

Unichem China Pvt. Ltd

Auditors' Report and Financial Statements

From April 1, 2020 to March 31, 2021

**Unichem China Pvt. Ltd**  
**Auditors' Report and Financial Statements**  
(From April 1, 2020 to March 31, 2021)

	Table of Contents	Page
1.	Auditors' report	1-3
2.	Financial statements	
	Statement of financial position	1-2
	Statement of comprehensive income	3
	Statement of cash flows	4
	Statement of changes in equity	5
	Notes to the financial statements	1-15

## Auditors' Report

2021-ZAB051

Unichem China Pvt. Ltd,

### Opinion

We have audited the accompanying financial statements of Unichem China Pvt. Ltd (hereafter referred to as "the Company"), which comprise the statement of financial position as at March 31, 2021, the statement of comprehensive income, statement of cash flows and statement of changes in equity from April 1, 2020 to March 31, 2021, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, and its financial performance and its cash flows from April 1, 2020 to March 31, 2021 in accordance with Accounting Standards for Small Business Enterprises.

### Basis for opinion

We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Professional Conduct and Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Small Business Enterprises, and for devising and maintaining a system of internal accounting controls necessary to permit 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.

### Auditor's 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 Accounting Standards for Small Business Enterprises will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- a) 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.
- b) 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.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with 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.



Certified Public Accountant of China

Gao Fei *Gao Fei*

Peng Run *Peng Run*

Shanghai, China

Date: April 30, 2021

Unichem China Pvt. Ltd  
Statement of Financial Position  
As at March 31, 2021

(All the amounts are denominated in CNY unless otherwise stated.)

Assets	Notes	As at March 31, 2021	As at March 31, 2020
<b>Current assets:</b>			
Cash and cash equivalents	5.1	150,988.80	556,723.30
Financial assets measured at fair value through profit and loss			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Advances to suppliers	5.2	22,915.99	28,796.14
Other receivables			
Inventories			
Assets held for sale			
Non-current assets maturing within one year			
Other current assets			
<b>Total current assets</b>		<b>173,904.79</b>	<b>585,519.44</b>
<b>Non-current assets:</b>			
Available-for-sale financial assets			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments			
Investment properties			
Fixed assets	5.3	2,691.12	4,390.80
Construction in progress			
Productive biological assets			
Oil and natural gas assets			
Intangible assets			
Development costs			
Goodwill			
Long-term deferred expenses			
Deferred tax assets			
Other non-current assets			
<b>Total non-current assets</b>		<b>2,691.12</b>	<b>4,390.80</b>
<b>Total assets</b>		<b>176,595.91</b>	<b>589,910.24</b>

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

Legal Representative: SANTOSH KUMAR MAHIL Chief Accountant: Ye Wenjia

Accountant in Charge: Ye Wenjia

Unichem China Pvt. Ltd  
Statement of Financial Position

As at March 31, 2021

(All the amounts are denominated in CNY unless otherwise stated.)

Liabilities and owners' equity	Notes	As at March 31, 2021	As at March 31, 2020
Current liabilities:			
Short-term borrowings			
Financial liabilities measured at fair value through profit and loss			
Derivative financial liabilities			
Notes payable			
Accounts payable			
Advances from customers			
Employee benefits payable	5.4		
Taxes and surcharges payable			
Other payables	5.5	15,261.32	11,312.00
Liabilities held for sale			
Non-current liabilities maturing within one year			
Other current liabilities			
<b>Total current liabilities</b>		15,261.32	11,312.00
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preference shares			
Perpetual debts			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
<b>Total non-current liabilities</b>			
<b>Total liabilities</b>		15,261.32	11,312.00
Owners' equity:			
Paid-in capital	5.6	1,416,860.00	1,416,860.00
Other equity instruments			
Including: Preference shares			
Perpetual debts			
Less: Treasury stock			
Capital reserves			
Other comprehensive income			
Specific reserves			
Surplus reserves			
Retained profit	5.7	-1,255,525.41	-838,261.76
<b>Total owners' equity</b>		161,334.59	578,598.24
<b>Total liabilities and owners' equity</b>		176,595.91	589,910.24

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

Legal Representative: SANTOSH KUMAR MAHIL    Chief Accountant: Ye Wenjia

Accountant in Charge: Ye Wenjia

**Unichem China Pvt. Ltd**  
**Statement of Comprehensive Income**  
**From April 1, 2020 to March 31, 2021**

(All the amounts are denominated in CNY unless otherwise stated.)

Items	Notes	From April 1, 2020 to March 31, 2021	From June 27, 2019 to March 31, 2020
1. Revenue from operations	5.8	1,024,114.63	
Less: Cost of operations			
Taxes and surcharges	5.9	872.39	709.80
Selling and distribution expenses		5,019.88	
General and administrative expenses		1,438,477.01	833,857.40
Research expense			
Financial expenses	5.10	-2,757.89	4,049.56
Including: Interest expenses			
Interest income		3,657.89	615.58
Plus: Other income	5.11	233.11	355.00
Investment income (“-” for loss)			
Including: Investment income from associates and joint ventures			
Gain on changes in fair value (“-” for loss)			
Impairment of assets (“-” for loss)			
Gain on disposal of assets (“-” for loss)			
2. Profit from operations (“-” for loss)		-417,263.65	-838,261.76
Plus: Non-operating income			
Less: Non-operating expenses			
3. Profit before tax (“-” for loss)		-417,263.65	-838,261.76
Less: Income tax expenses			
4. Net profit (“-” for loss)		-417,263.65	-838,261.76
Gain or loss from continued operations		-417,263.65	-838,261.76
Gain or loss from discontinued operations			
5. Other comprehensive income net of tax			
(1) Other comprehensive income not to be reclassified as profit or loss			
(i) Movements arising from remeasurements of the defined benefit plan			
(ii) Shares of other comprehensive income not to be reclassified as profit or loss under the equity method			
(2) Other comprehensive income to be reclassified as profit or loss			
(i) Shares of other comprehensive income to be reclassified as profit or loss under the equity method			
(ii) Gain on changes in fair value of available-for-sale financial assets (“-” for loss)			
(iii) Held-to-maturity investments reclassified as gain on available-for-sale financial assets (“-” for loss)			
(iv) Effective gain on hedged cash flows (“-” for loss)			
(v) Differences arising from the translation of foreign currency financial statements			
(vi) Others			
6. Total comprehensive income		-417,263.65	-838,261.76

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

Legal Representative: SANTOSH KUMAR MAHIL    Chief Accountant: Ye Wenjia  
Accountant in Charge: Ye Wenjia



**Unichem China Pvt. Ltd**  
**Statement of Cash Flows**  
**From April 1, 2020 to March 31, 2021**

(All the amounts are denominated in CNY unless otherwise stated.)

Items	Notes	From April 1, 2020 to March 31, 2021	From June 27, 2019 to March 31, 2020
<b>1. Cash flows from operating activities</b>			
Cash receipts from the sale of goods and the rendering of services		1,034,349.79	
Cash receipts of tax refunds			
Other cash receipts relating to operating activities		3,891.00	355.00
Sub-total of cash inflows from operating activities		1,038,240.79	355.00
Cash payments for goods purchased and services received			
Cash payments to and on behalf of employees		939,003.81	578,456.86
Cash payments of all types of taxes and surcharges		11,107.55	709.80
Other cash payments relating to operating activities		493,863.93	271,576.50
Sub-total of cash outflows from operating activities		1,443,975.29	850,743.16
<b>Net cash flows from operating activities</b>	5.12	-405,734.50	-850,388.16
<b>2. Cash flows from investing activities</b>			
Cash receipts from disposal and redemption of investments			
Cash receipts from returns on investments			
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets			
Net cash receipts from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities			
Sub-total of cash inflows from investing activities			
Cash payments to purchase or construct fixed assets, intangible assets and other long-term assets			5,099.00
Cash payments to acquire investments			
Net cash payments for acquisitions of subsidiaries and other business units			
Other cash payments relating to investing activities			
Sub-total of cash outflows from investing activities			5,099.00
<b>Net cash flows from investing activities</b>			-5,099.00
<b>3. Cash flows from financing activities</b>			
Cash receipts from investments			1,416,860.00
Cash receipts from absorption of borrowings			
Cash receipts from issuance of bonds			
Other cash receipts relating to financing activities			
Sub-total of cash inflows from financing activities			1,416,860.00
Cash repayments of borrowings			
Cash payments for distribution of dividends, profits, or interest expenses			
Other cash payments relating to financing activities			
Sub-total of cash outflows from financing activities			
<b>Net cash flows from financing activities</b>			1,416,860.00
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>			-4,649.54
<b>5. Net increase in cash and cash equivalents</b>		-405,734.50	556,723.30
Plus: Opening balance of cash and cash equivalents		556,723.30	
<b>6. Closing balance of cash and cash equivalents</b>	5.12	150,988.80	556,723.30

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

Legal Representative: SANTOSH KUMAR MAHIL      Chief Accountant: Ye Wenjia      Accountant in Charge: Ye Wenjia

Unichem China Pvt. Ltd  
Statement of Changes in Equity  
From April 1, 2020 to March 31, 2021

(All the amounts are denominated in CNY unless otherwise stated.)

Items	Paid-in capital	Other equity instruments			Capital reserves	March 31, 2021				Total owners' equity	
		Preference shares	Perpetual debts	Others		Other comprehensive income	Specific reserves	Surplus reserves	Retained profit		
1. Balance as at March 31, 2020	1,416,860.00										578,598.24
Plus: Adjustments for changes in accounting policies											
Adjustments for correction of accounting errors in prior periods											
Others											
2. Balance as at April 1, 2020	1,416,860.00										578,598.24
3. Increase ("+" for decrease)											
(1) Total comprehensive income											
(2) Capital contributions or withdrawals by owners											
(i) Capital contributions by owners											
(ii) Capital contributions by other equity instrument holders											
(iii) Share-based payments charged into owners' equity											
(iv) Others											
(3) Profit distribution											
(i) Appropriation for surplus reserves											
(ii) Profit distribution to owners (or shareholders)											
(iii) Others											
(4) Internal transfer of owners' equity											
(i) Transfer of capital reserves into paid-in capital (or share capital)											
(ii) Transfer of surplus reserves into paid-in capital (or share capital)											
(iii) Surplus reserve covering losses											
(iv) Transfer of movements of the defined benefit plan into retained income											
(v) Others											
(5) Special reserves											
(i) Appropriation during the current period											
(ii) Consumption during the current period											
(6) Others											
4. Balance as at March 31, 2021	1,416,860.00										161,334.59

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

Legal Representative: SANTOSH KUMAR MAHIL

Chief Accountant: Ye Wenjia

Accountant in Charge: Ye Wenjia

Unichem China Pvt. Ltd  
Statement of Changes in Equity  
From April 1, 2020 to March 31, 2021

(All the amounts are denominated in CNY unless otherwise stated.)

Items	March 31, 2020				Total owners' equity			
	Paid-in capital	Other equity instruments Preference shares Perpetual debts Others	Capital reserves	Other comprehensive income		Specific reserves	Surplus reserves	Retained profit
1. Balance as at March 1, 2019								
Plus: Adjustments for changes in accounting policies								
Adjustments for correction of accounting errors in prior periods								
Others								
2. Balance as at April 1, 2019								
3. Increase ("-" for decrease)	1,416,860.00							578,598.24
(1) Total comprehensive income								-838,261.76
(2) Capital contributions or withdrawals by owners	1,416,860.00							1,416,860.00
(i) Capital contributions by owners	1,416,860.00							1,416,860.00
(ii) Capital contributions by other equity instrument holders								
(iii) Share-based payments charged into owners' equity								
(iv) Others								
(3) Profit distribution								
(i) Appropriation for surplus reserves								
(ii) Profit distribution to owners (or shareholders)								
(iii) Others								
(4) Internal transfer of owners' equity								
(i) Transfer of capital reserves into paid-in capital (or share capital)								
(ii) Transfer of surplus reserves into paid-in capital (or share capital)								
(iii) Surplus reserve covering losses								
(iv) Transfer of movements of the defined benefit plan into retained income								
(v) Others								
(5) Special reserves								
(i) Appropriation during the current period								
(ii) Consumption during the current period								
(6) Others								
4. Balance as at March 31, 2020	1,416,860.00							578,598.24

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

Legal Representative: SANTOSH KUMAR MAHIL

Chief Accountant: Ye Wenjia

Accountant in Charge: Ye Wenjia

**UNICHEM CHINA PVT. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**

**From April 1, 2020 to March 31, 2021**

(All the amounts are denominated in CNY unless otherwise stated.)

**1. Company profile**

Unichem China Pvt. Ltd (hereinafter referred to as “the Company”) is a company that was established by UNICHEM LABORATORIES LTD on June of 2019 upon approval of the People’s Government of Shanghai Municipality. The company’s business license with a unified social credit code is 91310000MA1FWFJC79. The registered capital is USD 2.5 millions and the company is currently in operation.

The company’s main business activities are: drug wholesale, drug information consultation, chemical products and related products (except dangerous chemicals, monitoring chemicals, fireworks and firecrackers, civilian explosives, precursor chemicals), a class of medical devices, cosmetics, Sales of daily necessities, business information consulting, business management consulting, engaged in the import and export business of goods and technology. [Projects that must be approved in accordance with the law can only be operated after approval by the relevant authorities].

**2. Basis of preparation for financial statements**

**2.1 Basis of preparation for financial statements**

The Company recognizes and measures its accounting items on a going concern basis in compliance with the Accounting Standards for Small Business Enterprises – Basic Standards and specific accounting standards, the Application Guidance on the Accounting Standards for Small Business Enterprises, the Explanation on the Accounting Standards for Small Business Enterprises, and other relevant regulations published by the Ministry of Finance (all of which known as “the Accounting Standards for Small Business Enterprises”) on the basis of actual transactions and events, and prepares its financial statements on the above basis.

**2.2 Going concern**

The Company is able to continue to operate as a going concern for the next 12 months since the end of the reporting period, and there are no significant events affecting its ability to continue as a going concern.

**3. Principal accounting policies and accounting estimates**

**3.1 Statement on compliance with the Accounting Standards for Small Business Enterprises**

The financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, and its financial performance and its cash flows for April 1, 2020 to March 31, 2021 in accordance with the Accounting Standards for Small Business Enterprises.

**3.2 Accounting period**

The fiscal year is from January 1 to December 31.

The accounting period for this report is from April 1, 2020 to March 31, 2021.

**3.3 Operating cycle**

The Company's operating cycle is 12 months.

**3.4 Functional currency**

The Company adopts CNY as the functional currency.

**3.5 Recognition criteria of cash and cash equivalents**

For the purpose of preparing the statement of cash flows, the term "cash" refers to cash at hand and bank deposits readily available for payment purposes. The term "cash equivalents" refers to short-term (maturing within three months on acquisition) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**3.6 Accounting for foreign currency transactions**

Foreign currency transactions are translated into CNY for accounting purpose at the spot exchange rate on the day when the transaction occurs. The exchange differences arising from balances of foreign currency monetary items are translated at the spot exchange rate prevailing at the end of the reporting period. Except those arising from specific-purpose borrowings in foreign currencies related to assets eligible for capitalization that shall be measured in accordance with principle of capitalization of the borrowing costs, other exchange differences shall be recognized in profit or loss for the current period.

### 3.7 Fixed assets

#### 3.7.1 Recognition of fixed assets

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful lives exceeding one accounting year. Fixed assets are recognized when all the following criteria are satisfied:

- i) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and
- ii) The costs of the fixed assets can be measured reliably.

The initial measurement of fixed assets is made at cost (and by taking the impact of expected disposal costs).

The subsequent expenditures relating to fixed assets are included in the costs of fixed assets when relevant economic benefits are likely to flow in the Company and their costs can be measured reliably; as for the party replaced, the book value thereof is derecognized; all other subsequent expenditures are included in the current profit or loss when they occur.

#### 3.7.2 Depreciation methods of fixed assets

Depreciation is provided on a category basis using the straight-line method. The depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. If the useful lives of various categories of fixed assets are different, or economic benefits are generated from various fixed assets in different ways, then different depreciation rates or methods shall be selected by the Company for the fixed assets.

The estimated depreciation methods, depreciation periods, residual rates and annual depreciation rates of fixed assets are listed by their respective categories as follows:

Categories	Depreciation methods	Depreciation periods	Residual rates	Annual depreciation rates
Electronic hardware	straight-line method	3 years	0%	33.33%

### **3.8 Employee benefits**

#### **3.8.1 Accounting for short-term benefits**

The short-term benefits incurred during the period when the employees render services to the Company shall be recognized as liabilities and charged to profit or loss for the current period or costs of relevant assets.

Social insurance fees and housing provident funds paid by the Company for the employees, as well as labor union fees and labor education fees accrued during the period when the employees render services to the Company shall be recognized as employee benefits payable according to the stipulated basis of calculation and proportion.

The employee welfare expenditure in the form of benefits in kind shall be measured at fair value.

#### **3.8.2 Accounting for post-employment benefits**

##### **(1) Defined contribution plans**

The Company participates in the basic pension schemes and unemployment insurance programs as required by the local government. The Company calculates the amount payable according to the base and proportion of payment stipulated by the local government and recognizes the amount payable as liabilities, and charges it to profit or loss for the current period or includes it in costs of relevant assets.

In addition, the Company has established the corporate annuities scheme. The portion paid by the Company is accrued at a certain percentage of the total wages for the last year, and charged into profit or loss for the current period or costs of relevant assets.

##### **(2) Defined benefit plans**

The Company attributes the benefit obligation under the defined benefit plan to the period during which employees provide service to the Company, based on the formula of the projected unit credit method, and includes the same in the current profit or loss or costs associated with assets.

The deficit or surplus arising from the balance of the present value of the obligations of the defined benefit plans net of the fair value of assets thereof is recognized as a net liability or net asset of the defined benefit plan. For a surplus of defined benefit plans, the Company should measure the net asset of such defined benefit plans at the lower of the surplus of such defined benefit plans and the asset thereof.

All obligations of defined benefit plan include the obligation of payment during the 12 months after the end of the annual reporting period of expected receipt of services from employees, and are discounted according to the market yields of state bond with the same currency or high quality corporate bond prevailing at the end of the reporting period and during the obligation period of defined benefit plan.

The service costs of the defined benefit plan and net interest on the net liabilities or net assets in respect of the defined benefit plan are charged to the current profit or loss or cost of relevant assets; changes arising from re-measurement of net liabilities or net assets of defined benefit plans should be included in other comprehensive income and should not be reversed in subsequent accounting periods.

At the time of the settlement of defined benefit plan, the profit or loss is determined according to the difference between the present value of the defined benefit plan obligations and settlement price confirmed on the settlement date.

### **3.8.3 Accounting for termination benefits**

If the Company has no right to revoke plans or offer for termination of the employment relationship or the Company recognizes the cost or expenditure relevant to restructuring involving termination benefits, whichever is earlier, the termination benefits shall be recognized as provisions and charged to profit or loss for the current period.

## **3.9 Revenue**

### **General principles for recognition of revenue from sale of goods**

Stated and finished in the same accounting year, the revenue of the services rendered is recognized when the price or the receipts are gathered. For the services started and finished in different accounting periods, the revenue is recognized with completion percentage method at balance sheet date if the outcome can be estimated reliably.

When the outcome of transactions involving the rendering of services cannot be estimated reliably, revenue should be recognized and measured at the balance sheet date as follows:

- i. If the service costs incurred are expected to be fully recoverable, the amounts equal to the costs incurred should be recognized as revenues and the equivalent amounts of costs should be charged to



profit or loss for the current period;

ii. If the service costs incurred are not expected to be fully recoverable, revenues are not recognized and the costs incurred are recognized in profit or loss for the current period.

### 3.10 Leases

#### Accounting treatments for operating leases

i) The lease payments for assets acquired under operating leases should be recognized as expenses of the current period over the lease terms (including rent-free periods) on a straight-line basis. Initial direct costs relating to lease transactions incurred by the Company shall be recognized as expenses of the current period.

If expenses relating to lease which should be borne by the Company are paid by the lessor of the assets, they shall be deducted from the total lease expenses and the balances shall be amortized over the lease terms and charged to expenses of the current period.

ii) Lease income from assets surrendered under operating leases should be recognized over the lease terms (including rent-free periods) on a straight-line basis. Initial direct costs relating to lease transactions incurred by the Company shall be recognized as expenses of the current period; if the amounts are material, they shall be capitalized and amortized over the lease terms on the same basis as the recognition of lease income.

If expenses relating to leases which should be borne by the lessee of the assets are paid by the Company, they shall be deducted from the total lease income and the balances shall be amortized over the lease terms by the Company.

### 3.11 Changes in major accounting policies and accounting estimates

#### Changes in major accounting policies

(1) Implementation of the Interpretations on the Accounting Standards for Business Enterprises No. 13

On December 10, 2019, the Ministry of Finance issued the Implementation of the Interpretations on the Accounting Standards for Business Enterprises No. 13 (CK [2019] No.21, hereinafter referred to as "Interpretation No.13"), which will take effect as from January 1, 2020 and does not require retroactive adjustment.

① Identification of related parties

Interpretation No.13 clarifies that the following situations constitute related parties: joint ventures or associates between enterprise and other member units of its enterprise groups (including parent companies and subsidiaries); joint ventures of enterprises and other joint ventures or associates of enterprises. In addition, the Interpretation No.13 also clarifies that only two or more enterprises that are significantly affected by one party do not constitute related parties, and adds that associates include associates and their subsidiaries, and joint ventures include joint ventures and their subsidiaries.

② Definition of business

The Interpretation No.13 improves the three elements of business composition, refines the judgment conditions of business composition, and introduces the choice of "concentration test" to simplify the judgment of whether the combination obtained not under common control constitutes business to a certain extent.

As of January 1, 2020, the Company has implemented the Interpretation No.13. The comparable financial statements are not adjusted. The implementation of the Interpretation No.13 has no significant impact on the financial position and operating results of the Company.

(2) Implementation of the Provisions on Accounting Treatment of Rent Concessions Related to the Novel Coronavirus Pneumonia (COVID-19) Epidemic

The Ministry of Finance issued the Provisions on Accounting Treatment of Rent Concessions Related to the Novel Coronavirus Pneumonia (COVID-19) Epidemic (CK [2020] No. 10) on June 19, 2020 which would be implemented as of June 19, 2020. The provisions allow enterprises to adjust the concession of the relevant rent occurred from January 1, 2020 to the implementation date. According to the provisions, enterprises can choose to adopt simplified accounting methods to deal with rent reductions such as rent reduction and deferred payment of rent satisfying conditions and directly caused by COVID-19 epidemic.

The Company adopts simplified accounting methods for all rent concessions falling within the applicable scope of the regulations, (note: for the adoption not in full, the nature of the lease contract subject to the treatment of simplified methods shall also be disclosed), and adjusts the relevant rent concessions from January 1, 2020 to the implementation date of the provisions accordingly.

As the lessee, the Company adopts simplified methods to deal with related rent concessions to offset the current operating costs, general and administrative expenses and selling and distribution expenses totaling CNY 0.00.

#### 4. Taxation

##### 4.1 Major tax types and tax rates

Tax types	Basis of tax assessment	Tax rates
Value added tax (VAT)	Output VAT is calculated and paid on taxable revenue from sale of goods and provision of services, and VAT is paid at the net amounts after deducting input VAT for the current period.	3%
Urban maintenance and construction tax	Urban maintenance and construction tax is calculated and paid on VAT actually paid.	7%
Educational surtax	Educational surtax is calculated and paid on VAT actually paid.	3%
Local educational surtax	Local educational surtax is calculated and paid on VAT actually paid.	2%
Corporate income tax	Corporate income tax is calculated and paid on taxable profits.	25%

##### 4.2 Tax incentives and exemptions

The Company was recognized as a small and micro enterprise this year. The part of taxable income which was not exceed CNY 1, 000,000, it was reduced to 25% of taxable income. And its applicable corporate income tax rate is reduced to 20%

The part of taxable income which was between CNY 1, 000,000 to CNY 3, 000,000, it was reduced to 50% of taxable income. And its applicable corporate income tax rate is reduced to 20%

5. Notes to the main items of financial statements

5.1 Cash and cash equivalents

Items	As at March 31, 2021	As at March 31, 2020
Cash on hand		
Cash at bank	150,988.80	556,723.30
Other cash equivalents		
Total	150,988.80	556,723.30

5.2 Advances to suppliers

Aging	As at March 31, 2021		As at March 31, 2020	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	22,915.99	100.00	28,796.14	100.00
Total	22,915.99	100.00	28,796.14	100.00

5.3 Fixed assets

5.3.1 Fixed assets and disposal of fixed assets

Items	As at March 31, 2021	As at March 31, 2020
Fixed assets	2,691.12	4,390.80
Disposal of fixed assets		
Total	2,691.12	4,390.80

5.3.2 Breakdown of fixed assets

Items	Electronic hardware	Total
1. Carrying amounts		
(1) As at March 31, 2020	5,099.00	5,099.00
(2) Increases		
—Purchases		
(3) Decreases		
(4) As at March 31 2021	5,099.00	5,099.00
2. Accumulated depreciation		
(1) As at March 31, 2020	708.20	708.20
(2) Increases	1,699.68	1,699.68
—Accruals	1,699.68	1,699.68
(3) Decreases		
(4) As at March 31 2021	2,407.88	2,407.88
3. Net book value		
(1) As at March 31, 2021	2,691.12	2,691.12
(2) As at March 31, 2020	4,390.80	4,390.80

5.4 Employee benefits payable

5.4.1 Breakdown of employee benefits payable

Items	As at March 31. 2020	Increases	Decreases	As at March 31, 2021
Short-term benefits		904,179.98	904,179.98	
Post-employment benefits-Defined contribution plans		34,823.83	34,823.83	
Total		939,003.81	939,003.81	

5.4.2 Breakdown of short-term benefits

Items	As at March 31, 2020	Increases	Decreases	As at March 31, 2021
(1) Salary, bonus, allowance and subsidies		802,681.74	802,681.74	
(2) Social security contributions		44,726.24	44,726.24	
Including: Medical insurance premium		40,228.89	40,228.89	
Industrial injury insurance premium		43.94	43.94	
Security for the disabled		4,453.41	4,453.41	
(3) Housing provident fund		56,772.00	56,772.00	
Total		904,179.98	904,179.98	

5.4.3 Breakdown of defined contribution plans

Items	As at March 31, 2020	Increases	Decreases	As at March 31, 2021
Fundamental endowment insurance premium		32,855.52	32,855.52	
Unemployment insurance premium		1,968.31	1,968.31	
Total		34,823.83	34,823.83	

5.5 Other payables

Items	As at March 31, 2020	As at March 31, 2020
Interest payable		
Dividends payable		
Other payables	15,261.32	11,312.00
<b>Total</b>	<b>15,261.32</b>	<b>11,312.00</b>

5.5.1 Other payables

Items	As at March 31, 2020	As at March 31, 2020
Accrued expenses	15,261.32	11,312.00
<b>Total</b>	<b>15,261.32</b>	<b>11,312.00</b>

5.6 Paid-in capital

Items	As at March 31, 2020	Movements("+"for plus "-"for less)				As at March 31, 2021
		Capital contributions by owners	Transfer of reserved funds into paid-in capital(or share capital)	Others	Sub- total	
UNICHEM LABORATO RIES LTD	1,416,860.00	-	-	-	-	1,416,860.00

5.7 Retained profit

Items	As at March 31, 2021	As at March 31, 2020
Retained profit as at April 1, 2020	-838,261.76	
Plus: Net profit	-417,263.65	-838,261.76
<b>Closing balances of retained profit</b>	<b>-1,255,525.41</b>	<b>-838,261.76</b>

**5.8 Revenue from operations and Cost of operations**

Items	From April 1, 2020 to March 31, 2021		From June 27, 2019 to March 31, 2020	
	Revenue	Cost	Revenue	Cost
Main business income	1,019,463.17			
Other business income	4,651.46			
<b>Total</b>	<b>1,024,114.63</b>			

**5.9 Taxes and surcharges**

Items	From April 1, 2020 to March 31, 2021	From June 27, 2019 to March 31, 2020
Stamp tax	360.90	709.80
Local surtax	511.49	
<b>Total</b>	<b>872.39</b>	<b>709.80</b>

**5.10 Financial expenses**

Items	From April 1, 2020 to March 31, 2021	From June 27, 2019 to March 31, 2020
Interest expense		
Less: Interest income	3,657.89	615.58
Exchange loss ("-" for gain)		4,649.54
Other	900.00	15.60
<b>Total</b>	<b>-2,757.89</b>	<b>4,049.56</b>

**5.11 Other income**

Items	From April 1, 2020 to March 31, 2021	From June 27, 2019 to March 31, 2020
Tax deduction	233.11	355.00
<b>Total</b>	<b>233.11</b>	<b>355.00</b>



**5.12 Supplementary information of the statement of cash flows**

**5.12.1 Supplementary information of the statement of cash flows**

Items	From April 1, 2020 to March 31, 2021	From June 27, 2019 to March 31, 2020
1. Adjustments to reconcile net profit to net cash flows in operating activities:		
Net profit	-417,263.65	-838,261.76
Plus: Depreciation of fixed assets, etc.	1,699.68	708.20
Financial expenses ("-" for gains)		4,649.54
Decrease in operating receivables ("-" for increase)	5,880.15	-28,796.14
Increase in operating payables ("-" for decrease)	3,949.32	11,312.00
Net cash flows from operating activities	-405,734.50	-850,388.16
2. Net increase in cash and cash equivalents		
Cash at the end of the year	150,988.80	556,723.30
Less: Cash at the beginning of the year	556,723.30	
Net increase in cash and cash equivalents	-405,734.50	556,723.30

**5.11.1 Breakdown of cash and cash equivalents**

Items	As at March 31, 2021	As at March 31, 2020
1. Cash		
Including: Cash at bank readily available for payments	150,988.80	556,723.30
2. Balance of cash and cash equivalents at the end of the year	150,988.80	556,723.30

**6. Related parties and related party transactions**

**6.1 The parent of the Company**

Parent company	Registered location	Shares held by the parent company (%)	Voting rights held by the parent company (%)
UNICHEM LABORATORIES LTD	India	100.00	100.00

The ultimate controller of the Company is UNICHEM LABORATORIES LTD

**6.2 Other related parties of the Company**

Other related parties	Relationship with the Company
Unichem Farmaceutica Do Brasil Ltda	Controlled by the same ultimate holding company
Unichem Laboratories Limited	Controlled by the same ultimate holding company
Unichem S. A. (Pty) Limited	Controlled by the same ultimate holding company
Niche Generics Limited	Controlled by the same ultimate holding company
Unichem Pharmaceuticals (USA) Inc.	Controlled by the same ultimate holding company

**7. Commitments and contingencies**

**7.1 Significant commitments**

No other significant commitments needs to be disclosed.

**7.2 Contingencies**

No other significant contingencies needs to be disclosed.

**8. Subsequent events**

No significant subsequent event needs to be disclosed.

**9 Other significant events**

There is no other significant event to be disclosed at March 31,2021.

Unichem China Pvt. Ltd  
 (Corporate seal)  
 April 30, 2021