Auditors' Report

SZDT(2024)ZZ088

To Board of Directors of Atul China Ltd.

Ⅰ. Opinion

We have audited the accompanying financial statements of ATUL CHINA LTD. including balance sheet as of March 31, 2024, and the statement of income, cash flows and changes in equity for the year then ended and other explanatory notes.

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial-position of ATUL CHINA LTD. as of March 31, 2024 and the results of its operations and cash flows for the year then ended, in accordance with Accounting Standards for Business Enterprises.

Ⅱ. Basis for opinion

We conducted our audit in accordance with *Accounting Standards for Business Enterprises.* Our responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Financial Statements* section of our report. According to the professional ethical code, we are independent of ATUL CHINA LTD. and comply with all other professional ethical requirements. We believe the audit evidences we have obtained are sufficient and appropriate and provide a reasonable basis for our opinion.

Ⅲ. Management's and Governance's Responsibility for the financial statements

The management of ATUL CHINA LTD. is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises and designing, implementing and maintaining necessary internal control so that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and applying going concern basis of accounting unless the management plans to liquidate ATUL CHINA LTD. to cease operations or have no other realistic alternatives but to do so.

The governance is responsible for overseeing the financial reporting process of ATUL CHINA LTD.

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Ⅳ. Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 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 these financial statements.

As part of an audit in accordance with *Accounting Standards for Business Enterprises*, we exercise professional judgment and maintain professional suspicion throughout the audit. We also:

1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting. Meantime, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ATUL CHINA LTD's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause ATUL CHINA LTD. to cease to continue as a going concern.

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5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Xu Kang, Certified Public Accountant
Dai Yong, Certified Public Accountant

Shanghai ShenZhouDaTong CPAs Co., Ltd.
Shanghai, P.R. China
Date: April 10th,2024

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Atul China Ltd.
Statement of Financial Position
As at March 31 2024

Currency：CNY

Item	As at Mar 31 2024	As at Mar 31 2023
Current Assets：		
Cash and cash equivalents	4,870,384.17	6,345,816.15
☆Financial assets held for trading		
Derivative financial assets		
Notes receivable		
Accounts receivable - trade	30,254,854.15	26,537,856.86
Advance to vendors	226,082.02	856,979.00
Accounts receivable - others	1,039,729.38	668,144.27
Including:Dividends receivable		
Inventories	4,003,384.72	1,564,763.41
Including：Raw materials		
Commodity stocks (finished goods)	4,003,384.72	1,564,763.41
☆Contract assets		
Assets held for sale		
Non-current assets（expired in a year）		
Other current assets	298,590.83	59,506.22
Subtotal - Current Assets	40,693,025.27	36,033,065.91
Non-Current Assets：		
☆Bond investment		
☆Other bond investment		
Long-term accounts receivable		
Long-term equity investment		
☆Other equity instrument investment		
☆Other non-current financial assets		
Investment property		
Fixed assets	4,341.98	4,341.98
Including：Fixed assets-cost	109,133.08	109,133.08
Accumulated depreciation	104,791.10	104,791.10
Provision for impairment		
Construction in progress		
☆Right-of-use assets		
Intangible assets		8,130.13
Development costs		
Long-term deferred expenses		
Deferred income tax asset		
Other non-current assets		
Subtotal - Non-current Assets	4,341.98	12,472.11
Total Assets	40,697,367.25	36,045,538.02

Atul China Ltd.
Statement of Financial Position
As at March 31 2024

Currency：CNY

Item	As at Mar 31 2024	As at Mar 31 2023
Current liabilities：		
Short-term loans		
☆Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	28,071,313.48	25,069,294.72
Advance from customers		
☆Contract liabilities		
Payroll payable		
Including：Salary and wages payable		
Welfare payable		
Including：Staff reward and welfare fund		
Taxes and dues payable	62,843.25	24,311.50
Including：Taxes payable	62,843.25	24,311.50
Other payables	5,919.00	40,637.30
Including：Dividends payable		
Liabilities held for sale		
Non-current liabilities（expired in a year）		
Other current liabilities		
Subtotal - Current Liabilities	28,140,075.73	25,134,243.52
Non-Current Liabilities：		
Long-term loans		
Bond payable		
☆Lease liabilities		
Long-term accounts payable		
Long-term Payroll payable		
Estimated liabilities		
Deferred income		
Deferred income tax liability		
Other non-current liabilities		
Subtotal - Non-current Liabilities		
Total Liabilities	28,140,075.73	25,134,243.52
Owner's Equity（or Shareholder Equity）：		
Paid-in capital（share capital）	3,393,385.00	3,393,385.00
State capital		
State-owned corporation capital		
Collective capital		
Private capital		
Foreign-invested capital	3,393,385.00	3,393,385.00
Less：Investment returned		
Paid-in capital（or net value of share capital）	3,393,385.00	3,393,385.00
Capital surplus		
Other comprehensive income		
Special reserve		
Surplus reserves	841,759.60	677,159.90
Including：Statutory surplus reserve		
Other surplus reserves		
Reserve fund	841,759.60	677,159.90
Enterprise developing fund		
Retained earnings	8,322,146.92	6,840,749.60
Subtotal - Owner's equity attributable to equity holders of the parent	12,557,291.52	10,911,294.50
* Minority interest		
Total Owner's Equity	12,557,291.52	10,911,294.50
Total Liabilities and Owner's Equity	40,697,367.25	36,045,538.02

Atul China Ltd.
Statement of Income
April 01,2023--March 31,2024

Currency: CNY

Item	Apr 01, 2023--Mar 31, 2024	Apr 01, 2022--Mar 31, 2023
I. Revenue	138,351,385.98	169,811,293.07
Including : Operating revenue	138,351,385.98	169,811,293.07
II. Operating costs	136,619,527.33	169,495,349.47
Including : Cost of sales	132,915,585.17	164,328,264.72
Business taxes and surcharges	59,875.73	88,970.48
Selling expenses	925,704.24	1,587,695.71
Administrative expenses	2,325,424.02	2,359,085.38
Research and development fee		
Financial cost	392,938.17	1,131,333.18
Including : Interest expenses		
Interest income	13,743.56	10,162.41
Exchange gains and losses	220,090.53	950,587.18
Add : Other income		
Investment income		
Including : Invetment income on associated enterprise and joint venture		
☆Gains or losses from derecognition of financial assets measured at amortized cost		
☆Net exposure hedging gains		
Changes in fair falue gains		
Credit impairment loss		
Asset impairment loss		
Gain of asset disposal		
III. Operating profit	1,731,858.65	315,943.60
Add : non-operating income	1,710.47	11,094.44
Including: Government subsidy		
Less : Non-operating expenses		
IV. Profit before income tax	1,733,569.12	327,038.04
Less : Income tax expenses	87,572.10	17,055.74
V. Net profit	1,645,997.02	309,982.30
(1) Classification by ownership		
Net profit attributable to the owner of a parent company	1,645,997.02	309,982.30
Minority interest		
(2) Classification by business continuity		
Net profit from continuing operations	1,645,997.02	309,982.30
Net profit from discontinued operations		
VI.Net of tax of other comprehensive income		
Net of tax of other comprehensive income attributable to the owner of a parent company		
(1) Other comprehensive income that cannot be reclassified into profit and loss		
(2) Other comprehensive income to be reclassified into profit and loss		
Net of tax of other comprehensive income attributable to Minority shareholders		
VII. Total comprehensive income	1,645,997.02	3,119,421.21
Total comprehensive income attributable to the owner of parent company	1,645,997.02	3,119,421.21
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share		
Basic earnings per share		
Diluted earnings per share		

Atul China Ltd.
Statement of Cash Flows
April 01,2023--March 31,2024

Currency: CNY

Item	Apr 01, 2023--Mar 31, 2024	Apr 01, 2022--Mar 31, 2023
Ⅰ.Cash flows from operating activities:		
Receipts from customers	143,131,685.03	172,834,926.04
Tax refund received	15,145.06	
Cash received for other operating activities	15,722.95	
Cash generated from operations	143,162,553.04	172,834,926.04
Payments to suppliers	137,638,277.81	169,880,696.84
Payments to employees	1,375,934.30	1,748,823.34
Taxes paid	3,534,978.39	1,690,569.07
Cash paid for other operating activities	1,868,703.99	608,647.66
Cash outflows for operations	144,417,894.49	173,928,736.91
Net Cash (used in)/generated by operating activities	-1,255,341.45	-1,093,810.87
Ⅱ.Cash flows in investing activities:		
Receipts from withdrawal of investment		
Investment income received		
Proceeds from disposal of fixed assets,intangible assets and other long-term ass		
Proceeds from disposal of subsidiary companies and from other business		
Proceeds from disposal of subsidiary companies and from other business		
Cash generated from investments		
Payments for fixed assets, intangible assets and other long-term assets		
Payments for investment		
Payment for acquisition of subsidiaries or other business		
Cash paid for other investing activities		
Cash outflows for investment		
Net Cash (used in)/generated by investing activities		
Ⅲ.Cash flows in financing activities :		
Proceeds from capital contribution		
Including : Receipts of subsidy companies from minority equity holders		
Receipts from borrowings		
Cash received for other financing activities		
Cash generated from financing activities		
Payments for borrowings		
Dividents paid to equity holders and interests payment		
Including : Payments of subsidy companies to minority equity holders		
Cash paid for other financing activities		
Cash outflows for financing activities		
Net Cash (used in)/generated by financing activities		
Ⅳ.Effect of exchange rate changes on cash and cash equivalents	-220,090.53	-950,587.18
Ⅴ.Net increase (decrease) in cash and cash equivalents	-1,475,431.98	-2,044,398.05
Add : Cash and cash equivalents at the beginning of the financial year	6,345,816.15	8,390,214.20
Ⅵ.Cash and cash equivalents at the end of the financial year	4,870,384.17	6,345,816.15

Atul China Ltd.
Statement of changes in equity
For the year ended March 31 2024

Currency: (

Item	Attributable to equity holders of the parent						Minority interest	Total Owner's Equity
	Paid-in capital (or share capital)	Capital surplus	Other comprehensive income	Surplus reserves	Retained earnings	Subtotal		
Ⅰ.Balance at Mar31 2022	3,393,385.00			567,060.59	6,640,866.61	10,601,312.20		10,601,312.20
Add: Changes in accounting policies								
Restated balance								
Others								
Ⅱ.Balance at Apr 1 2022	3,393,385.00			567,060.59	6,640,866.61	10,601,312.20		10,601,312.20
Ⅲ.Changes in Equity for 202204--202303				110,099.31	199,882.99	309,982.30		309,982.30
(1) Total comprehensive income					309,982.30	309,982.30		309,982.30
(2) Effect of changes in capital								
1.Capital contributions								
(3) Extraction and use of special reserve								
(4) Profit appropiation				110,099.31	-110,099.31			
1.Withdrawal surplus reserves				110,099.31	-110,099.31			
Including：Statutory surplus reserve								
Other surplus reserves								
Reserve fund				110,099.31	-110,099.31			
Enterprise developing fund								
2.Extraction of general risk preparation								
3.Distribution to owners (or shareholders)								
4.Others								
(5) Internal carry forward of owner's equity								
Ⅳ、Balance at Mar 31 2023	3,393,385.00			677,159.90	6,840,749.60	10,911,294.50		10,911,294.50
Add: Changes in accounting policies								
Restated balance								
Others								
Ⅴ、Balance at Apr 1 2023	3,393,385.00			677,159.90	6,840,749.60	10,911,294.50		10,911,294.50
Ⅵ.Changes in Equity for 202304--202403				164,599.70	1,481,397.32	1,645,997.02		1,645,997.02
(1) Total comprehensive income					1,645,997.02	1,645,997.02		1,645,997.02
(2) Effect of changes in capital								
1.Capital contributions								
(3) Extraction and use of special reserve								
(4) Profit appropiation				164,599.70	-164,599.70			
1.Withdrawal surplus reserves				164,599.70	-164,599.70			
Including：Statutory surplus reserve								
Other surplus reserves								
Reserve fund				164,599.70	-164,599.70			
Enterprise developing fund								
2.Extraction of general risk preparation								
3.Distribution to owners (or shareholders)								
4.Others								
(5) Internal carry forward of owner's equity								
VII、Balance at Mar31,2024	3,393,385.00			841,759.60	8,322,146.92	12,557,291.52		12,557,291.52

Ⅰ、 General Information

Atul China Ltd (the "Company") is a limited liability company established by ATUL LIMITED. The Company is registered in shanghai of the People's Republic of China on Pilot Free Trade Zone, Meisheng Road 56 Room 211 . The unified social credit code is 91310000761175972B. The headquarters of the Company is located in Pilot Free Trade Zone, Meisheng Road 56 Room 211.The legal representative is THIRUKONDA RENGACHARI GOPI KANNAN

The Company are engaged in International trade, entrepot trade, trade between enterprises in the free trade zone and trade agent in the zone. Commercial simple processing and commodity display in the zone, trade consulting services in the zone. Dyes, dye intermediates, chemical raw materials (except dangerous goods, precursor products, special chemicals), textiles, textiles Wholesale of machinery and spare parts, commission agency (except auctions) and import and export, and provide related supporting services (not involved and state-run trade management commodities, involving quotas, license management commodities, in accordance with the relevant provisions of the state to handle the application) (Licensed operation involving licensed operation).

Ⅱ、 Basis of preparation of the financial statements

1、 Basis of preparation

The financial statements have been prepared on a going concern basis.

2、 Evaluation of going concern ability

There are no events or circumstances that cause major doubts about the ability to continue as a going concern within 12 months from the end of the reporting period.

Ⅲ、 Statement on compliance with enterprise accounting system

The financial statements prepared by the company conform to the requirements of Accounting Standards for Business Enterprises ("ASBEs"), and truly and completely reflect the financial situation, operating results, cash flow and other relevant information of the company.

Ⅳ、 Significant accounting policies and estimates

1 Financial year

The financial year of the Company starts from April 1 and ends at March 31.

2 Reporting currency

The reporting currency is CNY.

3 Foreign currency translation

Foreign currency transactions are initially recorded, on initial recognition in the functional currency using [the spot exchange rates prevailing at the dates of transactions/average exchange rates for the period in which the transactions occur/weighted average exchange rates for the period in which the transactions occur]. Monetary items denominated in foreign currencies are translated at the spot exchange rates ruling at the balance sheet date. Differences arising on settlement or translation of monetary items are recognized in profit or loss, with the exception of those relating to foreign currency borrowings specifically for the construction and acquisition of qualifying assets, which are capitalized in accordance with the guidance for capitalization of borrowing costs. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions, and the amount denominated in the functional currency is not changed. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The resulting exchange differences are recognized in profit or loss or other comprehensive income depending on the nature of the non-monetary items.

4 Cash and cash equivalents

Cash comprises the company's cash on hand and bank deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

5 Financial instruments

(1) Classification of financial assets and financial liabilities

Financial assets are classified into the following three categories at initial recognition: Financial assets at fair value through profit or loss; Financial assets at amortised cost; Financial assets at fair value through other comprehensive income.

Financial liabilities are classified into the following four categories at initial recognition: Financial liabilities at fair value through profit or loss; The transfer of financial assets does not meet the conditions for derecognition or financial liabilities formed by continued involvement in transferred financial assets; Financial guarantee contracts that do not belong to the above two categories, and loan commitments that do not belong to the above category I and lend at a lower market interest rate; Financial liabilities at amortised cost.

(2) Recognition basis and initial measurement method of financial assets and financial liabilities

The company recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument. The financial assets or financial liabilities are measured at fair value on initial recognition; For financial assets and financial liabilities measured at fair value through profit or loss, the relevant transaction costs are directly included in current profits and losses; For other types of financial assets or financial liabilities, the relevant transaction costs are included in the initial recognition amount. However, If the accounts receivable initially recognized by the company does not contain significant financing components or the company does not consider the financing components that less than one year in the contract, the initial measurement shall be carried out according to the transaction price defined in 《Accounting Standards for Business Enterprises ("ASBEs") No. 14 – revenue》.

(3) Subsequent measurement methods of financial assets

Financial assets measured at amortized cost: It is measured at amortized cost according to the effective interest rate method. Gains or losses arising from financial assets measured at amortized cost and not belong to any hedging relationship, when derecognition, reclassification, amortization according to the effective interest rate method or impairment is recognized, it shall be included in the current profit and loss.

Debt investments at fair value through other comprehensive income: Subsequent measurement is based on fair value. Interest income is recognized using the effective interest method. The interest income, impairment losses and foreign exchange revaluation are recognized in profit or loss. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to profit or loss.

Equity instrument investment measured at fair value with changes included in other comprehensive income: Subsequent measurement is based on fair value. Dividends obtained (except those belonging to the recovery part of investment costs) are included in the current profits and losses, and other gains or losses are included in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to retained earnings.

Financial assets measured at fair value through profit or loss: Subsequent measurement is based on fair value,the resulting gains or losses (including interest and dividend income) are included in the current profits and losses, unless the financial asset is part of the hedging relationship.

(4) Subsequent measurement method of financial liabilities

Financial liabilities measured at fair value through profit or loss: Such financial liability includes trading financial liabilities (including derivative instruments belong to financial liabilities) and financial liabilities at fair value through profit or loss. Subsequent measurement is based on fair value of such financial liability. The amount of changes in the fair value of financial liabilities designated to be measured at fair value through profit or loss due to changes in the company's own credit risk shall be included in other comprehensive income, unless the treatment will cause or expand the accounting mismatch in profit or loss. Other gains or losses arising from such financial liabilities (including interest expenses, except for changes in fair value caused by changes in the company's own credit risk) are included in the current profits and losses, unless the financial liabilities are part of the hedging relationship. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income into retained earnings.

The transfer of financial assets does not meet the conditions for derecognition or financial liabilities formed by continued involvement in transferred financial assets. It shall be measured in accordance with the relevant regulations of 《Accounting Standards for Business Enterprises (“ASBEs”) No. 23 - transfer of financial assets》.

Financial guarantee contracts that do not belong to the above two categories, and loan commitments that do not belong to the above category I and lend at a lower market interest rate, for subsequent measurement, shall base on the higher of the following two amounts after initial recognition:

① The amount of loss reserves recognized in accordance with the regulations on impairment of financial instruments;

② The balance of the initial recognition amount after deducting the accumulated amortization amount in accordance with the relevant regulations of 《Accounting Standards for Business Enterprises ("ASBEs") No.14 - income》.

Financial liabilities measured at amortized cost: It is measured at amortized cost according to the effective interest rate method. Gains or losses arising from financial liabilities measured at amortized cost and not belong to any hedging relationship, when derecognition, , amortization according to the effective interest rate method, it shall be included in the current profit and loss.

(5) Derecognition of financial assets and financial liabilities

When one of the following conditions is met, shall derecognize the financial assets:①The contractual right to receive cash flows from financial assets has been terminated;② Financial assets have been transferred, and the transfer meet the regulations of derecognition of financial assets of 《Accounting Standards for Business Enterprises ("ASBEs") No. 23 - transfer of financial assets》

When the current obligation of a financial liability (or part of them) has been discharged, the recognition of the financial liability (or part of them) shall be derecognized accordingly.

(6) Recognition basis and measurement method of transfer of financial asset

If the company transfers almost all the risks and rewards in the ownership of financial assets, the financial assets shall be derecognized, and the rights and obligations generated or retained in the transfer shall be separately recognized as assets or liabilities; If almost all the risks and rewards of the ownership of financial assets are retained, the transferred financial assets shall continue to be recognized. If the company neither transfers nor retains almost all the risks and rewards of the ownership of financial assets, it shall be treated as follows: if the company does not retain control over the financial assets, the financial assets shall be derecognized, and the rights and obligations arising or retained in the transfer shall be separately recognized as assets or liabilities; If the control over the financial assets is retained, the relevant financial assets shall be recognized according to the degree of continued involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts shall be included in the current profits and losses: Book value of transferred financial assets on the date of derecognition; The total amount of the consideration received from the transfer of financial assets and the amount corresponding to the derecognized part in the cumulative amount of changes in fair value originally directly included in other comprehensive income（The financial assets involved in the transfer Debt investments at fair value through other comprehensive income）. If part of the financial assets has been transferred and the transferred part meets the conditions for derecognition as a whole, the overall book value of the financial assets before the transfer shall be apportioned between the derecognized part and the continuously recognized part according to their respective relative fair values on the transfer date, and difference between the following two amounts shall be included in the current profits and losses: Book value of derecognized part; The total amount of the consideration received from the transfer of financial assets and the amount corresponding to the derecognized part in the cumulative amount of changes in fair value originally directly included in other comprehensive income（The financial assets involved in the transfer Debt investments at fair value through other comprehensive income）.

(7) Recognition method of fair value of financial assets and financial liabilities

The company uses valuation techniques that are applicable in the current situation and supported by sufficient available data and other information to determine the fair value of relevant financial assets and financial liabilities. The company divides the input values used in the valuation technology into the following levels and uses them in turn:①The first level input value is the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in the active market;②The second level input value is the directly or indirectly observable input value of relevant assets or liabilities in addition to the first level input value, including: Quotation of similar assets or liabilities in active market; Quotation of the same or similar assets or liabilities in an inactive market; Other observable input values other than quotation, such as observable interest rate and yield curve, etc. during normal quotation interval; Input value for market validation, etc.③The third level input value is the unobservable input value of related assets or liabilities, Including interest rates that cannot be directly observed or verified by observable market data、stock volatility、Future cash flow of disposal obligation undertaken in business combination、financial forecasts made using their own data, etc.

(8) Impairment measurement and accounting treatment of financial instruments

On the basis of expected credit losses, The company shall carry out impairment treatment on financial assets measured at amortized cost、debt investments at fair value through other comprehensive income、Contract assets、Lease receivables、loan commitments other than financial liabilities measured at fair value through profit or loss、 not belong to financial liabilities measured at fair value through profit or loss or not belong to transfer of financial assets does not meet the conditions for derecognition or not belong to financial guarantee contract for continuing to be involved in financial liabilities formed by transferred financial assets and confirm their loss reserve.

Expected credit losses refer to the weighted average value of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contract cash flows receivable discounted by the company according to the original effective interest rate and the contract and all cash flows expected to be received, that is, the present value of all cash shortages. Among them, the financial assets purchased or originated by the company with credit impairment shall be discounted according to the actual interest rate adjusted by the credit of the financial assets.

For the purchased or originated financial assets with credit impairment, the company only recognizes the cumulative changes of expected credit loss in the whole duration after initial recognition as loss reserves on the balance sheet date.

Account receivables and contract assets formed by the transactions that regulated by 《Accounting Standards for Business Enterprises ("ASBEs") No.14——Income》,and does not contain major financing components or financing components in contracts with a contract period of no more than one year, the company shall use the simplified measurement method to measure the loss reserve according to the expected credit loss amount equivalent to the whole duration.

For financial assets other than the above measurement methods, the company assesses whether its credit risk has increased significantly since initial recognition on each balance sheet date. If the credit risk has increased significantly since the initial recognition, the company shall measure the loss reserve according to the amount of expected credit loss in the whole duration; If the credit risk does not increase significantly after initial recognition, the company shall measure the loss reserve according to the amount of expected credit loss of the financial instrument in the next 12 months.

The company uses the available, reasonable and reliable information, including forward-looking information, to determine whether the credit risk of financial instruments has increased significantly since initial recognition by comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date.

On the balance sheet date, if the company judges that the financial instrument has only low credit risk, it is assumed that the credit risk of the financial instrument has not increased significantly since initial recognition.

The company assesses the expected credit risk and measures the expected credit loss on the basis of single financial instrument or combination of financial instruments. When based on the combination of financial instruments, the company divides financial instruments into different combinations based on common risk characteristics.

The company remeasures the expected credit loss on each balance sheet date, And the increased or reversed amount of loss reserves formed shall be included in the current profits and losses as impairment losses or gains. For financial assets measured at amortized cost, the loss reserves shall offset the book value of the financial assets listed in the balance sheet; For the debt investment measured at fair value through other comprehensive income, the loss reserves are recognized in other comprehensive income, which does not offset the book value of the financial asset.

(9) Financial instruments for evaluating expected credit risk and measuring expected credit loss by portfolio

Item	Basis	Method
Accounts receivable-others - aging portfolio	Aging	Calculating expected credit loss with reference to the historical credit loss experience, combined with the current situation and the prediction of future economic conditions, estimated default loss rate in the next 12 months or throughout the duration through probability of default and risk exposure.

(10) Accounts receivable and contract assets with expected credit losses measured by portfolio

① Specific portfolio and method of measuring expected credit loss

Item	Basis	Method
Banker's acceptance bill	Type	Calculating expected credit loss with reference to the historical credit loss experience, combined with the current situation and the prediction of future economic conditions, and through default exposure and expected credit loss rate for the whole duration.
Trade acceptance receivable		
Accounts receivable - aging portfolio	Aging	Calculating expected credit loss with reference to the historical credit loss experience, combined with the current situation and the prediction of future economic conditions, prepare the comparison table between the aging of accounts receivable and the expected credit loss rate throughout the duration.

Management assesses that no credit impairment loss is required for 31 March 2024.

(11) Offset of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and cannot be offset against each other. However, if the following conditions are met at the same time, the company shall present the net amount after mutual offset in the balance sheet: The company has the legal right to offset the recognized amount, and such legal rights are currently enforceable; The company plans to settle at net amount, or realize the financial assets and pay off the financial liabilities at the same time.

For the transfer of financial assets that do not meet the conditions for derecognition, the company will not offset the transferred financial assets and related liabilities.

6 Inventory

Inventories include raw material, finished goods, consumables, etc.

Method of issuing inventory is [first-in, first-out/weighted average/specific identification].

On the balance sheet date, inventories are measured at the lower of cost and net realizable value, the provision of inventory shall be withdrawn by inventory category according to the difference between the cost and the net realizable value.

Perpetual inventory method is applied for the management of the Company's inventories.

One-off amortization method is applied for measurement of revolving materials.

7 Fixed assets

(1) Recognition of fixed assets

(A)Fixed assets refer to the tangible assets that are held for the production of goods, services, rentals, or management, and are used for more than one accounting year. Fixed assets are confirmed when they meet the following conditions at the same time: The economic benefits associated with the fixed assets are likely to flow into the enterprise; The cost of the fixed assets can be reliably measured.

(2) Depreciation methods of all kinds of fixed assets

The depreciation of fixed assets is classified by year average method, and the depreciation rate is determined according to the category of fixed assets, the expected life span and the expected net residual rate.:

Categories	Estimated Salvage Value	Service Life	Annual Depreciation rate
Leasehold Improvements	0%	5 years	20%
Office equipment	10%	5 years	18%

(3) Provision for impairment of fixed assets

On the balance sheet date, there are indications of impairment of fixed assets, provision for impairment is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

8 Right of use assets

The right to use assets refers to the right of the company, as the lessee, to use the leased assets during the lease term. On the beginning date of the lease term, the company, as the lessee, recognizes the right to use assets and lease liabilities for the lease, except for the simplified short-term lease and low value asset lease.

The right to use assets of the company are initially measured at cost, including: Initial measurement amount of lease liabilities; For the lease payment paid on the beginning of the lease term or before, if there is lease incentive, the relevant amount of lease incentive enjoyed shall be deducted; Initial direct expenses incurred by the company as the lessee; The estimated costs incurred by the company for dismantling and removing the leased assets, restoring the site where the leased assets are located or restoring the leased assets to the state agreed in the lease terms.

The company adopts the average service life method to depreciate the right of use assets. If the company can reasonably determine the ownership of the leased asset at the expiration of the lease term, depreciation shall be accrued within the remaining service life of the leased asset. If it is impossible to reasonably determine that the ownership of the leased asset can be obtained at the expiration of the lease term, the company shall accrue depreciation within the shorter of the lease term and the remaining service life of the leased asset.

The company determines whether the right of use assets are impaired in accordance with 《Accounting Standards for Business Enterprises ("ASBEs") No. 8 - asset impairment》,and carries out accounting treatment for the identified impairment losses.

When the company remeasures the lease liabilities according to the standards, the book value of the right to use assets shall be adjusted accordingly. If the book value of the right of use asset has been reduced to zero, but the lease liability still needs to be further reduced, the remaining amount shall be included in the current profit and loss.

If the lease scope is reduced or the lease term is shortened due to the lease change, the company shall reduce the book value of the right to use assets accordingly, and include the relevant gains or losses of partial or complete termination of the lease into the current profits and losses. If the lease liabilities are remeasured due to other lease changes, the company shall adjust the book value of the right to use assets accordingly.

9 Intangible assets

Intangible assets, including land-use right, patent right and non-patented technology, are initially measured at cost.

Intangible assets with limited-service life shall be amortized systematically and reasonably according to the expected realization mode of economic benefits related to the intangible assets within the service life. If the expected realization mode cannot be determined reliably, the straight-line method shall be used for amortization. The specific service life is as follows:

Item	Amortization period (year)
Software	5

For intangible assets whose service life is determined, if there is any indication of impairment on the balance sheet date, the corresponding impairment provision shall be withdrawn according to the difference between the book value and the recoverable amount; For intangible assets with uncertain service life and intangible assets that have not reached the usable state, impairment test shall be carried out every year regardless of whether there are signs of impairment.

The expenditures in the research stage of internal research and development projects shall be included in the current profits and losses when incurred. Expenditures in the development stage of internal research and development projects that meet the following conditions shall be recognized as intangible assets: It is technically feasible to complete the intangible asset so that it can be used or sold; It has the intention to complete the intangible asset and use or sell it; The ways for intangible assets to generate economic benefits include proving that there is a market for the products produced by using the intangible assets or there is a market for the intangible assets themselves. If the intangible assets will be used internally, its usefulness can be proved; Have sufficient technical, financial and other resource support to complete the development of the intangible assets and be able to use or sell the intangible assets; The expenditure attributable to the development stage of the intangible asset can be measured reliably.

10 Long-term deferred expenses

It is recorded according to the actual amount and amortized evenly by stages during the benefit period or within the specified period. If the long-term deferred expense item cannot benefit the future accounting period, the amortized value of the item that has not been amortized shall be transferred to the current profit and loss.

11 Employee compensation

(1) Contents of employee compensation

Payroll including short-term compensation post-employment benefits、termination benefits and other long-term employee benefits.

(2) Accounting treatment method of short-term compensation

During the accounting period when employees provide services to the company, the actual short-term compensation is recognized as liabilities and included in the current profits and losses or relevant asset costs.

(3) Accounting treatment method of post-employment benefits

Post-employment benefits are divided into defined-contribution plans and defined -benefit plans.

During the accounting period when employees provide services to the company, the amount payable calculated according to the defined contribution plan is recognized as liabilities and included in the current profits and losses or relevant asset costs.

The accounting treatment of defined benefit plans usually includes the following steps:

①According to the expected cumulative welfare unit method, unbiased and consistent actuarial assumptions are used to estimate relevant demographic variables and financial variables, measure the obligations arising from the defined benefit plan, and determine the period of relevant obligations. At the same time, the obligations arising from the defined-benefit plan shall be discounted to determine the present value and current service cost of the obligations of the defined-benefit plan;

②If there are assets in the defined-benefit plan, the deficit or surplus formed by the present value of the obligations of the defined-benefit plan minus the fair value of the assets of the defined-benefit plan shall be recognized as the net liabilities or net assets of a defined-benefit plan. If there is a surplus in the defined -benefit plan, the net assets of the defined-benefit plan shall be measured according to the lower of the surplus and asset ceiling of the defined-benefit plan;

③At the end of the period, the employee compensation cost arising from the defined -benefit plan is recognized as the service cost, the net interest on the net liabilities or net assets of the defined-benefit plan, and the changes arising from the remeasurement of the net liabilities or net assets of the defined-benefit plan. The service cost and the net interest on the net liabilities or net assets of the defined-benefit plan are included in the current profit and loss or relevant asset costs, Changes arising from remeasurement of net liabilities or net assets of defined-benefit plans are included in other comprehensive income, and are not allowed to be reversed to profit or loss in subsequent accounting periods, but these amounts recognized in other comprehensive income can be transferred within the scope of equity.

(4) Accounting treatment method of termination benefits

For the termination benefits provided to employees, the employee compensation liabilities arising from the termination benefits shall be recognized at the earliest of the following two, and shall be included in the current profits and losses: The company cannot unilaterally withdraw the termination benefits provided due to the termination of labor relations plan or layoff proposal; When the company recognizes the costs or expenses related to the restructuring involving the payment of termination benefits.

(5) Accounting treatment method of other long-term employee benefits

Other long-term benefits provided to employees that meet the conditions of the defined-contribution plan shall be accounted for in accordance with the relevant provisions of the defined-contribution plan; In addition, other long-term benefits shall be accounted for in accordance with the relevant provisions of the defined- benefit plan, in order to simplify the relevant accounting treatment, the employee compensation cost incurred is recognized as the service cost, the net interest of other long-term employee benefits net liabilities or net assets, and the total net amount of changes caused by remeasuring other long-term employee benefits net liabilities or net assets is included in the current profit and loss or relevant asset costs.

12 Income

(1) Income recognition

On the commencement date of the contract, the company evaluates the contract, identifies each individual performance obligation contained in the contract, and determines whether each individual performance obligation is performed within a certain period of time or at a certain point in time. If one of the following conditions is met, the performance obligation shall be performed within a certain period of time; otherwise, the performance obligation shall be performed at a certain point of time:①The customer obtains and consumes the economic benefits brought by the company at the time of performance;②The customer can control the goods under construction or services during the performance of the company;③The goods or services produced by the performance of the company have irreplaceable uses, and the company has the right to collect payment for the performance part accumulated so far during the whole contract period.

For the performance obligations performed within a certain period of time, the company shall recognize the revenue according to the performance progress. If the performance schedule cannot be reasonably determined and the costs incurred are expected to be compensated, the revenue shall be recognized according to the amount of costs incurred until the performance schedule can be reasonably determined. For the performance obligations performed at a certain point in time, revenue is recognized when the customer obtains control over relevant goods or services. To judge whether the customer has obtained control of the goods, the company considers the following signs:①The company has the current collect right for the goods, that is, the customer has the current payment obligation for the goods;②The company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods;③The company has actually transferred the goods to the customer, that is, the customer has physically occupied the goods;④The company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods;⑤The customer has received the goods; ⑥Other signs indicating that the customer has obtained control of the goods.

(2) Revenue measurement principle

Revenue is recognized at the transaction price apportioned to each individual performance obligation. The transaction price is the amount of consideration expected to be entitled to receive due to the transfer of goods or services to the customer, excluding payments received on behalf of third parties and expected refunds to customers

If there is a variable consideration in the contract, the company determines the best estimate of the variable consideration according to the expected value or the most likely amount, However, the transaction price including the variable consideration does not exceed the amount of accumulated recognized income when the relevant uncertainty is eliminated and is unlikely to be significantly reversed.

If there is a significant financing component in the contract, the company determines the transaction price according to the amount payable assuming that the customer will pay in cash when obtaining the control over the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest rate method during the contract period

If the contract contains two or more performance obligations, the company will allocate the transaction price to each individual performance obligation on the contract commencement date according to the relative proportion of the individual selling price of the goods promised by each individual performance obligation.

13 Leases

(1) As lessee

At the commencement date of the lease, the company recognizes all leases as a right-of-use assets and lease liabilities, except for short-term leases and low value asset leases with simplified treatment. The company considers a lease that, at the commencement date of the lease, has a lease term of 12 months or less, and does not contain any purchase option as a short-term lease; And a lease with low value when it is new as a lease of low-value assets. The company recognizes lease payments on short-term leases and leases of low-value assets in the costs of the related asset or profit or loss on a straight-line basis over the lease term.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the company shall reallocate the consideration of the contract after the change, redetermine the lease term, and remeasure the lease liability according to the present value calculated by the lease payment after the change and the revised discount rate.

If the lease scope is reduced or the lease term is shortened due to the lease change, the company shall reduce the book value of the right to use assets, the profits or losses related to the partial or complete termination of the lease shall be included in the current profits and losses. If the lease liabilities are remeasured due to other lease changes, the company shall adjust the book value of the right to use assets.

(2) As lessor

Operating lease:

During each period of the lease term, the company use the straight-line method to recognize the lease receipts of operating leases as rental income. The initial direct expenses related to operating leases incurred by the company are capitalized when incurred, amortized on the same basis as the recognition of rental income during the lease term, and included in the current profits and losses by stages. The variable lease receipts related to operating leases that are not included in the lease receipts are included in the current profits and losses when they actually occur.

Financial lease:

On the beginning date of the lease term, the company recognizes the financial lease receivables for the financial lease, and derecognize relevant assets.

When the company initially measures the financial lease receivables, the net lease investment is taken as the entry value of the financial lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts not received on the beginning date of the lease term discounted at the lease embedded rate. For the financial lease in which the company is the manufacturer or distributor and the lessor, the company recognizes the income according to the lower of the fair value of the leased asset and the present value of the lease collection discounted at the market interest rate, and carries forward the sales cost according to the balance of the book value of the leased asset minus the present value of the unsecured residual value. The costs incurred by the company as a manufacturer or distributor and as a lessor to obtain financial leasing shall be included in the current profits and losses on the beginning date of the lease term.

The derecognition and impairment of financial lease receivables shall be accounted for in accordance with 《Accounting standards for Business Enterprises No. 22 - recognition and measurement of financial instruments》 and 《Accounting standards for Business Enterprises No. 23 - transfer of financial assets》.

Ⅴ、 Taxation

	Tax rate
Value-added tax	6%、13%
Corporate income tax	25%

Ⅵ、 Explanatory notes to the financial statements

1. Cash and cash equivalents

	3/31/2024	4/1/2023
Cash in hand	4,036.05	774.44
Bank deposit	4,866,348.12	6,345,041.71
Other monetary funds	-	-
	4,870,384.17	6,345,816.15

2. Accounts receivable - trade and provision

	3/31/2024	4/1/2023
Accounts receivable	30,254,854.15	26,537,856.86
less: bad debt provision	-	-
	30,254,854.15	26,537,856.86

Accounts with significant balance are as follows:

Name		Amount
Nanjing Cosmos	USD2,670,570.00	18,947,694.15

3. Advance to vendors

3/31/2024	4/1/2023
226,082.02	856,979.00

4. Accounts receivable - others and provision

	3/31/2024	4/1/2023
Accounts receivable – others	1,039,729.38	668,144.27
less:bad debt provision	-	-
	1,039,729.38	668,144.27

5. Inventories

	3/31/2024	4/1/2023
Commodity stocks	4,003,384.72	1,564,763.41
	4,003,384.72	1,564,763.41

6. Other current assets

3/31/2024	4/1/2023
298,590.83	59,506.22

7. Fixed assets

	4/1/2023	Additions	Disposals	3/31/2024
Cost:				
Office equipment	109,133.08	-	-	109,133.08
Total	109,133.08	-	-	109,133.08
Accumulated depreciation:				
Office equipment	104,791.10	-	-	104,791.10
Total	104,791.10	-	-	104,791.10
Net value:	-	-	-	-
Office equipment	4,341.98	-	-	4,341.98
Total	4,341.98	-	-	4,341.98

8. Long-term deferred expenses

	4/1/2023	Additions	Disposals	3/31/2024
Cost:				
Office renovation fee	220,183.49	-	-	220,183.49
Total	220,183.49	-	-	220,183.49
Amortization:				
Office renovation fee	220,183.49	-	-	220,183.49
Total	220,183.49	-		220,183.49
Net value:				
Office renovation fee	-	-	-	-
Total	-	-	-	-

9. Accounts payable

3/31/2024	4/1/2023
28,071,313.48	25,069,294.72

Accounts with significant balance are as follows:

Name		Amount
Atul Ltd.-AR	USD 2,651,494.50	18,812,353.48

10. Taxes and dues payable

	3/31/2024	4/1/2023
Taxes payable	62,843.25	24,311.50
Other payables	-	-
	62,843.25	24,311.50

	3/31/2024	4/1/2023
Value-added tax	-	-
Individual income tax	3,982.37	11,488.81
Corporate income tax	42,249.77	-
Stamp duty	16,611.11	12,822.69
Urban construction tax		

11. Other payables

	3/31/2024	4/1/2023
	5,919.00	40,637.30

12. Paid-in capital

	Beginning and Ending Balance		
	Amount in USD	Share	Equivalent RMB
Atul Limited	410,000.00	100%	3,393,385.00

The above capital contribution has been verified by Shanghai Shenzhou Certified Public Accountants, which issued HSZ(2005)YZ#157 Capital Verification Report

13. Surplus reserves

	4/1/2023	Additions	Decrease	3/31/2024
Reserve fund	677,159.90	164,599.70	-	841,759.60
	677,159.90	164,599.70	-	841,759.60

14. Retained earnings

	3/31/2024	4/1/2023
Beginning of the period	6,840,749.60	6,640,866.61
Add: Net profit for the year	1,645,997.02	309,982.30
Withdraw reserve fund	(164,599.70)	(110,099.31)
Balance at 3/31/2024	8,322,146.92	6,840,749.60

15. Operating revenue

	2023.04-2024.03	2022.04-2023.03
Operating revenue–main business	136,970,323.63	168,727,102.12
Operating revenue–other business	1,381,062.35	1,084,190.95
	138,351,385.98	169,811,293.07

16. Cost of sales

	2023.04-2024.03	2022.04-2023.03
Cost of sales–main business	132,915,585.17	164,328,264.72
Cost of sales–other business	-	-
	132,915,585.17	164,328,264.72

17. Business taxes and surcharges

	2023.04-2024.03	2022.04-2023.03
	59,875.73	88,970.48

18. Sales expenses

	2023.04-2024.03	2022.04-2023.03
	925,704.24	1,587,695.71
Including:		
Testing	7,122.64	6,509.43
Dock charge	421,501.33	208,261.43
Freight	486,147.51	1,320,774.52
Warehouse	38,031.38	46,770.44
Commission	5,564.23	5,379.89

19. Administrative expenses

	2023.04-2024.03	2022.04-2023.03
	2,325,424.02	2,359,085.38
Including:		
Salary	1,313,771.50	1,509,219.00
social security	221,038.44	214,964.34
Office expenses	27,051.45	26,780.25
Travel expenses	86,442.44	42,064.47
travelling expenses	4,714.11	1,778.54
Social expenses	43,609.36	34,762.50
Rental fees	382,607.20	304,718.61
Communication fees	27,521.83	28,042.75
Internet fees	15,422.64	15,422.65
Vehicle fees	16,743.00	16,442.83
Audit fees	22,641.52	13,679.25
Welfare fees	26,075.40	24,640.00
Courier fees	39,080.68	36,626.43
Utility bills	5,408.08	6,097.00
Depreciation charges	-	568.96
Training fees	12,419.97	45.00
Repair costs	640.00	
Sample clearance fee	-	297.55
Information service fee	11,320.76	13,867.92
Amortization of intangible assets	8,130.13	19,512.12
Long-term amortization of expenses	-	7,339.44
Financial advisory fees	3,679.25	12,964.15
Depreciation of right-of-use assets	-	25,209.00
Registration fees	9,496.89	4,042.62
others	47,609.37	-

20. Financial cost

	2023.04-2024.03	2022.04-2023.03
Less: interest income	(13,743.56)	(10,162.41)
Foreign exchange (gains)/losses	220,090.53	950,587.18
Bank fees	186,591.20	190,908.41
	392,938.17	1,131,333.18

21. Non-operating income

	2023.04-2024.03	2022.04-2023.03
	1,710.47	11,094.44

22. Income tax expenses

	2023.04-2024.03	2022.04-2023.03
Income tax expenses for current year	87,572.10	17,055.74
Deferred income tax expense for current year	-	-
	87,572.10	17,055.74

23. Net profit

	2023.04-2024.03	2022.04-2023.03
	1,645,997.02	309,982.30

Ⅶ、 Contingent events

There exist no contingent events with effect on the reading and understanding of the Company's financial statements for year ending March 31, 2024.

Ⅶ、 Subsequent events

There exist no subsequent events with effect on the reading and understanding of the Company's financial statements for year ending April 10th, 2024.

☆☆☆*End of the Financial Statements and Disclosures*☆☆☆