605
Balance at March 21, 2023	**3,090,000**	**3,090**	**79,890,066**	**79,890**	**9,958,647**	**9,493,471**	**(19,180)**	**19,515,918**

The accompanying notes are an integral part of these consolidated financial statements.

ASTIKA HOLDINGS INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Period Ended March 21, 2023
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$ 657,605
Depreciation	36,688
Recapitaliztion	(852)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Accounts receivable	730,820
Inventory	(857,454)
Advance to suppliers	(584,655)
Accounts payable	(291,325)
Advance from customers	568
Accrued expenses	16,078
Tax payable	(301,977)
Other payable	292,347
Net cash used in operating activities	(302,157)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Long-term investment in equity	-
Net cash used in investing activities	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Net proceeds from loans from related parties	-
Net cash provided by financing activities	-
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	10,466
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(291,691)
CASH & CASH EQUIVALENTS, BEGINNING BALANCE	1,033,932
CASH & CASH EQUIVALENTS, ENDING BALANCE	$ 742,241
SUPPLEMENTAL DISCLOSURES:	
Income tax paid	$ -
Interest paid	$ -

The accompanying notes are an integral part of these consolidated financial statements.

ASTIKA HOLDINGS INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 21, 2023
(Unaudited)

NOTE 1. ORGANIZATION AND NATURE OF BUSINESS

Astika Holdings, Inc. ("the Company") was incorporated under the laws of the State of Florida on January 13, 2011. On September 26, 2014, the Company dissolved its subsidiary The Company Music Entertainment, Inc. The dissolution was in response to the change in the nature of business operations.

Jiangsu Ziyang Holiday Bedroom Articles, Co., Ltd ("Jiangsu Ziyang") was incorporated under the laws of PRC on June 29, 2007. Jiangsu Ziyang is engaged in the business of developing, sampling, and selling its own brands of home textile products and selling other famous U.S. brands of textile products as a sale agent. Jiangsu Ziyang is also engaged in manufacturing and selling other domestic and international brands of bedroom merchandise. The Company's products are predominately sold to the domestic consumer market in the Eastern area of China.

Jiangsu Ziyang's 84% of shares are owned by Jiangsu Ziyang Household Textile Articles, Co., Ltd. ("Ziyang Household"), and 16% by Gaoxing Group, LLC. Jiangsu Ziyang and Ziyang Household are under common control of Mr. Jian Xu.

On March 20, 2023, the Company entered into and executed a Share Purchase/Exchange Agreement (the "Share Exchange Agreement") with Jiangsu Ziyang, and two shareholders of Jiangsu Ziyang (the "Selling Shareholders"). The Selling Shareholders collectively owned 100% of all issued and outstanding shares of Jiangsu Ziyang (the "Jiangsu Ziyang Shares"). Pursuant to the Share Exchange Agreement, the Selling Shareholders jointly agreed to sell or transfer to the Company one hundred percent (100%) of the Jiangsu Ziyang Shares in exchange for a total of 50,000,000 shares of the Company's common stock and 1,000,000 shares of the Company's Series C preferred stock. As a result of such exchange (the "Stock Exchange"), Jiangsu Ziyang has become a wholly owned subsidiary of The Company and the Selling Shareholders collectively have received 50,000,000 shares of the Company's common stock, representing approximately 87.6% of the then issued and outstanding shares of the Company's common stock.

In connection with the acquisition of Jiangsu Ziyang pursuant to the Share Exchange Agreement, the Company engages in the business of developing, sampling, and selling its own brands of household textile products and manufacturing and selling other domestic and international brands of textile merchandise through Jiangsu Ziyang. The acquisition of Jiangsu Ziyang is treated as a reverse acquisition (the "Reverse Acquisition").

COVID-19

A novel strain of coronavirus, or COVID-19, was first identified in China in December 2019, and subsequently declared a pandemic on March 11, 2020 by the World Health Organization. As a result of the COVID-19 pandemic, all travels had been severely curtailed to protect the health of the Company's employees and comply with local government guidelines. The COVID-19 pandemic has had an adverse effect on the Company's business. Although China has already begun to recover from the outbreak of COVID-19 and the Company's business has gone back to normal, the epidemic continues to spread on a global scale and there is a risk of the epidemic returning to China in the future, thereby causing further business interruption. The full impact of the pandemic on the Company's business, operations and financial results depends on various factors that continue to evolve, which the Company may not be able to accurately predict for now.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Principles of Consolidation

The consolidated financial statements include the financial statements of Astika Holdings Inc. and its 100% owned subsidiary, Jiangsu Ziyang. All inter-company transactions and balances are eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company bases its estimates on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Significant accounting estimates reflected in the financial statements include valuation allowances of deferred tax assets, contingent liabilities related to loan guaranty, inventory valuation, allowance on accounts receivable and supplier advances, the useful lives for property plant and equipment, intangible assets, and impairment of long-lived assets.

Cash and Cash Equivalents

The Company considers all cash on hand and in banks, certificates of deposit with banks and other highly-liquid investments with maturities of period or less, when purchased, to be cash and cash equivalents. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risks on its cash in bank accounts.

Accounts Receivable, Net

The Company recognizes as accounts receivable any products shipped where payments have not been rendered. An allowance for doubtful accounts is established and recorded based on management's assessment of the credit history of its customers and current relationships with them. The Company writes off accounts receivable when amounts are deemed uncollectible. As of March 21, 2023, trade accounts receivable was $12,791,706. No provisions for doubtful accounts were made as of March 21, 2023.

Security Deposits

Deposits are the refundable payments that are served as security for receiving goods, services, or loans. The deposits required by vendors, service providers, or loan guarantors are usually refundable within six months but can be extended if the associated contracts are renewed or extended. The security deposits were $nil as of March 11, 2023.

Advances to suppliers

Advances are the payments to vendors for securing material suppliers. The supply of raw material is the Company's basis of production. Because the raw materials such as straw, bamboo, and other natural goods used in manufacturing have their growth cycles, in order to acquire sufficient raw materials and ensure production in the future, the Company generally signs purchase agreements with some unrelated parties at the beginning of every year. Pursuant to the agreements, the Company is required to pay its suppliers in advance. Advances to suppliers as of March 21, 2023 was $6,004,367.

Inventory

Wholesale and retail inventories are stated at lower of average cost or market value, cost being determined on a specific identification method. The Company manufactures products upon receipt of orders from its wholesale customers. All products must pass the customers' quality assurance procedures before delivery. Therefore, products are rarely returned by customers after delivery.

The Company records an allowance for slow-moving or obsolete materials and finished goods aged more than three years.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the following estimated useful lives:

Buildings	30-35 years
Machinery, equipment and automobiles	3-5 years
Furniture and fixtures	3-5 years

Costs incurred in constructing new facilities, including progress payments and other costs related to construction, are capitalized and transferred to property, plant and equipment on completion, at which time depreciation commences.

As of March 21, 2023, the Company's building with the land which the building is located at was served as collateral for the Company's short-term bank loans from Bank of China. The value of the building and land subject to lien was $9,439,590 (RMB 65,273,820) as of March 21, 2023. The amount of loan was collateralized was $5,639,995 (RMB 39,000,000) as of March 21, 2023.

Intangible Assets

Land Use Rights:

All land in the PRC is owned by the government and cannot be sold to any individual or company. However, the government may grant a "land use right" for occupying, developing and using land. The Company records land use rights obtained as intangible assets at cost, which is amortized evenly over the grant period of 50 years.

Intangible assets with indefinite lives are tested for impairment annually. The Company evaluates qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying value and whether it is necessary to perform the two-step intangible assets impairment process. As of March 21, 2023, the Company determined that no impairment of intangible assets had occurred.

Capitalized Software

The Company capitalizes purchased software and amortizes such costs to expense on a straight-line basis over two to five years. Capitalized software is included in other assets on the Balance Sheets.

Investment - At Cost

On November 11, 2007, the Company acquired 6% equity interest of Chongqing Yongxing International Textile Town Co. Ltd. ("Yongxing"), a PRC corporation, for $433,846 (equivalent to RMB 3,000,000). The investment is accounted for under the cost method and recognized as an investment in the stock of the investee as an asset, in accordance with ASC Topic 325, "Investment – Other."

Under the cost method of accounting for investments in common stock, dividends are the basis for recognition by an investor of earnings from an investment. An investor recognizes as income dividends received that are distributed from net accumulated earnings of the investee since the date of acquisition by the investor. The net accumulated earnings of an investee subsequent to the date of investment are recognized by the investor only to the extent distributed by the investee as dividends. Dividends received in excess of earnings subsequent to the date of investment are considered a return of investment and are recorded as reductions of cost of the investment.

Financial statements of an investor prepared under the cost method may not reflect substantial changes in the affairs of an investee. A series of operating losses of an investee or other factors may indicate that a decrease in value of the investment has occurred that is other than temporary and shall be recognized. The Company determined that there were no factors that indicated a decrease in value of the investment in Yongxing as of March 21, 2023.

Impairment of Long-lived Assets

The Company evaluates its long-lived assets and finite-lived intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When these events occur, the Company measures impairment by comparing the carrying amount of the assets to future undiscounted net cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, the Company would recognize an impairment loss equal to the excess of the carrying amount over the fair value of the assets.

There was no impairment charge recognized during the period ended March 21, 2023.

Income Taxes

The Company accounts for income taxes using an asset and liability approach which allows for the recognition and measurement of deferred tax assets based upon the likelihood of realization of tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefits, or that future deductibility is uncertain.

Under ASC 740, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The evaluation of a tax position is a two-step process. The first step is to determine whether it is more-likely-than-not that a tax position will be sustained upon examination, including the resolution of any related appeals or litigations based on the technical merits of that position. The second step is to measure a tax position that meets the more-likely-than-not threshold to determine the amount of benefit to be recognized in the financial statements. A tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent period in which the threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not criteria should be de-recognized in the first subsequent financial reporting period in which the threshold is no longer met. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the year incurred.

Value-added Tax

Sales revenue represents the invoiced value of goods, net of a Value-Added Tax ("VAT"). All of the Company's products that are sold in the PRC are subject to a Chinese value-added tax at a rate of 17% of the gross sales price. This VAT may be offset by VAT paid by the Company on raw materials and other materials included in the cost of producing their finished product.

Revenue Recognition

The Company recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers. To determine the revenue to be recognized, the Company applies the following five-step model:

- identify arrangements with customers;
- identify performance obligations;
- determine transaction price;
- allocate transaction price to the separate performance obligations in the arrangement, if more than one exists; and
- recognize revenue as performance obligations are satisfied.

The Company generates revenues mainly from sales of various textile products. Revenue from the sales of goods is recognized when the control over the promised goods is transferred to customers.

Sales revenue reflects the invoiced value of goods, net of value-added tax ("VAT"). The Company's products that are sold in the PRC are subject to Chinese value-added tax of 17% of the sales price. The Company's sales and purchases are recorded net of VAT collected or paid as the Company acts as an agent for the government. The Company records VAT amounts as either a VAT payable or VAT refundable in the balance sheet. The VAT refundable arises from our purchases of raw materials, and are either refunded by the PRC to the Company or offset against the Company's VAT payables.

The Company does not charge its customers for shipping and handling. The Company classifies shipping and handling costs as part of the Selling expenses.

Cash payments received or due from customers before revenue recognized are recorded as advances from customers. The advance from customers is recognized as revenue when the Company's performance obligation is completed.

Cost of Revenue

Cost of revenue consists primarily of purchase cost of raw materials, packaging materials, direct labor, depreciation and manufacturing overheads, which are directly attributable to the manufacture of processed bedroom articles and other textile products.

Shipping and Handling Cost

Shipping and handling cost for products sold are expensed as incurred and included in sales and marketing expense. The Company incurred shipping and handling cost amounting to $30,695 for the period ended March 21, 2023.

Advertising Cost

Advertising costs are booked as expenses as incurred. The Company did not incur any advertising cost the for the period ended March 21, 2023.

Fair Value of Financial Instruments

The Company adopted ASC 820, Fair Value Measurements and Disclosure ("ASC 820") for assets and liabilities measured at FV on recurring basis. ASC 820 establishes a common definition for FV to be applied to existing generally accepted accounting principles that require the use of FV measurements establishes a framework for measuring FV and expands disclosure about such FV measurements. The adoption of ASC 820 did not have an impact on the Company's financial position or operating results, but did expand certain disclosures.

ASC 820 defines FV as the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of

observable inputs and minimize the use of unobservable inputs. These inputs are prioritized below:
Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

The Company did not identify any assets and liabilities that are required to be presented on the balance sheets at FV in accordance with the relevant accounting standards.

The carrying values of cash and equivalents, trade receivables, trade and notes payables, and short-term bank loans and other debts approximate their fair values due to the short maturities of these instruments.

Foreign Currency Translation

The Company's operations are based in the PRC with its currency, the Renminbi ("RMB"), as the functional currency. In reporting, the Company's accounts are translated from RMB into US dollars in accordance with FASB ASC Topic 830, "Foreign Currency Matters". Accordingly, all assets and liabilities are translated at the exchange rates prevailing at the balance sheet dates and all income and expense items are translated at the average rates for each of s.

All foreign exchange transactions involving RMB must take place through either the State Authority of Foreign Exchange (the "SAFE") or other institutions authorized to buy and sell foreign exchange. The SAFE administers and regulates the exchange rate of the RMB relative to the US dollar. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the SAFE. Translation of amounts from RMB into US dollars has been made at the following exchange rates:

	March 21, 2023
Period End RMB Exchange Rate (RMB/USD$)	6.9149
Average Period RMB Exchange Rate (RMB/USD$)	6.8416

Translation adjustments resulting from this process amounted to $132,471 for the period ended March 21, 2023.

Recent Accounting Pronouncements

The Company's management has evaluated all the recently issued accounting pronouncements through the filing date of these financial statements and does not believe that they will have a material effect on the Company's financial position and results of operations.

Concentration of Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are cash, accounts receivable, and other receivables arising from its normal business activities. The Company places its cash in what it believes to be credit-worthy financial institutions. However, these accounts are not insured by the Federal Deposit Insurance Corporation. The Company attempts to control risk related to receivables through credit limits and monitoring procedures. The Company routinely assesses the financial strength of its customers and, based upon factors surrounding the credit risk, establishes an allowance, if required, for uncollectible accounts. As a consequence, the Company believes that its receivables credit risk exposure beyond such allowance is limited.

Related Parties and Transactions

The Company identifies related parties, accounts for, and discloses related party transactions in accordance with ASC 850, "Related Party Disclosures" and other relevant ASC standards.

Parties, which can be a corporation or individual, are considered to be related if the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Companies are also considered to be related if they are subject to common control or common significant influence.

Transactions between related parties commonly occur in the normal course of business are considered to be related party transactions. Transactions between related parties are also considered to be related party transactions even though they may not be given accounting recognition. While ASC does not provide accounting or measurement guidance for such transactions, it requires their disclosure nonetheless.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

NOTE 3. INVENTORIES, NET

Inventories consisted of the following:

	March 21, 2023
Raw materials	$ 1,257,212
Work in process	546,614
Finished goods	9,128,456
Allowance for obsolescence	-
Total	$ 10,932,282

NOTE 4. PLANT, PROPERTY, AND EQUIPMENT, NET

Property, plant and equipment consisted of the following:

	Useful Life	March 21, 2023
Property and plant	30 years	$ 7,746,993
Equipment and machinery	3 to 5 years	650,387
Office equipment and furniture	3 to 5 years	171,614
Motor vehicles	4 to 5 years	210,221
Construction in progress		-
Total		8,779,214
Less: accumulated depreciation		(1,721,783)
Property and equipment, net		$ 7,057,431

The depreciation and amortization expense for the period ended March 21, 2023 was $48,326.

Construction in progress represents direct costs of construction or acquisition and design fees incurred for the Company's new plant and equipment. Capitalization of these costs ceases and the construction in progress is transferred to plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is made until construction is completed and put into use.

NOTE 5. INTANGIBLE ASSETS, NET

Intangible assets consisted of the following:

	Amortization period	March 21, 2023
Land use right	50 years	$ 1,919,686
Computer software	3 years	8,272
Trade names	10 years	66,983
Less: accumulated amortization		(611,027)
Intangible assets, net		$ 1,383,914

The intangible assets are carried at cost and are amortized over their expected useful lives. Land use right is being amortized over expected useful lives of 50 years. Trade name is being amortized over its expected useful life of 10 years. All Intangible assets are being amortized on a straight-line basis.

NOTE 6. LONG-TERM INVESTMENT, AT COST

On November 11, 2007, the Company purchased 6% equity interest of Chongqing Yongxing International Textile Town Co. Ltd. ("Yongxing"), a PRC corporation, for $433,846 (equivalent to RMB 3,000,000). Yongxing is a real estate development and investment company in Chongqing, China. The Company's investment in Yongxing is stated at cost in accordance with ASC 325, "Investment – Other".

As of March 21, 2023, the long-term investment was $433,846. No impairment of long-term investment was recognized for the period ended March 21, 2023.

NOTE 7. SHORT-TERM BANK BORROWINGS

The Company's short-term bank borrowings consisted of the following as of March 21, 2023:

Name of Bank		March 21, 2023
Agriculture Commercial Bank	$	5,639,995
China Construction Bank		2,892,305
Nanjing Bank		513,384
	$	9,045,684

The Company's short-term bank borrowings represent loans of Jiangsu Ziyang from various financial institutions. Each of these borrowings has a term of six months to one year and expires at various times throughout the year. The Company's short-term bank borrowings had annual average interest rates of 4.9333% in year 2023. These loans can be renewed with the banks.

NOTE 8. NOTES PAYABLE

Notes payable consisted of the following:

		March 21, 2023
Six month notes payable to Agriculture Commercial Bank Nantong Branch	$	361,538
Six month notes payable to Bank of Communications		549,538
Six month notes payable to Nanjing Bank		144,615
Six month notes payable to Agriculture Commercial Bank Zhangjiagang Branch		101,231
Total notes payable	$	**1,156,922**

NOTE 9. RELATED PARTY TRANSACTIONS AND BALANCES

Mr. Xu is the Company's Chairman and Chief Executive Officer. Jiangsu Ziyang Household Textile Articles, Co., Ltd ("Ziyang Household") is the Company's major shareholder. Mr. Xu is Ziyang Household's sole shareholder. All transactions associated with the following companies controlled by Mr. Xu or his spouse, Ms. Xia are considered to be related party transactions, and it is possible that the terms of these transactions may not be the same as those that would result from transactions between unrelated parties. All related party outstanding balances are short-tem in nature and are expected to be settled in cash.

Accounts receivable - related parties:

		March 21, 2023
Nantong Aifeier Household Textile Co., Ltd.	$	1,733,546
Nantong Chuangqi Commercial Trade Co., Ltd		676,508

Shanghai Ziyang Household Textile Co., Ltd.	900,633
Total	$ 3,310,687

Accounts receivable balance pertains to payable in respect of purchase from a related party with common ultimate investors.

Accounts payable - related parties:

	March 21, 2023
Nantong Pinlian Int'l Trade Co., Ltd.	$ 1,250,091
Nantong Lanxu Textile Technology Co., Ltd	349,053
Total	$ 1,599,144

Amount due to related parties:

	March 21, 2023
Jian Xu	1,338,213
Yun Xia	815,968
Total	$ 2,154,181

No related party transactions occurred during the period ended March 21, 2023.

NOTE 10. INCOME TAX

United States

The Company was incorporated in the United States of America and is subject to United States federal taxation. No provisions for income taxes have been made, as there was no taxable income from U.S. operations for the period ended March 21, 2023. The U.S. Tax Cuts and Jobs Act (the "Act") was enacted on December 22, 2017. Effective in 2018, the Tax Act reduces the U.S. statutory tax rate from 35% to 21%.

PRC

Effective on January 1, 2008, the PRC Enterprise Income Tax Law, EIT Law, and Implementing Rules impose a unified enterprise income tax rate of 25% on all domestic-invested enterprises and foreign investment enterprises in PRC, unless they qualify under certain limited exceptions. As such, starting from January 1, 2008, the Company's subsidiary in PRC is subject to an enterprise income tax rate of 25%. The Company had recorded tax provisions of 219,202 for the period ended March 21, 2023.

The following is a reconciliation of the statutory tax rate to the effective tax rate:

	2023
U.S. statutory income tax (benefit)	(21.0)%
Valuation allowance recognized with respect to the loss in U.S.	21.0%
PRC statutory income tax (benefit)	(25.0)%
Valuation allowance recognized with respect to the loss in PRC entities	0.0%
Effective income tax rate	25%

The Company periodically evaluates the likelihood of the realization of deferred tax assets, and adjusts the carrying amount of the deferred tax assets by the valuation allowance to the extent that the future realization of the deferred tax assets is not judged to be more likely than not. The Company considers many factors when assessing the likelihood of future realization of its deferred tax assets, including its recent cumulative earnings experience by taxing jurisdiction, expectations of future taxable income or loss, the carryforward periods available to the Company for tax reporting purposes, and other relevant factors.

NOTE 11. CONTINGENCIES

Economic and Political Risks

The Company's operations are conducted in the PRC. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environment in the PRC, and by the general state of the PRC economy. The Company's operations in the PRC are subject to special considerations and significant risks not typically associated with companies in North America and Western Europe. These include risks associated with, among others, the political, economic and legal environment. The Company's results may be adversely affected by changes in the political and social conditions in the PRC, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, and rates and methods of taxation.

Legal Proceedings

There is no material pending legal proceeding to which the Company is a party.

NOTE 12. EQUITY

Preferred Stock

The total number of preferred shares authorized that may be issued by the Company is 3,090,000 shares with a par value of $0.001 per share.

As of March 21, 2023, the Company had 3,090,000 shares of its preferred stock issued and outstanding.

Common Stock

The total number of common shares authorized that may be issued by the Company is 79,890,066 shares with a par value of $0.001 per share. As of March 21, 2023, the Company had 29,890,066 shares of its common stock issued and outstanding.

Common Stock Issued for Reverse Merger

On March 20, 2023, the Company issued 50,000,000 shares of Company's common stock to two Selling Shareholders pursuant to the Share Exchange Agreement with Jiangsu Ziyang (see Note 1).

As of March 21, 2023, the Company had 79,890,066 shares of its common stock issued and outstanding.

NOTE 13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date which the financial statements are available to be issued. All subsequent events requiring recognition as of March 21, 2023 have been incorporated into these financial statements and there are no subsequent events that require disclosure in accordance with FASB ASC Topic 855, "Subsequent Events."