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此码用于证明该审计报告是否由具有执业许可的会计师事务所出具。
报告编号: 鲁236X0MZ13E

宝利脉（莱阳）医疗用品有限公司

审计报告

烟鲁宏审字（2023）029 号

烟台鲁宏有限责任会计师事务所

YANTAI LUHONG (LIMITED) CERTIFIED PUBLIC ACCOUNTANTS
图文传真: 7214138 地址: 莱阳市鹤山路 479 号 电话: 7262968 7214138

AUDITOR' S REPORT

YLHSZ (2023) No. 029

To the shareholders of Poly Medicure (LaiYang) Co., Ltd,

We have audited the accompanying financial statements of POLY MEDICURE (LAIYANG) CO., LTD., which comprise the balance sheet as at Mar. 31, 2023, and the income statement, cash flow statement from Apr. 1, 2022 to Mar. 31, 2023, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting Standards for Business Enterprises. This responsibility includes: (a) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; (b) selecting and applying appropriate accounting policies; and (c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal

control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of POLY MEDICURE (LAIYANG) CO., LTD. as at Mar. 31, 2023, and its financial performance and cash flows from Apr. 1, 2022 to Mar. 31, 2023 in accordance with the Accounting Standards for Business Enterprises.

(If the report is out of accord with the Chinese report, the Chinese report is correct.)

Yantai LuHong(Limited) Certified Public Accountants



Laiyang, China

Chinese CPA



Chinese CPA



April. 26 ,2023

烟台鲁宏有限责任会计师事务所

YANTAI LUHONG (LIMITED) CERTIFIED PUBLIC ACCOUNTANTS
图文传真: 7214138 地址: 莱阳市鹤山路479号 电话: 7262968 7214138

审计报告

烟鲁宏审字(2023) 029 号

宝利脉(莱阳)医疗用品有限公司:

我们审计了后附的宝利脉(莱阳)医疗用品有限公司财务报表,包括2023年3月31日的资产负债表,2022年4月1日-2023年3月31日的利润表和现金流量表以及财务报表附注。

一、管理层对财务报表的责任

按照企业会计准则的规定编制财务报表是贵公司管理层的责任。这种责任包括:(1)设计、实施和维护与财务报表编制相关的内部控制,以使财务报表不存在由于舞弊或错误而导致的重大错报;(2)选择和运用恰当的会计政策;(3)作出合理的会计估计。

二、注册会计师的责任

我们的责任是在实施审计工作的基础上对财务报表发表审计意见。我们按照中国注册会计师审计准则的规定执行了审计工作。中国注册会计师审计准则要求我们遵守职业道德规范,计划和实施审计工作以对财务报表是否不存在重大错报获取合理保证。

审计工作涉及实施审计程序,以获取有关财务报表金额和披露的审计证据。选择的审计程序取决于注册会计师的判断,包括对由于舞弊或错误导致的财务报表重大错报风险的评估。在进行风险评估时,我们考虑与财务报表编制相关的内部控制,以设计恰当的审计程序,但目的并非对内部控制的有效性发表意见。审计工作还包括评价管理层选用会计政策的恰当性和作出会计估计的合理性,以及评价财务报表的总体列报。

我们相信,我们获取的审计证据是充分、适当的,为发表审计意见提供了基础。

三、审计意见

我们认为,贵公司财务报表已经按照企业会计准则的规定编制,在所有重大方面公允

反映了贵公司 2023 年 3 月 31 日的财务状况以及 2022 年 4 月 1 日-2023 年 3 月 31 日的经营成果和现金流量。

烟台鲁宏有限责任会计师事务所



中国·莱阳

中国注册会计师：



中国注册会计师：



二〇二三年四月二十六日

BALANCE SHEET

Mar. 31, 2023

NAME OF ENTERPRISE: POLY MEDICURE (LAIYANG) CO.,LTD

UNIT:RMB YUAN

ASSETS	N0.	YEAR END 31 MARCH 2022	YEAR END 31 MARCH 2023
CURRENT ASSETS	1		
Cash and cash equivalents 货币资金	2	85,105.52	55,908.60
Which: Cash in bank 银行存款	3	21,591.20	43,912.82
Cash 现金	4	63,514.32	11,995.78
Short term investment 短期投资	5		
Notes receivable 应收票据	6		
Dividend receivable 应收股利	7		
Interest receivable 应收利息	8		
Accounts receivable 应收帐款	9	8,039,148.04	6,093,743.34
Other receivable 其他应收款	10	130,368.47	123,623.38
Advances to suppliers 预付帐款	11	239,450.00	132,900.00
Allowance receivable	12		
Inventories 存货	13	5,363,684.36	4,975,511.45
Deferred and prepaid expenses 待摊费用	14	7,600.00	58,450.00
Other current assets 其他流动资产	15		
Total current assets 流动资产总额	16	13,865,356.39	11,440,136.77
LONG TERM INVESTMENTS	17		
Long-term shares investments 长期股权投资	18		
Long-term bonds investments 长期债券投资	19		
Total long term investments 长期投资合计	20		
FIXED ASSETS	21		
Fixed assets-cost 固定资产原值	22	11,853,251.22	12,016,971.05
Less: Accumulated depreciation 累计折旧	23	7,984,918.39	8,502,221.66
Fixed assets-net book value 固定资产净值	24	3,868,332.83	3,514,749.39
Less: Provision for devalued fixed assets	25		
Fixed assets-net value	26		
Construction materials 工程物资	27		
Construction in process 在建工程	28		
Disposal of fixed assets 固定资产清理	29		
Total fixed assets 固定资产合计	30	3,868,332.83	3,514,749.39
INTANGIBLE AND OTHER ASSETS	31		
Intangible assets 无形资产	32		
Other long-term assets 其他长期资产	33		
Long-term deferred and prepaid expenses 长期待摊费用	34		
Total intangible and other assets	35		
DEFERRED TAX:	36		
Deferred tax debit 递延所得税资产	37		
TOTAL ASSETS 资产合计	38	17,733,689.22	14,954,886.16

Legal member as of right:

Finance principal:

王翠红

Director of accountants:

王翠红

BALANCE SHEET

Mar. 31, 2023

NAME OF ENTERPRISE: POLY-MEDICURE (LAIYANG) CO.,LTD

UNIT:RMB YUAN

CURRENT LIABILITIES	N0.	YEAR END 31 MARCH 2022	YEAR END 31 MARCH 2023
Short-term loans短期借款	39	5, 497, 375. 40	2, 424, 877. 68
Notes payable应付票据	40		
Accounts payable应付帐款	41	5, 587, 394. 23	5, 825, 722. 86
Advances from customers预收帐款	42		22, 880. 00
Wages payable应付工资	43	289, 389. 62	247, 869. 48
Welfare payable应付福利费	44		
Dividends payable应付股利	45		
Taxes payable应交税金	46	262, 044. 30	246, 556. 00
Other payments其他应交款	47	13, 286. 17	6, 265. 66
Other payable其他应付款	48	2, 010. 78	
Provision for expenses预提费用	49	239, 734. 98	109, 773. 62
Long term loans within one year一年内到期的非流动负债	50		
Other current liabilities其他流动负债	51		
Total current liabilities流动负债合计	52	11, 891, 235. 48	8, 883, 945. 30
LONG-TERM LIABILITIES	53		
Long-term loans长期借款	54		
Debentures payable应付债券	55		
long-term accounts payable长期应付款	56		
Other long-term liabilities其他长期负债	57		
Total long-term liabilities长期负债合计	58		
Deferred tax:递延所得税负债	59		
Deferred tax credit	60		
Total liabilities	61	11, 891, 235. 48	8, 883, 945. 30
OWNER'S EQUITY	62		
Paid-in capital实收资本	63	7, 809, 636. 44	7, 809, 636. 44
Capital surplus资本公积	64		
Reserve fund盈余公积	65		
Undistributed profit未分配利润	66	-1, 967, 182. 70	-1, 738, 695. 58
Total owner's equity所有者权益合计	67	5, 842, 453. 74	6, 070, 940. 86
TOTAL LIABILITIES AND OWNER'S EQUITY 负债和所有者权益合计	68	17, 733, 689. 22	14, 954, 886. 16

Legal member as of right:

Finance principal:

Director of accountants:

林薛
印文

王翠红

王翠红

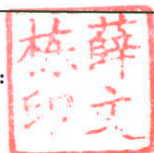
INCOME STATEMENT

NAME OF ENTERPRISE: POLY MEDICURE (LAIYANG) CO.,LTD

UNIT: RMB YUAN

Items	N0.	FROM APR.,2021 TO MAR.,2022	FROM APR.,2022 TO MAR.,2023
Sales主营业务收入	1	13,398,024.31	11,689,363.59
include: export其中: 出口	2	885,959.06	1,205,689.89
Less:Cost of sales减: 主营业务成本	3	10,598,801.55	8,988,494.66
Less:Sales tax主营业务税金及附加	4	98,686.88	46,497.95
Gross profit主营业务利润	5	2,700,535.88	2,654,370.98
Add:Net income from other operations加: 其他业务利润	6	688.50	-54,032.12
Less:Selling expenses减: 销售费用	7	203,823.67	260,623.94
Less:General and administrative expenses管理费用	8	1,864,924.58	1,876,554.73
Less:Financial expenses财务费用	9	368,703.25	241,357.54
Operating profit营业利润	10	263,772.88	221,802.65
Add:Income on investment加: 投资收益	11	-	-
Add:Non-operating income加: 营业外收入	12	51,296.44	26,767.13
Less:Non-operating expense减: 营业外支出	13	1,046.00	20,082.66
Add:Prior year income adjustment加: 以前年度损益调整	14	-	-
Income before tax 利润总额	15	314,023.32	228,487.12
Less:Income tax减: 所得税费用	16		-
Net income净利润	17	314,023.32	228,487.12

Legal member as of right:



Finance principal:

王翠红

Director of accountants:

王翠红

CASH FLOWS STATEMENT

NAME OF ENTERPRISE: POLY MEDICURE (LAIYANG) CO.,LTD

UNIT:RMB YUAN

Items	N0	FROM APR.,2021 TO MAR.,2022	FROM APR.,2022 TO MAR.,2023
1.Cash Flows from Operating Activities	1		
Cash received from sales of goods or rendering of services 销售商品、提供劳务收到的现金	2	11,546,623.75	15,186,375.30
Refund of tax and levy 收到税款返还	3		313.15
Other cash received relating to operating activities 收到与经营活动有关的现金	4	7,060.63	28,442.01
Sub-total of cash inflows 现金流入小计	5	11,553,684.38	15,215,130.46
Cash paid for goods and services 购买商品、接受劳务支付的现金	6	5,654,919.92	5,936,100.90
Cash paid to and on behalf of employees 支付给职工及为职工所支出的现金	7	4,135,559.54	4,036,636.21
Taxes paid 支付的各种税费	8	615,949.43	786,612.40
Other cash paid relating to operating activities 支付的与经营活动有关的现金	9	639,271.22	840,555.49
Sub-total of cash outflows 现金流出小计	10	11,045,700.11	11,599,905.00
Net cash flows from operating activities 经营活动产生的现金流量净额	11	507,984.27	3,615,225.46
2.Cash Flows from Investing Activities	12		
Cash received from return of investments	13		
Cash received from distribution or interest of dividends or profits	14		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets 处置固定资产、无形资产收回的现金净额	15	389,000.00	51,500.00
Other cash received relating to investing activities	16		
Sub-total of cash inflows 现金流入小计	17	389,000.00	51,500.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets 购建固定资产、无形资产支付的现金	18	606,916.00	290,500.00
Cash paid to acquire equity investments	19		
Other cash paid relating to investing activities	20		
Sub-total of cash outflows 现金流出小计	21	606,916.00	290,500.00
Net cash flows from investing activities 投资活动产生的现金流量净额	22	-217,916.00	-239,000.00
3.Cash Flows from Financing Activities	23		
Proceeds from issuing shares and bonds	24		
Proceeds from borrowings 借款收到的现金	25	5,497,375.40	2,424,877.68
Other proceeds relating to financing activities	26		
Sub-total of cash inflows 现金流入小计	27	5,497,375.40	2,424,877.68
Cash repayments of amounts borrowed 偿还债务支付的现金	28	5,496,749.77	5,497,375.40
Cash payments for distribution or interest of dividends or profits 分配股利或偿付利息支付的现金	29	305,654.24	332,924.66
Other cash payments relating to financing activities	30		
Sub-total of cash outflows 现金流出小计	31	5,802,404.01	5,830,300.06
Net cash flows from financing activities 筹资活动产生的现金流量净额	32	-305,028.61	-3,405,422.38
4.Effect of Foreign Exchange Rate Changes on Cash	33		
5.Net Increase in Cash and Cash Equivalents 现金及现金等价物的净增加额	34	-14,960.34	-29,196.92

Legal member as of right:

Finance principal:

Director of accountants:

王翠红

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王翠红

CASH FLOWS STATEMENT

NAME OF ENTERPRISE: POLY MEDICURE (LAIYANG) CO.,LTD

UNIT:RMB YUAN

Items	NO	FROM APR.,2021 TO MAR.,2022	FROM APR.,2022 TO MAR.,2023
1.Reconciliation of Net Profit to Cash Flows from Operating Activities	35		
Net profit净利润	36	314, 023. 32	228, 487. 12
Add: Impairment	37		
Depreciation of fixed assets 固定资产折旧	38	170, 361. 52	622, 559. 36
Amortization of intangible assets 无形资产摊销	39		
Amortization of long-term deferred and prepaid expenses 长期待摊费用摊销	40		
Decrease in deferred and prepaid expenses (or deduct:increase)待摊费用减少	41	45, 600. 00	-50, 850. 00
Increase in accrued expenses (or deduct:decrease)预提费用增加	42	231, 608. 00	-129, 961. 36
Losses on disposal of fixed assets,intangible assets and other long-termassets (or deduct : gains)处置固定资产、无形资产和其他长期资产的损失(或扣除:收益)	43	44, 500. 56	-26, 763. 53
Losses on scrapping of fixed assets	44		
Financial expenses财务费用支出	45	305, 654. 24	204, 581. 78
Losses arising from investments (or deduct : gains)	46		
Deferred tax credit (or deduct : debit)	47		
Decrease in inventories (or deduct : increase)存货的减少 (减: 增加)	48	144, 509. 59	388, 172. 91
Decrease in operating receivables (or deduct : increase)应收项目的减少 (减: 增加)	49	-3, 366, 129. 12	2, 119, 801. 33
Increase in operating payables (or deduct : decrease)应付项目的增加 (减: 减少)	50	2, 617, 856. 16	259, 197. 85
Other	51		
Net cash flows from operating activities 经营活动产生的现金流量净额	52	507, 984. 27	3, 615, 225. 46
2.Investing and financing activities that do not involve in cash receipts and payments	53		
Repayment of debts by the transfer of capital	54		
Current transferable debentures	55		
Fixed assets under financing lease	56		
3.Net Increase in Cash and Cash Equivalents	57		
Cash at the end of the period 现金的期末余额	58	85, 105. 52	55, 908. 60
Less : cash at beginning of the period 现金的其初余额	59	100, 065. 86	85, 105. 52
Plus : cash equivalents at the end of the period	60		
Less : cash equivalents at the beginning of the period	61		
Net increase in cash and cash equivalents 现金及现金等价物净增加	62	-14, 960. 34	-29, 196. 92

Legal member as of right:

Finance principal:

Director of accountants:

王翠红

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王翠红

资本金投入情况表FUNDS RECEIVED

宝利脉(莱阳)医疗用品有限公司 POLY MEDICURE (LAIYANG)

2023年3月31日

年YEAR	月MONTH	日DATE	USD RECEIVED	汇率	RMB
2007	8	16	29,990.00	7.5692	227,000.31
2007	10	17	134,940.00	7.5030	1,012,454.82
2007	12	17	99,990.00	7.3672	736,646.33
2007	12	30	124,940.00	7.2900	910,812.60
2008	1	25	99,990.00	7.2096	720,887.90
2008	2	26	69,940.00	7.1073	497,084.56
2008	4	19	59,940.00	6.9755	418,111.47
2008	6	6	59,990.00	6.9112	414,602.89
2008	6	26	39,990.00	6.8493	273,903.51
2008	8	14	24,940.00	6.8463	170,746.72
2008	9	14	14,990.00	6.8321	102,413.18
2008	11	13	49,940.00	6.8295	341,065.23
2009	1	4	24,940.00	6.8089	169,813.97
2009	3	2	39,940.00	6.8389	273,145.67
2009	4	21	49,990.00	6.8342	341,641.66
2009	5	20	24,990.00	6.8251	170,559.25
2009	6	22	150,560.00	6.8328	1,028,746.37
合计TOTAL			1,100,000.00		7,809,636.44

销售费用明细表 selling expenses list

宝利脉（莱阳）医疗用品有限公司
POLY MEDICURE (LAIYANG)CO.,LTD

2022.04.01
2023.03.31

费用项目 Items	行次 line	期末累计 Cumulative at the End of Period
运费及装卸费 Transport handling charges	1	253,142.02
其它费用(样品) Sample fee	2	7,481.92
	3	
	4	
	5	
	6	
	7	
	8	
	9	
	10	
	11	
	12	
	13	
合 计TOTAL	14	260,623.94

管理费用明细表

General and Administrative Expenses

宝利脉（莱阳）医疗用品有限公司

2022.04.01

POLY MEDICURE (LAIYANG) CO., LTD

2023.03.31

费用项目 Items	行次 line	期末累计 Cumulative at the End of Period
工资 SALARY	1	628,812.20
职工福利 EMPLOYEES' WELFARE	2	189,315.00
差旅费 TRIP COSTS	3	10,175.62
办公费 OFFICE COSTS	4	16,657.74
折旧费 DEPRECIATION COSTS	5	30,688.26
通讯费 COMMUNICATION EXPENSES	6	9,284.20
租赁费 RENTAL	7	148,800.00
职工养老保险 endowment insurance	8	589,426.48
审计费 AUDIT COSTS	9	11,650.49
CE认证、检测、技术检验 CE certification detection	10	87,434.31
车辆费用 Vehicle cost	11	51,424.00
安检、环保费 Security check, environmental protection fee	12	15,000.00
业务招待费 BUSINESS ENTERTAINMENT	13	13,687.60
工会经费及排污费 LABOUR UNION EXPENDITURE	14	3,000.00
电费 electricity	15	48,159.54
财产保险、职工意外险 property insurance/Employee accident insurance	16	23,039.29
合 计 TOTAL	17	1,876,554.73

POLY MEDICURE (LAIYANG) CO.,LTD.
ANNOTATIONS TO ACCOUNTING STATEMENTS
As of March 31, 2023

General Background

POLY MEDICURE (LAIYANG) CO.,LTD. (the “company”) is a foreign capital company contributed and organized by POLY MEDICURE LTD, INDIA. It was established on June 25,2007 and obtained the enterprise legal person business licence with registered No. 370682400002685 (Now for the unified social credit code : 913706826635188550). The company’s legal representative: Himanshu Baid. Registered capital: USD1,100,000. Address: Area A, Heshan Road, Laiyang Economical Development District, Laiyang, Shandong, China. Business scope: manufacture and process category 3 of injection and puncture instruments and medical polymer materials and products of category 1,category 2 and category 3. All products listed above will be exported to overseas markets (Operating subject to statutory licence). Expiry date from June 25, 2007 to May 23, 2027.

Significant Accounting Policies

1 Accounting System

The company is following the Accounting Standards for enterprises and the relevant supplementary provisions.

2 Fiscal Year

The fiscal year of the company is from April 1 of the former year to March 31 of the next year.

3 Reporting Currency

RMB is the booked currency for the company.

4 Accounting Principle and Measure Basis.

The company adopts accruals basis as principle and historical costing as measure basis.

5 Measure Method of Foreign Currency Transaction

Transactions in currencies other than RMB are converted into RMB using the market exchange rate of the first day of the month. At the year end, non-RMB money of foreign currency accounts would be adjusted to reporting currency using the market exchange rate of the last day of the year. The balance between the money after adjusted and the reporting currency money already recorded in foreign currency accounts would be reckoned in current profit, as foreign exchange gain or loss.

6 Establishing Standards of Cash Equivalents.

Cash equivalent refers to the investment of the company with short expiry date

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(within three months from purchasing date), current frequently, easy to exchange to cash and the smallest risk on value change.

7 Measure Method of Bad Debts

(1) Allowance Method was adopted to deal with bad debts which are recognized with the following situations:

The debtors went bankruptcy and after the legal discharging procedures, the debts still can not be collected back.

The debtors died and have got neither asset for discharging or legal undertakers.

The debts have been overdue for more than three years and the obvious evidences shows that the debts cannot be collected back. Approval could be required in some cases.

(2) Provision for Bad Debts

The company adopts allowance method to calculate the provision for bad debts, namely adopts aging analysis method to calculate the bad debts reserve, use the balance of the accounts receivable at the end of year to multiply relevant proportion.

The proportion of bad debts withdrawal is as follows:

Aging	Proportion
Overdue within 1 year	0%
Overdue for 1-2 years	5%
Overdue for 2-3 years	20%
Overdue for more than 3 years	50%

8 Inventories

(1) Inventories are mainly recorded raw materials, products in process, finished products, low value consumables, packs.

(2) Inventories adopt perpetual inventory system and are recorded in actual cost. Cost of inventories is determined on a weighted average basis. As for the low value consumables, amortizing in accordance with one-off amortization method.

(3) The ending balances of inventory are valued at lower of cost or net realizable value.

(4) Company computes allowance for market diminution in value of inventory when the following situations happened:

- A. Market price keeps declining and no hope for gravelled in foreseeable future.
- B. The cost of product of made from the material is higher than the market price.
- C. Due to products' replacing and updating, the old material cannot be used to the new products; and the market price of the material is lower than the recorded cost.
- D. Because the products and services provided by the company are out of date or the demand of market changes as the result of change of customers' taste, the market price declines gradually.
- E. Other situations show that the depreciation has happened substantially.

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9 Fixed Assets and Depreciation Method

(1) Fixed assets: Fixed assets include house, building, machinery, equipment, tools, and other operational assets with useful life over one year; and non-main equipment of producing with unit price over RMB 2000 and useful life over two years.

(2) Fixed assets' valuation: fixed assets are recorded at the actual cost.

(3) The depreciation method: Fixed assets are depreciated with the straight-line method and the estimated residual rate is 10%. Details as followed:

<u>Items</u>	<u>Depreciated Year</u>	<u>Annual Depreciated Rate</u>
House & Building	20	4.5%
Machinery equipment	10	9%
Transport equipment	5	18%
Electronic equipment	5	18%

(4) The provision for devalued fixed assets: The Fixed Assets' review is carried out seriatim at the end of the year. If it happens that the realizable value become lower than the recorded cost as a result of decline in market price, technical backwardness, damage of the fixed assets or long time inactiveness, the allowance would be made according to the difference individually; the full allowance for devalue of fixed assets are made under the following situations:

- A. Fixed assets that had been left unused for a long time, and will not be used or transferred in the foreseeable future.
- B. Fixed assets will not be used because of the progress in technique.
- C. Fixed assets produce a large amount of rejected products.
- D. Damaged and thus became useless in value and transferring.
- E. Other fixed assets that could not bring any economic profit.

10 Engineering

Engineering refers to the project that is under construction, not complete yet and completed but not reach the expected using status. Engineering confirm its cost in accordance with actual expenditure that includes capitalization interest.

The fixed assets built which has reached the expected usable status but haven't done the final accounts of completed project yet can transfer to fixed assets according to engineering estimated amounts or actual cost and fixed value from the date when it can reach expected usable status, and take out depreciation, reconciliation of assets cost and depreciation taken out after finishing the procedures for final accounts of completed project.

Capitalization interest is reckoned in engineering cost in accordance with the actual space used of special loans and the calculation of capitalization interest rate. The engineering transfer to fixed assets according to actual full expenditure when completing and putting into service.

At the end of period, checking the engineering items by items, accrue devaluation

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provisions for the below engineering devalued.

A: Engineering that stop for long term and can not reconstruct within the next 3 years

B: The project has been backward whether in performance or in technology and the economic profits it brought with obvious indeterminacy.

C: Other situations that show the devaluation of engineering with evidence

11 Income Confirmation Principle

The company has transferred the main risks and rewards of commodity ownership to buyers, the company don't keep the management and control right for the commodity any longer, relevant economic profits can input company, and can confirm the income when the relevant income and cost can be measured reliably.

The company commenced its commercial production on Apr.01,2009.

12 Accounting Method of Income Tax.

It should adopt taxes payable method as the accounting method.

Tax Items

Main taxes and tax rate suitable for the company as below:

Tax Items	Tax Basis	Rate
V. A. T	Income from Sales	13%
Income Tax	Taxable Income	25%

Contingency Events

No significant contingency events by the end of MAR.31, 2023

Promise Events

No significant promise events by the end of MAR.31, 2023

Subsequent Events

No significant subsequent events by the end of the date of Auditor's report.