EPL Packaging (Guangzhou) Limited

Financial Statements
For the period ended March 31, 2023

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Independent Auditor's Report
To the Shareholder of EPL Packaging (Guangzhou) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of EPL Packaging (Guangzhou) Limited (the "Company"), which comprise the statement of financial position as at March 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended March 31, 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at the end of reporting period, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics as issued by International Ethics Standards Board for Accountants (IESBA), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Independent Auditor's Report (continued)
To the Shareholder of EPL Packaging (Guangzhou) Limited (continued)

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- 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.

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We communicate with those charged with 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.

Grant Thornton Zhitong Certified Public Accountants LLP

Grant Thornton Zhitong Certified Public Accountants LLP

Peter Fu
Guangzhou, PRC
April 21, 2023

EPL Packaging (Guangzhou) Limited
Financial Statements

Statement of financial position
For the period ended March 31, 2023

	Note	2023-3-31 RMB	2022-3-31 RMB
GROSS BLOCK OF FIXED ASSETS		833,629,413.04	786,551,499.30
TOTAL ACCUMULATED DEPRECIATION		-624,996,759.44	-595,380,007.17
NET BLOCK		208,632,653.60	191,171,492.13
CAPITAL WORK IN PROGRESS		3,370,606.75	8,415,381.26
CAPITAL ADVANCES		8,442,484.38	26,416,822.71
TOTAL FIXED ASSETS	**1**	**220,445,744.73**	**226,003,696.10**
NON CURRENT INVESTMENTS	**2**	**65,000,000.00**	**65,000,000.00**
TRADE RECEIVABLE EXCLUDING INTER COMPANY	3	144,295,553.82	150,726,588.40
PROVISION FOR BAD DEBTS (EXTERNAL)	3	-1,999,478.37	-1,554,308.15
TRADE RECEIVABLE FOR INTER CO.GOODS SOLD	3/23.(1)	60,200,063.59	31,468,745.28
OTHER RECEIVABLE INTER COMPANY	4/23.(2)	20,436.31	-
INVENTORIES	5	92,612,120.66	100,419,494.87
CASH & BANK BALANCE	6	54,385,236.55	59,003,984.52
PREPAID EXPENSE AND OTHER RECEIVABLES	7	9,417,428.44	7,458,951.17
VAT ADVANCES (NET OF VAT PAYABLE)	8	14,827.69	51,427.91
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	9	-219,183.33	786,816.88
TOTAL CURRENT ASSETS		**358,727,005.36**	**348,361,700.88**
TOTAL ASSETS		**644,172,750.09**	**639,365,396.98**
EQUITY CAPITAL	10	-230,261,712.34	-230,261,712.34
RESERVES & SURPLUSES	11	-118,068,194.14	-118,068,194.14
RETAINED EARNINGS PREVIOUS YEAR	12	-17,399,184.16	-11,473,571.60
CURRENT YEAR PROFIT	12	-86,712,274.23	-91,745,399.64
DIVIDENDS PAYABLE		-	-
TOTAL SHAREHOLDERS FUNDS		**-452,441,364.87**	**-451,548,877.72**
DEFERRED TAX BALANCE	**13**	**2,173,448.43**	**2,498,279.79**
LOANS			**-**
OTHER LONG TERM LIABILITY(EXCL INT CO	**14**	**-8,257,693.43**	**-6,630,181.68**
LEASE LIABILITIES (NON CURRENT)		**-16,543,106.41**	**-20,467,468.32**
CREDITORS FOR CAPITAL GOODS	15	-698,729.23	32,083.00
TRADE CREDITORS FOR GOODS	15	-96,565,831.77	-97,617,037.79
TRADE CREDITORS FOR GOODS FOR INTER COMPANY		-	-
TRADE CREDITORS (EXCLUDING INTER CO.)	15	-1,080,450.87	-993,257.43
OTHER INTER CO. CREDITORS	23.(3)	-8,556,200.31	-14,692,139.95
VAT PAYABLE		-2,817,145.54	-1,406,880.64
ACCRUED EXPENSES	16	-57,505,339.31	-50,744,499.57
CURRENT LIABILITIES		**-167,223,697.03**	**-165,421,732.38**
INCOME TAX PAYABLE		-1,880,336.78	2,204,583.33
PROPOSED DIVIDEND		-	-
PROVISIONS		**-1,880,336.78**	**2,204,583.33**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**-644,172,750.09**	**-639,365,396.98**

The accompanying notes from 1 to 23 form an integrated part of these financial statements.

EPL Packaging (Guangzhou) Limited
Financial Statements

Statement of comprehensive income
For the period ended March 31, 2023

	Note	FY2023 RMB	FY2022 RMB
GROSS SALES	17	-651,972,576.06	-670,218,874.82
SALES RETURNS,REBATES,CREDIT,CLAIMS	17	13,282,058.21	11,418,680.31
NET SALES	17	**-638,690,517.85**	**-658,800,194.51**
MATERIAL COST	18	278,050,944.54	271,817,820.01
INC / (DEC) IN FG WIP	18	6,322,739.61	16,623,478.00
MATERIAL COST	18	**284,373,684.15**	**288,441,298.01**
VARIABLE COST	19	**43,479,652.55**	**61,506,742.67**
MANUFACTURING EXPENSES	20	41,711,029.42	41,247,699.58
PERSONNEL COST	21	120,260,755.63	117,845,285.41
ADMINISTRATIVE EXPENSES	22	15,513,902.93	15,905,310.67
SELLING & DISTRIBUTION EXPENSES		2,861,053.77	2,176,347.92
INTER COMPANY INCOME		-49,558.40	-19,469.03
INTER COMPANY EXPENSES		9,597,800.66	9,603,551.47
TOTAL OPERATING LEASE		3,465.08	72,015.87
TOTAL OPERATING COST BEFORE FOREX		**189,898,449.09**	**186,830,741.89**
EBIDTA (BEFORE FOREX GAIN / LOSS)		**-120,938,732.06**	**-122,021,411.94**
FOREX GAIN/LOSS ON TRADE REC / PAYABL		-1,321,693.14	272,494.25
EBIDTA (AFTER FOREX GAIN / LOSS)		**-122,260,425.20**	**-121,748,917.69**
NET EXTERNAL FINANCE COST		2,184,984.79	630,637.61
TOTAL DEPRECIATION		32,234,206.22	31,898,027.11
NON OPERATING INCOME/EXPENSE-NET		-8,820,213.04	-9,371,976.89
PROFIT BEFORE TAX		**-96,661,447.23**	**-98,592,229.86**
INCOME TAX		9,949,173.00	6,846,830.22
PROFIT AFTER TAX		**-86,712,274.23**	**-91,745,399.64**

The accompanying notes from 1 to 23 form an integrated part of these financial statements.

Statement of changes in equity
For the period ended March 31, 2023

	Share capital	Other reserves	Retained profits	Total
	RMB	RMB	RMB	RMB
Balance at 1 April 2021	**230,261,712.34**	**118,068,194.14**	**108,707,066.05**	**457,036,972.53**
(I) Profit for the year	-	-	91,745,399.64	91,745,399.64
(II) Appropriation of profits				
Less: Distributions to shareholders	-	-	97,233,494.45	97,233,494.45
Balance at 31 March 2022	**230,261,712.34**	**118,068,194.14**	**103,218,971.24**	**451,548,877.72**
Balance at 1 April 2022	**230,261,712.34**	**118,068,194.14**	**103,218,971.24**	**451,548,877.72**
(I) Profit for the year	-	-	86,712,274.23	86,712,274.23
(II) Appropriation of profits				
Less: Distributions to shareholders	-	-	85,819,787.08	85,819,787.08
Balance at 31 March 2023	**230,261,712.34**	**118,068,194.14**	**104,111,458.39**	**452,441,364.87**

The accompanying notes from 1 to 23 form an integrated part of these financial statements.

Statement of cash flows
For the period ended March 31, 2023

	FY2023 RMB	FY2022 RMB
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	687,583,135.94	715,687,126.52
Refund of taxes	8,594,931.10	1,146,188.68
Cash received relating to other operating activities	4,654,311.18	3,832,518.64
Sub-total of cash inflows	**700,832,378.22**	**720,665,833.84**
Cash paid for goods and services	440,597,041.16	457,518,486.94
Cash paid to and on behalf of employees	113,017,489.96	115,439,333.00
Taxes payments	25,032,243.58	32,584,130.20
Cash paid relating to other operating activities	16,916,593.01	15,766,775.41
Sub-total of cash outflows	**595,563,367.71**	**621,308,725.55**
Net cash flows from operating activities	**105,269,010.51**	**99,357,108.29**
II. Cash flows from investing activities		
Cash received from investment gains	7,727,702.11	8,020,909.20
Cash received relating to other investing activities	-	3,257,344.97
Sub-total of cash inflows	**7,727,702.11**	**11,278,254.17**
Cash paid relating to other investing activities	1,189,807.19	-
Sub-total of cash outflows	**1,189,807.19**	**-**
Net cash flows from investing activities	**6,537,894.92**	**11,278,254.17**
III. Cash flows from financing activities		
Sub-total of cash inflows	**-**	**-**
Payment for fixed assets procurement	21,764,354.61	46,373,844.63
Payment for dividends, profit distributions or interest	86,919,407.24	97,233,494.45
Cash paid for other financing activities	8,422,383.63	6,575,545.27
Sub-total of cash outflows	**117,106,145.48**	**150,182,884.35**
Net cash flows from financing activities	**-117,106,145.48**	**-150,182,884.35**
IV. Effect of foreign exchange rate changes on cash and cash equivalents	**680,492.08**	**-1,099,728.39**
V. Net increase in cash and cash equivalents	**-4,618,747.97**	**-40,647,250.28**
Add: Cash and cash equivalents at the beginning of the period	59,003,984.52	99,651,234.80
VI. Cash and cash equivalent at the end of the period	**54,385,236.55**	**59,003,984.52**

I. GENERAL INFORMATION

EPL Packaging (Guangzhou) Limited ("the Company") is a limited liability company incorporated and domiciled in China, and registered on July 21, 1997. The Company's license number is 91440116618479922Y.

The Company is a wholly-owned subsidiary of Lamitube Technologies Limited (the "Parent Company"), and ultimate parent company is EPL Limited (the "Ultimate Parent Company).

The operation scope includes: producing, processing the new pharmaceutical packaging materials, new composite hose and composite sheet, packaging and decorating printed matter(with a valid license for printing operations management), sales of the products; engaged in plastic products, rubber products, chemical products, pipe making machine and its accessories, printing machine, import and export of the screen printing plate, wholesale and commission agency(excluding auction) business(no shop operating, not involving the state-run trade management of goods, if involving quota, goods on license management, applying according to the state regulations); import and export of the technology; researching, developing, transferring, consulting and providing technical services related with the technology of the products, and new and high technology: and providing the after-sales services.

II. STATEMENT OF COMPLIANCE

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Functional currency

The Company and domestic subsidiaries use Renminbi ("RMB") as their functional currency. The financial statements of the Company have been prepared in RMB.

2. Cash and cash equivalents

Cash comprises cash in hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

3. Foreign currency transactions and translation of foreign currency financial statements

(1) Foreign currency transactions

Foreign currency transactions are translated to the functional currency of the Company at the spot exchange rates [or rates determined under a systematic and rational method that approximate the spot exchange rates] on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences between the spot exchange rate on balance sheet date and the spot exchange rate on initial recognition or on the previous balance sheet date are recognized in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognized in profit or loss.

(2) Translation of foreign currency financial statements

When translating the foreign currency financial statements of overseas subsidiaries, assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding "retained earnings", are translated to Renminbi at the spot exchange rates at the transaction dates.

Income and expenses of foreign operation are translated to Renminbi at the spot exchange rates [the rates determined under a systematic and rational method that approximate the spot exchange rates] at the transaction dates.

Cash flow statement of foreign operation is translated to Renminbi at the spot exchange rates [the rates determined under a systematic and rational method that approximate the spot exchange rates] at the cash flow occurrence dates. Effect of foreign exchange rate changes on cash and cash equivalents is presented separately as "Effect of foreign exchange rate changes on cash and cash equivalents" in the cash flow statement.

The resulting translation differences are recognized in other comprehensive income in shareholders' equity of balance sheet.

The translation differences accumulated in shareholders' equity with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

4. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or an equity instrument of another enterprise.

(1) Recognition and derecognition of financial instruments

A financial asset or a financial liability is recognized when the Company becomes a party to the contractual provisions of a financial instrument.

If one of the following criteria is met, a financial asset is derecognised:

① The contractual rights to the cash flows from the financial asset expire; or

② The financial asset was transferred, and the transfer qualifies for derecognition in accordance with criteria set out below in "Transfer of financial assets".

A financial liability (or part of it) is derecognized when its contractual obligation (or part of it) is discharged or cancelled or expires. If the Company (as a debtor) makes an agreement with the creditor to replace the current financial liability with assuming a new financial liability, and contractual provisions are different in substance, the current financial liability is derecognized and a new financial liability is recognized.

If the financial assets are traded regularly, the financial assets are recognized and derecognized at the transaction date.

(2) Classification and measurement of financial assets

The Company classifies financial assets as measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss at initial recognition on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

The Company classifies the financial assets that meet the following conditions and are not designated as measured at fair value through profit or loss as financial assets measured at amortized cost:

- The Company's business model of managing the financial assets aims at collecting contractual cash flows;

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After the initial recognition, the effective interest rate method is adopted to measure the amortized cost of such financial assets. Gains or losses arising from financial assets that are measured at amortized cost and are not part of any hedging relationship shall be recorded in the current profit or loss when the financial assets are derecognized, amortized according to the effective interest method or impaired.

Financial assets measured at fair value through other comprehensive income

The Company classifies the financial assets that simultaneously meet the following conditions and are not specified as measured at fair value through profit or loss as financial assets measured at fair value through other comprehensive income:

- The Company's business model of managing the financial asset aims at both collecting contractual cash flows and selling the financial assets.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After the initial recognition, this type of financial assets are subsequently measured at fair value. The interest, loss allowance or gain and exchange loss or gain calculated using the effective interest rate method are included in the current profit or loss, while other gains or losses are included in other comprehensive income. When derecognized, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred out from other comprehensive income and recorded in the current profit or loss.

Financial assets measured at fair value through profit or loss

In addition to the above financial assets measured at amortized cost and measured at fair value through other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value through profit or loss. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company irrevocably designates some financial assets that should have been measured at amortized cost or measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

After the initial recognition, this kind of financial asset is subsequently measured at fair value, and the gains or losses (including interest and dividend income) generated are recorded into the current profit or loss, unless the financial asset is part of the hedging relationship.

The business model of managing financial assets refers to how the Company manages financial assets to generate cash flows. The business model determines whether the cash flow from the financial assets under management of the Company is derived from the receipt of contractual cash flows, the sale of financial assets or a combination of both. The Company determines its business model for managing financial assets on the basis of objective facts and the specific business objectives for the management of financial assets determined by key management personnel.

The Company assesses the contractual cash flow characteristics of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on specified dates are solely payments of principal and interest on the principal amount outstanding. Principal refers to the fair value of financial assets at initial recognition. Interest includes consideration for the time value of money, the credit risk associated with the amount of principal outstanding over a given period, and other basic lending risks and costs, as well as a profit margin. In addition, the Company assesses contractual terms that may cause a change in the time distribution or amount of the contractual cash flows of financial assets to determine whether they meet the requirements of the above contractual cash flow characteristics.

Only when the Company changes the business model of managing financial assets, all affected related financial assets shall be reclassified on the first day of the first reporting period after the change of the business model, otherwise the financial assets shall not be reclassified after the initial recognition.

Financial assets are measured at fair value at the time of initial recognition. For financial assets measured at fair value through profit or loss, relevant transaction costs are directly recorded into current profit or loss; for other classes of financial assets, the relevant transaction costs are included in the initial recognition amount. For accounts receivable arising from the sale of products or provision of services, which do not contain or do not take into account the material financing component, the Company is entitled to collect the consideration amount as expected as the initial recognition amount.

(3) Classification and measurement of financial liabilities

At the time of initial recognition, the financial liabilities of the Company are classified as: financial liabilities measured at fair value through profit or loss, and financial liabilities measured at amortized cost. For financial liabilities that are not classified as measured at fair value through profit or loss, relevant transaction costs are included in their initial recognized amounts.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at the time of initial recognition as measured at fair value through profit or loss. For such financial liabilities, the subsequent measurement shall be made according to the fair value, and the gains or losses caused by changes in the fair value as well as the dividends and interest expenses related to such financial liabilities shall be recorded into current profit or loss.

Financial liabilities measured at amortized cost

For other financial liabilities, the effective interest rate method shall be adopted, the subsequent measurement shall be made at the amortized cost, and the gains or losses arising from derecognition or amortization shall be recorded into current profit or loss.

The distinction between financial liabilities and equity instruments

Financial liabilities refer to liabilities that meet one of the following conditions:

① A contractual obligation to deliver cash or other financial assets to other parties.

② A contractual obligation to exchange financial assets or financial liabilities with another party under potentially adverse conditions.

③ A non-derivative contract that has to be settled with or can be settled with the firm's own equity instruments in the future, under which the firm will deliver a variable number of its own equity instruments.

④ A derivative contract that has to be settled with or can be settled with the firm's own equity instruments in the future, except for a derivative contract in which a fixed number of its own equity instruments are to be exchanged for a fixed amount of cash or other financial assets.

An equity instrument is a contract that certifies ownership of the remaining interest in an enterprise's assets after all liabilities have been deducted.

If the Company cannot unconditionally avoid fulfilling a contractual obligation by delivering cash or other financial assets, such contractual obligation meets the definition of a financial liability.

If a financial instrument has to be settled with or can be settled with the Company's own equity instruments in the future, consideration needs to be given to whether the Company's own equity instruments used to settle the instrument is to be used as a substitute for cash or other financial assets, or to give the holder of the instrument the remaining interest in the issuer's assets after deduction of all liabilities. If it is the former, the instrument is a financial liability of the Company; if it is the latter, the instrument is an equity instrument of the Company.

(4) Derivative financial instruments and embedded derivative instruments

The Company's derivative financial instruments include forward foreign exchange contracts. The initial measurement is based on the fair value of the date of signing the derivative transaction contract, and the subsequent measurement is based on its fair value. A derivative with a positive fair value is recognised as an asset; a negative fair value is recognized as a liability. Any gains or losses resulting from changes in fair value that do not conform to the provisions of hedge accounting shall be directly recorded into the current profit or loss.

(5) Fair value of financial instruments

For the determination of fair value of financial assets and financial liabilities, see Note III.5.

(6) Impairment of financial assets

On the basis of expected credit losses, the Company conducts impairment accounting treatment for the following items and recognises the allowance:

- Financial assets measured at amortized cost;
- Receivables and debt investments measured at fair value and accounted for in other comprehensive income;

Measurement of expected credit losses

The term "expected credit loss" refers to the weighted average of the credit loss of a financial instrument weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, that is, the present value of all cash shortfalls.

The Company calculates the probabilistic weighted amount of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received and recognizes the expected credit loss, taking into account reasonable and supportable information concerning past events, current conditions and forecast of future economic conditions, with the respective risks of a default occurring as the weights.

The Company separately measures the expected credit losses of financial instruments at different stages. If the credit risk of the financial instrument has not increased significantly since the initial recognition, the financial instrument is in the first stage and the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses; if the credit risk of the financial instrument has increased significantly since the initial recognition but no credit losses have occurred, the financial instrument is in the second stage and the Company shall measure the loss allowance at an amount equal to lifetime expected credit losses; if credit losses have occurred to a financial instrument since its initial recognition, it is in the third stage and the Company shall measure the loss allowance at an amount equal to lifetime expected credit losses.

For financial instruments with low credit risk at the balance sheet date, the Company assumes that the credit risk has not increased significantly since the initial recognition, and measures the loss allowance at an amount equal to 12-month expected credit losses.

The term "lifetime expected credit losses" refers to the expected credit losses resulting from all possible events of default during the entire expected life of a financial instrument. The expected credit losses within the next 12 months refer to the expected credit loss caused by the default event of the financial instrument that may occur within 12 months after the balance sheet date (or the expected duration of the financial instrument if the expected duration of the financial instrument is less than 12 months) and is part of lifetime expected credit losses.

When measuring expected credit losses, the Company shall take into account the longest contract period (including the option to renew the contract) for which it is exposed to credit risk.

The Company calculates interest income on the basis of the Book value before impairment provisions and the effective interest rate for financial instruments in stage I and stage II and with lower credit risk. For financial instruments in the third stage, the interest income is calculated on the basis of the amortized cost of the Book value less the impairment provision and the effective interest rate.

5. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures related assets or liabilities at fair value assuming the assets or liabilities are exchanged in an orderly transaction in the principal market; in the absence of a principal market, assuming the assets or liabilities are exchanged in an orderly transaction in the most advantageous market. Principal market (or the most advantageous market) is the market that the Company can normally enter into a transaction on measurement date. The Company adopts the presumptions that would be used by market participants in achieving the maximized economic value of the assets or liabilities.

For financial assets or financial liabilities with active markets, the Company uses the quoted prices in active markets as their fair value. Otherwise, the Company uses valuation technique to determine their fair value.

Fair value measurement of a non-financial asset takes into account market participants' ability to generate economic benefits using the asset in its best way or by selling it to another market participant that would best use the asset.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs, and using unobservable inputs only if the observable inputs aren't available or impractical.

Fair value level for assets and liabilities measured or disclosed at fair value in the financial statements are determined according to the significant lowest level input to the entire measurement: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; Level 3 inputs are unobservable inputs for the assets or liabilities.

At the balance sheet date, the Company revalue assets and liabilities being measured at fair value continuously in the financial statements to determine whether to change the levels of fair value measurement.

6. Inventories

(1) Classification

Inventories include raw materials, work in progress, consumables, packaging materials, finished goods, issuing goods, development costs, and product developments.

(2) Measurement method of cost of inventories

Raw materials, packaging material accounting weighted average method; semi-finished goods accounting standard cost method, and carried forward the cost differences at the end of the month, adjust the standard cost to the actual cost.

(3) Basis for determining the net realisable value and method for provision for obsolete inventories

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value is measured based on the verified evidences and considerations for the purpose of holding inventories and the effect of post balance sheet events.

Any excess of the cost over the net realisable value of inventories is recognized as a provision for obsolete inventories, and is recognized in profit or loss. The Company usually recognises provision for decline in value of inventories by a single (type, group) inventory item. If the factors caused the value of inventory previously written-down have disappeared, the provision for decline in value of inventories previously made is reversed.

(4) Inventory count system

The Company maintains a perpetual inventory system.

7. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries and equity investments in joint ventures and associates. An associate is an enterprise over which the Company has significant influence.

(1) Determination of initial investment cost

The initial cost of a long-term equity investment acquired through a business combination involving enterprises under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost is the combination cost.

A long-term equity investment acquired other than through a business combination: A long-term equity investment acquired other than through a business combination is initially recognized at the amount of cash paid if the Company acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement and recognition of profit or loss

Long-term equity investments in subsidiaries are accounted for using the cost method. An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement.

For a long-term equity investment which is accounted for using the cost method, Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

For a long-term equity investment which is accounted for using the equity method, where the initial cost of a long-term equity investment exceeds the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at cost. Where the initial investment cost is less than the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognized in profit or loss.

Under the equity method, the Company recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Company. Changes in the Company's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognized directly in the Company's equity, and the carrying amount of the investment is adjusted accordingly. In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition.

When the Company becomes capable of exercising joint control or significant influence (but not control) over an investee due to additional investment or other reasons, the Company uses the fair value of the previously-held equity investment, together with additional investment cost, as the initial investment cost under the equity method. The difference between the fair value and carrying amount of the previously-held equity investment, and the accumulated changes in fair value included in other comprehensive income, shall be transferred to profit or loss for the current period upon commencement of the equity method.

When the Company can no longer exercise joint control of or significant influence over an investee due to partial disposal of the equity investment or other reasons, the remaining equity investment shall be accounting for using Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount of the remaining equity investment shall be charged to profit or loss for the current period at the date of the loss of joint control or significant influence. Any other comprehensive income previously recognized under the equity method shall be accounted for on the same basis as would have been required if the Company had directly disposed of the related assets or liabilities for the current period upon discontinuation of the equity method. Other movement of owner's equity related to original equity investment is transferred to profit or loss for the current period.

When the Company can no longer exercise control over an investee due to partial disposal of the equity investment or other reasons, and the remaining equity after disposal can exercise joint control of or significant influence over an investee, the remaining equity is adjusted as using equity method from acquisition. When the remaining equity can no longer exercise joint control of or significant influence over an investee, the remaining equity investment shall be accounted for using Accounting Standard for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount of the remaining equity investment shall be charged to profit or loss for the current period at the date of loss of control.

When the Company can no longer exercise control over an investee due to new capital injection by other investors, and the Company can exercise joint control of or significant influence over an investee, the Company recognizes its share of the investee's new added net assets using new shareholding percentage. The difference between its new share of the investee's new added net assets and its decreased shareholding percentage of the original investment is recognized in profit or loss. And the Company adjusts to the equity method using the new shareholding percentage as if it uses the equity method since it obtains the investment.

Unrealised profits and losses resulting from transactions between the Company and its associates or joint ventures are eliminated to the extent of the Company's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Company and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

(3) Method of impairment testing and impairment provision

For investments in subsidiaries, associates and joint ventures, refer to Note III. 11 for the Company's method of asset impairment.

8. Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Company for use in production of goods, use in supply of services, rental or for administrative purposes with useful lives over one accounting year.

Fixed assets are only recognized when its related economic benefits are likely to flow to the Company and its cost can be reliably measured.

Fixed asset are initially measured at cost.

(2) Depreciation of fixed assets

The cost of a fixed asset is depreciated using the straight-line method since the state of intended use, unless the fixed asset is classified as held for sale. Not considering impairment provision, the estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Class	**Estimated useful life (years)**	**Residual value rate %**	**Depreciation rate %**
Plant and Building	20.00	10.00	4.50
Electronic Equipment	10.00	10.00	9.00
Auxiliary Equipment	5.00	10.00	18.00
Furniture and Tools	5.00	10.00	18.00
Office Equipment	5.00	10.00	18.00

For impaired fixed assets, cumulative amount of impairment provision is deducted in determining the depreciation rate.

9. Construction in progress

Construction in progress is recognized based on the actual construction cost, including all expenditures incurred for construction projects, capitalised borrowing costs and any other costs directly attributable to bringing the asset to working condition for its intended use.

Construction in progress is transferred to fixed asset when it is ready for its intended use.

For the impairment of construction in progress, please refer to Note III. 11.

10. Intangible assets

Intangible assets include software, land use right, patent right etc.

Intangible assets are stated at actual cost upon acquisition and the useful economic lives are determined at the point of acquisition. When the useful life is finite, amortisation method shall reflect the pattern in which the asset's economic benefits are expected to be realised. If the pattern cannot be determined reliably, the straight-line method shall be used. An intangible asset with an indefinite useful life shall not be amortised.

Amortisation method for intangible assets with finite useful lives is as follows:

Categories	Useful life (years)	Amortisation methods	Remarks
Software	5.00-10.00	Straight-line method	
Land Use Right	49.00	Straight-line method	
Patent Right	10.00	Straight-line method	

The Company shall review the useful life and amortisation method of an intangible asset with a finite useful life at least at each year end. Changes of useful life and amortisation method shall be accounted for as a change in accounting estimate.

An intangible asset shall be derecognised in profit or loss when it is not expected to generate future economic benefits.

For the impairment of intangible assets, please refer to Note III. 11.

11. Impairment of assets

The impairment of long-term equity investments in subsidiaries, associates and joint ventures, investment properties measured using a cost model, fixed assets, construction in progress, productive biological assets measured using a cost model, right-of-use assets, intangible assets, goodwill, proven oil and gas mining rights and wells and related facilities, etc. (Excluding inventories, investment property measured using a fair value model, deferred tax assets and financial assets) is determined as follows:

At each balance sheet date, the Company determines whether there is any indication of impairment. If any indication exists, the recoverable amount of the asset is estimated. In addition, the Company estimates the recoverable amounts of goodwill, intangible assets with indefinite useful lives and intangible assets not ready for use at each year-end, irrespective of whether there is any indication of impairment.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its present value of expected future cash flows. The recoverable amount is estimated for each individual asset. If it is not possible to estimate the recoverable amount of each individual asset, the Company determines the recoverable amount for the asset group to which the asset belongs. An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly.

For goodwill impairment test, the carrying amount of goodwill arising from a business combination is allocated reasonably to the relevant asset group since the acquisition date. If the carrying amount of goodwill is unable to be allocated to asset group, the carrying amount of goodwill will be allocated to asset portfolio. Asset group or portfolio of asset group is asset group or portfolio of asset group which can be benefit from synergies of a business combination and is not greater than the reportable segment of the Company.

In impairment testing, if impairment indication exists in asset group or portfolio of asset group containing allocated goodwill, impairment test is first conducted for asset group or portfolio of asset group that does not contain goodwill, and corresponding recoverable amount is estimated and any impairment loss is recognized. Then impairment test is conducted for asset group or portfolio of asset group containing goodwill by comparing its carrying amount and its recoverable amount. If the recoverable amount is less than the carrying amount, impairment loss of goodwill is recognized.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

12. Long-term deferred expenses

Long-term deferred expenses are recorded at the actual cost, and amortized using a straight-line method within the benefit period. For long-term deferred expense that cannot bring benefit in future period, the Company recognized its amortised cost in profit or loss for the current period.

13. Provisions

A provision is recognised for an obligation related to a contingency if all the following conditions are satisfied:

(1) the Company has a present obligation;

(2) it is probable that an outflow of economic benefits will be required to settle the obligation; and

(3) the amount of the obligation can be estimated reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. The Company reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

If all or part of the expenditure necessary for settling the provision is expected to be compensated by a third party, the amount of compensation is separately recognized as an asset when it is basically certain to be received. The recognized compensation amount shall not exceed the carrying amount of the provision.

14. Revenue

(1) General principle

① Sale of goods

The Company recognizes revenue when it has fulfilled its contractual performance obligation, that is, when the customer acquires control of the relevant goods or services.

If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, allocate the transaction price to each single performance obligation according to the relative proportion of the stand-alone selling prices of goods or services committed by each single performance obligation, and measure the income according to the transaction price allocated to each single performance obligation.

If one of the following conditions is met, the Company satisfies a performance obligation over time; otherwise, the Company satisfies a performance obligation at a point in time:

① The customer simultaneously receives and consumes the economic benefits provided by the Company's performance as the Company performs.

② The customer can control the goods under construction during the performance of the Company.

③ The goods produced by the Company during the performance of the contract do not have alternative use, and the Company has the right to collect payment for the accumulated part of the performance completed to date during the whole period of the contract.

For the performance obligations performed over time, the Company shall recognize the income in accordance with the performance progress within that period. If the performance progress cannot be reasonably determined and the Company is expected to be compensated for the costs already incurred, the revenue shall be recognized according to the amount of the costs already incurred until the performance progress can be reasonably determined.

For performance obligations performed at a point in time, the Company recognizes revenue at the point when the customer acquires control of the relevant goods or services. In determining whether a customer has acquired control of goods or services, the Company will take into account the following indicators:

① The Company has a present right to payment for the good or service, that is, the customer is presently obliged to pay for the good or service.

② The Company has transferred the legal title of the good to the customer, that is, the customer has the legal title to the good.

③ The Company has transferred physical possession of the good to the customer, that is, the customer has physical possession of the good.

(4) The Company has transferred the significant risks and rewards of ownership of the good to the customer, that is, the customer has obtained the significant risks and rewards of ownership of the good.

⑤ The customer has accepted the good or service.

⑥ Other indicators that the customer has obtained control of the good.

15. Deferred tax assets and deferred tax liabilities

Income tax comprises of current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to transactions or items recognised directly in equity and goodwill arising from a business combination.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

All the taxable temporary differences are recognized as deferred tax liabilities except for those incurred in the following transactions:

(1) initial recognition of goodwill, or assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss);

(2) taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company recognises a deferred tax asset for deductible temporary differences, deductible losses and tax credits carried forward to subsequent periods, to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, deductible losses and tax credits can be utilised, except for those incurred in the following transactions:

(1) a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss);

(2) deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future; and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

16. Leases

(1) Identification of leases

At inception of a contract, the Company, as a lessee or a lessor, shall assess whether the customer under the contract has the right to obtain substantially all of the economic benefits from use of the identified asset during the period of use and has to right to direct the use of the identified asset during the period of use. The Company considers the contract to be a lease or to include a lease if one of the parties to the contract conveys the right to control the use of one or more identified assets for a certain period of time in exchange for consideration.

(2) The Company acts as the lessee

At the commencement date, the Company recognizes the right-of-use assets and lease liabilities for all leases, except for simplified short-term leases and leases of low value assets.

For the accounting policy of the right-of-use assets, see Note III.17.

Lease liabilities are initially measured at the present value of the outstanding lease payments at the commencement date of the lease. The lease payments include: fixed payments and in-substance fixed payments; if there are lease incentives, the relevant amount of lease incentives shall be deducted; variable lease payments depending on an index or a rate; the exercise price of the option provided that the lessee is reasonably certain that the option will be exercised; the amount to be paid to exercise the option to terminate the lease if the lease term reflects that the lessee will exercise the option to terminate the lease; and the amount expected to be payable based on the residual value of the security provided by the lessee. The interest expense of the lease liability in each period of the lease term shall be calculated in accordance with the fixed periodic interest rate and recorded into the profit or loss of the current period. The variable lease payment not included in the measurement of lease liabilities shall be recorded into the current profit or loss when actually incurred.

17. Right-of-use assets

(1) Criteria for the recognition of right-of-use assets

The Company's right-of-use assets refer to the Company's right to use the leased assets during the lease term as the lessee.

On the commencement date, the right-of-use assets shall be initially measured at cost. The cost includes: the initial measurement of the lease liability; for the amount of lease payments paid on or before the commencement date of the lease term, if there is a lease incentive, the relevant amount of lease incentive already enjoyed will be deducted; initial direct costs incurred by the Company as the lessee; the costs which the Company, as the lessee, expects to incur in dismantling and removing the leased assets, restoring the premises on which the leased assets are located or restoring the leased assets to the state agreed in the lease terms. The Company, as the lessee, shall recognise and measure the costs of demolition and restoration in accordance with the "Accounting Standards for Business Enterprises No.13 – Contingencies". Subsequent adjustments are made for any remeasurement of lease liabilities.

(2) Depreciation method of the right-of-use assets

The Company uses the straight line method of depreciation. Where the Company, as the lessee, can reasonably determine that it obtains the ownership of the leased assets upon expiration of the lease term, depreciation shall be accrued over the remaining useful life of the leased assets. Where it is impossible to reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, depreciation shall be accrued in the shorter period between the lease term and the remaining useful life of the leased asset.

(3) See Note III.11 for the impairment test method of the right-of-use assets and the loss allowance.

IV. TAXATION

1. Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate%
VAT	Taxable income	13.00、6.00
City Maintenance And Construction Tax	Turnover tax payable	7.00
Corporate Income Tax	Taxable profits	15.00

2. Tax preferential treatments and approval documents

In accordance with the new Corporate Income Tax Law of the People's Republic of China and its implementation regulations of January 1, 2008, High-tech enterprises can enjoy relevant tax preferences.

The company had obtained the certification of high-tech enterprises in 2021, which will be valid until the year 2023. For the calendar year 2022, the company can enjoy the tax preference of paying corporate income tax at the tax rate of 15%.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. FIXED ASSETS

Item	As at 31/3/2023	As at 31/3/2022
Fixed Assets	167,437,027.37	153,510,559.94
Intangible Assets	6,003,130.24	6,438,858.17
Long Term Deferred Expense	11,252,878.15	5,569,788.85
Right-of-use Assets	23,939,617.84	25,652,285.17

Notes to the financial statements
For the period ended March 31, 2023

Item	As at 31/3/2023	As at 31/3/2022
Capital Work In Progress	3,370,606.75	8,415,381.26
Capital Advances	8,442,484.38	26,416,822.71
Total	**220,445,744.73**	**226,003,696.10**

① Fixed assets

Item	Building	Office Equipment	Equipment	Furniture & Fixture	Plant & Machinery	Total
I. Cost						
1.Balance as at 31/3/2022	23,384,197.92	6,189,642.34	72,887,571.38	1,760,294.43	616,400,905.05	720,622,611.12
2.Additions during the year						
(1) Purchases	-	755,433.41	6,431,045.66	50,254.42	24,618,270.64	31,855,004.13
(2) Transfers from construction in progress	-	155,860.89	3,038,535.38	39,010.00	-	3,233,406.27
3. Decrease during the year						
(1) Disposals or written-offs	-	149,111.03	170,300.86	-	-	319,411.89
4.Balance as at 31/3/2023	23,384,197.92	6,951,825.61	82,186,851.56	1,849,558.85	641,019,175.69	755,391,609.63
II. Accumulated depreciation:						
1.Balance as at 31/3/2022	20,353,966.28	4,205,326.51	43,636,269.85	402,042.86	498,514,445.68	567,112,051.18
2.Charge for the year						
(1)Provision	358,682.30	503,924.07	8,675,518.67	293,916.04	11,297,960.56	21,130,001.64
3.Reductions for the year						
(1)Disposal or written-offs	-	134,199.84	153,270.72		-	287,470.56
4.Balance as at 31/3/2023	20,712,648.58	4,575,050.74	52,158,517.80	695,958.90	509,812,406.24	587,954,582.26
III. Carrying amount						
1.As at 31/3/2023	2,671,549.34	2,376,774.87	30,028,333.76	1,153,599.95	131,206,769.45	167,437,027.37
2.As at 31/3/2022	3,030,231.64	1,984,315.83	29,251,301.53	1,358,251.57	117,886,459.37	153,510,559.94

② Intangible assets

Item	Software	Land lease	Patent	Total
I. Cost				
1.Balance as at 31/3/2022	11,593,303.55	3,748,718.47	1,451,984.58	16,794,006.60
2.Additions during the year				
(1)Purchases	298,053.98	-	-	298,053.98
3. Decrease during the year				
(1)Disposals or written-offs	-	-	-	-
4.Balance as at 31/3/2023	11,891,357.53	3,748,718.47	1,451,984.58	17,092,060.58
II. Accumulated depreciation:				
1.Balance as at 31/3/2022	8,517,488.91	1,510,962.98	326,696.54	10,355,148.43
2.Charge for the year				

Notes to the financial statements
For the period ended March 31, 2023

Item	Software	Land lease	Patent	Total
(1)Provision	512,078.99	76,504.46	145,198.46	733,781.91
3.Reductions for the year				
(1)Disposal or written-offs	-	-	-	-
4.Balance as at 31/3/2023	9,029,567.90	1,587,467.44	471,895.00	11,088,930.34
III. Carrying amount				
1.As at 31/3/2023	2,861,789.63	2,161,251.03	980,089.58	6,003,130.24
2.As at 31/3/2022	3,075,814.64	2,237,755.49	1,125,288.04	6,438,858.17

③ Long term deferred expense

Item	Lease building improvement	Machine Overhauling	Total
Ⅰ.Cost			
1.Balance as at 31/3/2022	13,507,377.53	6,557,079.18	20,064,456.71
2.Additions during the year	27,587.58	7,665,481.74	7,693,069.32
3.Decrease during the year	856,743.64	-	856,743.64
4.Balance as at 31/3/2023	12,678,221.47	14,222,560.92	26,900,782.39
II. Accumulated amortization:			
1.Balance as at 31/3/2022	10,772,130.15	3,722,537.71	14,494,667.86
2.Amortization for the year	830,218.22	1,179,761.80	2,009,980.02
3.Reductions for the year	856,743.64	-	856,743.64
4.Balance as at 31/3/2023	10,745,604.73	4,902,299.51	15,647,904.24
III. Carrying amount			
1.As at 31/3/2023	1,932,616.74	9,320,261.41	11,252,878.15
2.As at 31/3/2022	2,735,247.38	2,834,541.47	5,569,788.85

④ Right-of-use assets

Item	Building	Equipment	Total
Ⅰ. Cost			
1.Balance as at 31/3/2022	27,100,668.54	1,969,756.33	29,070,424.87
2.Additions during the year			
(1)Rented	882,504.53	6,953,176.52	7,835,681.05
3. Decrease during the year			
(1)Other less	1,235,658.60	1,425,486.88	2,661,145.48
4.Balance as at 31/3/2023	26,747,514.47	7,497,445.97	34,244,960.44
II. Accumulated depreciation:			
1.Balance as at 31/3/2022	3,038,873.20	379,266.50	3,418,139.70
2.Charge for the year			
(1)Provision	6,132,053.26	2,228,389.39	8,360,442.65

Notes to the financial statements
For the period ended March 31, 2023

Item	Building	Equipment	Total
3.Reductions for the year			
(1)Other less	1,235,658.60	237,581.15	1,473,239.75
4.Balance as at 31/3/2023	7,935,267.86	2,370,074.74	10,305,342.60
III. Carrying amount			
1.As at 31/3/2023	18,812,246.61	5,127,371.23	23,939,617.84
2.As at 31/3/2022	24,061,795.34	1,590,489.83	25,652,285.17

2. NON CURRENT INVESTMENTS

Item	As at 31/3/2023	As at 31/3/2022
EPL Packaging (Jiangsu) Limited	65,000,000.00	65,000,000.00

3. TRADE RECEIVABLE

Item	As at 31/3/2023	As at 31/3/2022
Related Party	60,200,063.59	31,468,745.28
Non-related Party	144,295,553.82	150,726,588.40
Less: Provision For Bad Debts	-1,999,478.37	-1,554,308.15
Total	**202,496,139.04**	**180,641,025.53**

4. OTHER RECEIVABLE INTER COMPANY

Item	As at 31/3/2023	As at 31/3/2022
Related Party	20,436.31	-

5. INVENTORIES

Item	As at 31/3/2023	As at 31/3/2022
Raw Material-Main Material	24,168,505.66	29,719,225.46
Raw Material-Goods In Transit	12,094,149.04	20,461,389.32
Raw Material-Consumable Material	9,099,486.45	8,144,692.58
Work In Process	28,215,623.13	28,651,511.25
Finished Goods	21,966,275.64	14,450,640.86
Provisions	-2,931,919.26	-1,007,964.60
Total	**92,612,120.66**	**100,419,494.87**

6. CASH & BANK BALANCE

Item	As at 31/3/2023	As at 31/3/2022
Cash In Hand	25,589.24	15,289.24
Cash At Bank	54,359,647.31	58,988,695.28
Total	**54,385,236.55**	**59,003,984.52**

Notes to the financial statements
For the period ended March 31, 2023

7. PREPAID EXPENSE AND OTHER RECEIVABLES

Item	As at 31/3/2023	As at 31/3/2022
Prepaid Expense And Other Receivables	9,417,428.44	7,458,951.17

8. VAT ADVANCES (NET OF VAT PAYABLE)

Item	As at 31/3/2023	As at 31/3/2022
VAT Advances (Net of VAT Payable)	14,827.69	51,427.91

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Item	As at 31/3/2023	As at 31/3/2022
Financial assets at fair value through profit or loss- forward contracts	-219,183.33	786,816.88

10. EQUITY CAPITAL

Item	As at 31/3/2023	As at 31/3/2022
Lamitube Technologies Limited	-230,261,712.34	-230,261,712.34

11. RESERVES & SURPLUSES

Item	As at 31/3/2023	As at 31/3/2022
Surplus Reserve	-118,068,194.14	-118,068,194.14

12. RETAINED EARNINGS

Item	Year ended 31/3/2023	Year ended 31/3/2022
Retained earnings _Opening balance	-103,218,971.24	-108,707,066.05
Add: Net profits for the year attributable to shareholders of the Company	-86,712,274.23	-91,745,399.64
Less: Appropriation for surplus reserve	-	-
Cash dividends	85,819,787.08	97,233,494.45
Retained earnings _Ending balance	-104,111,458.39	-103,218,971.24

13. DEFERRED TAX BALANCE

Item	As at 31/3/2023	As at 31/3/2022
Deferred Tax Assets	4,636,507.19	4,996,983.06
Deferred Tax Liability	-2,463,058.76	-2,498,703.27
Total	**2,173,448.43**	**2,498,279.79**

Notes to the financial statements
For the period ended March 31, 2023

14. OTHER LONG TERM LIABILITY

Item	As at 31/3/2023	As at 31/3/2022
Deferred Income	-8,257,693.43	-6,630,181.68

15. TRADE CREDITORS

Item	As at 31/3/2023	As at 31/3/2022
Creditors For Capital Goods	-698,729.23	32,083.00
Trade Creditors For Goods	-96,565,831.77	-97,617,037.79
Trade Creditors (Excluding Inter Co.)	-1,080,450.87	-993,257.43
Total	**-98,345,011.87**	**-98,578,212.22**

16. ACCRUED EXPENSES

Item	As at 31/3/2023	As at 31/3/2022
Accrued Payroll	-19,595,040.35	-15,592,193.24
Other Payable	-36,755,266.24	-33,912,428.17
Taxes Payable	-1,155,032.72	-1,239,878.16
Total	**-57,505,339.31**	**-50,744,499.57**

17. SALES

Item	FY2023	FY2022
Sales Revenue	-639,621,529.41	-645,662,409.88
Sales Revenue Scrap	-6,422,392.26	-7,389,779.23
Sales Revenue Traded Goods	-3,212,019.34	-115,181.79
Sales Revenue Others	-2,716,635.05	-17,051,503.92
Gross Sales	**-651,972,576.06**	**-670,218,874.82**
Sales Returns, Rebates, Credit, Claims	13,282,058.21	11,418,680.31
Net Sales	**-638,690,517.85**	**-658,800,194.51**

18. MATERIAL COST

Item	FY2023	FY2022
Raw Material - Cost	268,200,078.59	262,219,531.80
Raw Material - Material Sales	-1,670,632.58	-4,036,039.01
Raw Material - Provision For Slow Moving	2,465,131.89	195,817.09
Raw Material - Traded Goods	1,891,570.63	437,484.16
Raw Material - New Product Development	7,164,796.01	13,001,025.97
Increase / (Decrease) In FG/WIP	6,322,739.61	16,623,478.00
Total	**284,373,684.15**	**288,441,298.01**

19. VARIABLE COST

Item	FY2023	FY2022
Packing Material	20,024,614.95	21,759,985.59
Freight on Transport of Finished Good	20,565,858.76	36,817,513.95
Sales Commission /Incentive	2,863,432.02	2,904,847.08
Tax on Exports	25,746.82	24,396.05
Total	**43,479,652.55**	**61,506,742.67**

20. MANUFACTURING EXPENSES

Item	FY2023	FY2022
Energy & Utilities (Power & Fuel)	11,742,611.20	10,013,225.59
Stores & Spares	8,389,752.34	6,886,735.50
Cost of Outsourcing	5,608,024.62	6,233,961.02
Other Manufacturing Expenses	9,484,278.36	10,999,759.37
Repairs & Maintenance Manufacturing	6,486,362.90	7,114,018.10
Total	**41,711,029.42**	**41,247,699.58**

21. PERSONNEL COST

Item	FY2023	FY2022
Direct Personnel Cost	26,126,836.10	25,430,547.59
Indirect Personnel Cost	66,513,691.75	65,135,427.22
Over Time Charges	19,240,116.70	18,921,984.60
Welfare Expenses	8,380,111.08	8,357,326.00
Total	**120,260,755.63**	**117,845,285.41**

22. ADMINISTRATIVE EXPENSES

Item	FY2023	FY2022
Travelling and Conveyance Exp.- Domestic	2,211,604.89	2,210,447.11
Travelling and Conveyance Exp.- International	181,770.96	4,904.28
Communication Expense	1,099,564.38	1,073,590.17
Professional & Consultancy Charges	1,466,363.55	1,755,262.97
Insurance	354,537.74	314,969.90
Information Technology Expenses	2,628,811.03	2,626,916.57
Taxes (Other than Income Tax)	4,083,167.83	4,663,427.67
Other Office Expenses	3,191,197.46	3,152,372.34
Repairs & Maintenance Admin	296,885.09	103,419.66
Total	**15,513,902.93**	**15,905,310.67**

23. RELATED PARTIES BALANCE

(1) TRADE RECEIVABLE FOR INTER CO.GOODS SOLD

Related party	As at 31/3/2023	As at 31/3/2022
EPL Propack Philippines, Inc.	5,899,379.07	3,674,029.69
EPL MISR for Advanced Packaging S.A.E	36,487,618.88	14,377,972.57
Laminate Packaging Colombia SAS.	4,415,566.27	7,060,347.58
EPL Propack De Mexico, S.A. DE C.V	10,332,240.88	3,772,743.13
EPL America, LLC.	1,693,443.88	646,280.28
EPL Deutschland Gmbh & Co. KG, Dresden	777,592.30	1,123,943.20
EPL Limited	77,803.59	-
EPL Poland Sp. Z o.o	516,418.72	813,428.83
Total	**60,200,063.59**	**31,468,745.28**

(2) OTHER RECEIVABLE INTER COMPANY

Related party	As at 31/3/2023	As at 31/3/2022
EPL Limited	6,871.70	-
EPL Propack De Mexico, S.A. DE C.V	327.02	
EPL America, LLC.	3,084.77	
EPL Propack Philippines, Inc.	10,152.82	-
Total	**20,436.31**	**-**

(3) OTHER INTER CO. CREDITORS(Royalty/Exp)

Related party	As at 31/3/2023	As at 31/3/2022
EPL America, LLC.	-	-204.56
EPL Limited	-534,005.72	-272,474.61
EPL Limited (Royalty)	-2,113,288.62	-1,866,092.39
EPL Packaging (Jiangsu) Limited	-5,908,905.97	-12,553,368.39
Total	**-8,556,200.31**	**-14,692,139.95**

X. COMMITMENTS AND CONTINGENCIES

As at March 31, 2023, there is no material commitment to be disclosed.

XI. POST BALANCE SHEET DATE EVENTS

As at April 21, 2023， there is no events after the balance sheet date to be disclosed.

EPL Packaging (Guangzhou) Limited

April 21, 2023