Guangdong Symphony Keruliai Air Coolers Co., Ltd.
Audited Special Purpose Financial Statements
For the year ended 31 March 2017

# GUANGDONG SYMPHONY KERUILAI AIR COOLERS CO., LTD

For the year ended 31 March 2017

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Independent Auditor's Report on Special Purpose Financial Statements

#### To Deloitte Haskins & Sells

In accordance with the instructions in your letter dated February 16, 2017, we have audited, for purposes of your audit of the consolidated financial statements of Symphony Limited, the accompanying special purpose financial statements of Guangdong Symphony Keruilai Air Coolers Co., Ltd. (the "Company") as of 31 March 2017 and for the year then ended.

Management's Responsibility for the Special Purpose Financial Statements

Management is responsible for the preparation and presentation of these special purpose financial statements in accordance with the Accounting System for Business Enterprises. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the special purpose financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. These special purpose financial statements have been prepared solely to enable Symphony Limited to prepare its consolidated financial statements.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards issued by the Chinese Institute of Certified Public Accountants. Chinese Certified Public Accountants Auditing Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial statements is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the special purpose 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 the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the special purpose 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 accompanying special purpose financial statements for Guangdong Symphony Keruilai Air Coolers Co Limited as of 31 Mar 2017 and for the year then ended has been prepared, in all material respects, in accordance with the Accounting System for Business Enterprises.

#### Other Matter

Without qualifying our audit opinion, we draw the financial statements users' attention to Note 3 to the Company's special purpose financial statements which indicate that Guangdong Symphony Keruilai Air Coolers Co., Ltd. had accumulated losses of RMB 105,247,893.78 and its total current liabilities exceeded its total current assets by RMB 26,726,722.81 as of 31 March 2017. The continuing operation of the Company mainly depends on the financial support from the investors. The Company has set forth these conditions, along with the improvement measures to be adopted in Note 3 to the Company's special purpose financial statements. However, this indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

#### Restriction on Use and Distribution

This special purpose financial statements have been prepared for purposes of providing information to Symphony Limited to enable it to prepare the consolidated financial statements of the group. As a result, the special purpose financial statements are not a complete set of financial statements of Guangdong Symphony Keruilai Air Coolers Co., Ltd. in accordance with the Accounting System for Business Enterprises and is not intended to give a true and fair view of, in all material respects, the financial position of Guangdong Symphony Keruilai Air Coolers Co Limited as of March 31, 2017, and of its financial performance for the year then ended in accordance with the Accounting System for Business Enterprises. The special purpose financial statement may, therefore, not be suitable for another purpose.

BOO China She Lun Pan CPAs LLP Shenzham Branch

BDO China Shu Lun Pan Certified Public Accountants LLP Shenzhen Branch Shenzhen, The People's Republic of China May11, 2017

## GUANGDONG SYMPHONY KERUILAI AIR COOLERS CO., LTD BALANCE SHEET 31 MARCH 2017 Currency: RMB

Assets	Note 7	31 March 2017
Current assets		
Cash at bank and on hand	(1)	2,772,761.78
Notes receivables	(2)	100,000.00
Accounts receivable	(3)	1,004,968.76
Other receivables	(4)	1,066,733.07
Advances to suppliers		1,511,616.48
Inventories	(5)	9,944,140.01
Total current assets		16,400,220,10
Non-current assets		
Fixed assets	(6)	4,114,740.53
Intangible assets	(7)	1,520,120.94
Long-term deferred expenditures	(8)	2,505,776.28
Total non-current assets		8,140,637.75
. Total assets		24,540,857.85

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

General Manager:

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Principal Financial Officer:

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## GUANGDONG SYMPHONY KERUILAI AIR COOLERS CO., LTD BALANCE SHEET(Continued) 31 MARCH 2017

Currency: RMB

Liabilities and owner's equity	Note 7	31 March 2017
Current liabilities		
Short-term loans	(9)	20,500,000.00
Accounts payable		9,623,874.14
Advances from customers		3,606,988.57
Payroll payable		1,532,453.96
Taxes payable	(10)	45,395.08
Other payables		216,446.61
Accrued expenses		7,601,784.55
Total current liabilities		43,126,942.91
Total liabilities		43,126,942.91
Owner's Equity		
Paid-in capital	(11)	85,000,000.00
Capital surplus	(12)	1,661,808.72
Accumulated losses		(105,247,893.78)
Total owner's equity		(18,586,085.06)
Total liabilities and owner's equity		24,540,857.85

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

General Manager:

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Principal Financial Officer: Peter zheng

## GUANGDONG SYMPHONY KERUILAI AIR COOLERS CO., LTD STATEMENT OF INCOME AND APPROPRIATION OF INCOME FOR THE YEAR ENDED 31 MARCH 2017 Currency: RMB

	Note 7	
Revenue from principal operations	(13)	48,486,215.71
Less: Cost of sales	(13)	(42,740,422.62)
Taxes and surcharges		(157,812.04)
Profit from principal operations		5,587,981.05
Less: Selling expenses	(14)	(7,827,344.16)
General and administrative expenses	(15)	(6,912,472.40)
Financial expenses	(16)	(912,941.23)
Operating loss		(10,064,776.74)
Add: Non-operating income	(17)	1,080,751.63
Less: Non-operating expenses	(18)	(618,290.39)
Total loss		(9,602,315.50)
Less: Income tax		
Net loss		(9,602,315.50)
Add: Accumulated losses at the beginning of		
the year		(95,645,578.28)
Accumulated losses at the end of the year		(105,247,893.78)

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

General Manager:

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Principal Financial Officer:

Peter sheng

## GUANGDONG SYMPHONY KERUILAI AIR COOLERS CO., LTD STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

Currency: RMB

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Cash flows from operating activities	
Cash received from sales and rendering of services	55,441,810.00
Refunds of taxes	1,228,063.24
Other cash received relating to operating activities	1,168,649.99
Sub-total of cash inflows	57,838,523.23
Cash paid for goods and services	37,773,066.23
Cash paid to and for employees	13,000,596.07
Cash paid for taxes	515,900.50
Other cash paid relating to operating activities	17,886,211.38
Sub-total of cash outflows	69,175,774.18
Net cash flow from operating activities (19)	(11,337,250.95)
Cash flows from investing activities	
Net cash flow from disposal of fixed assets,	
intangible assets and other long-term assets	99,334.24
Sub-total of cash inflows	99,334.24
Cash paid for acquisition of fixed assets, intangible	
assets and other long-term assets	2,767,776.54
Sub-total of cash outflows	2,767,776.54
Net cash flow from investing activities	(2,668,442.30)
Cash flows from financing activities	
Cash received from borrowings	32,399,956.00
Sub-total of cash inflows	32,399,956.00
Repayments of borrowings	23,495,302.35
Dividends paid, interest paid and cash payment for	
profit distribution	792,107.19
Sub-total of cash outflows	24,287,409.54
Net cash flow from financing activities	8,112,546.46
Effects of Changes in exchange rate on cash	
Net increase (decrease) of cash and cash	(5,893,146.79)
Add: Cash equivalent at the beginning of the year	8,665,908.57
Cash equivalent at the end of the year	2,772,761.78
The accompanying notes form an integral part of these	special purpose financial

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

General Manager:

Principal Financial Officer:

#### 1. Corporate information

Guangdong Symphony Keruilai Air Coolers Co., Ltd. (the "Company") (formerly known as "Dongguan Keruilai Air Treatment Equipment Co., Ltd" and "Munters Keruilai Air Treatment Equipment (Guangdong) Co., Ltd") was established in Dongguan, the people of Republic of China ("PRC"), by Dongguan Ruirong Investment Co., Ltd. ("Ruirong")(formerly known as "Keda Electrical & Mechanical Equipment Co., Ltd.") and four individual shareholders as a limited liability company on 3 June 2011, with paid-in capital of RMB1,000,000.00. The registration number of the Company's business license in No.441900001084923. The Company's office is located at Taiying Industrial Area, Hongmei Town, Dongguan, Guandong Province, the PRC.

On 23 August 2011, a capital injection was made by Ruirong and the four individual owners in forms of fixed assets and cash. The paid-in capital of the Company was RMB 40,000,000.00 upon completion of the capital injection. On 30 November 2011, AB Carl Munters Limited acquired entire equity interests from the four individual owners and made a capital injection in form of cash amounting to RMB 9,016,176.00. Upon completion of the above acquisition and capital injection, the Company became a foreign invested enterprise with an operation term of 50 years and changed its name to Munters Keruilai Air Treatment Equipment (Guangdong)Co., Ltd.. As at 31 December 2011, the registered capital of the Company was RMB 85,000,000.00 with an operation term of 50 years. On 9 February 2012, AB Carl Munters Limited made another capital injection of USD 5,709,185.59, which was equivalent to RMB 35,983,284.00. Upon completion of the capital injection, the registered capital of the Company was RMB 85,000,000.00, among which AB Carl Munters Limited and Ruirong holds 80% and 20%, respectively. The business license of the Company was updated on 5 November 2012. In 2013, Ruirong was merged with Dongguan Ruirong Industrial Investment Co., Ltd.. Therefore, Dongguan Ruirong Industrial Investment Co., Ltd. became the Chinese investor of the Company. In April 2015, AB Carl Munters Limited acquired the equity interest of the Company held by Dongguan Ruirong Industrual Investment Co., Ltd., with a consideration of RMB120,000,000, and become 100% holding company of the Company. On 13 August 2015, AB Carl Munters entered into a purchase and sales agreement with Symphony Limited. This acquisition was completed on 1 January 2016. On 5 January 2016, the Company changed its name to Guangdong Symphony Keruilai Air Coolers Co., Ltd. The legal representative of the Company is Xu Su Fang.

(All amounts in RMB unless otherwise stated)

The Company commenced its operation from 25 August 2011. The principal activities are developing, producing, selling and maintaining the cooling fan equipment and other equipment, such as dehumidification equipment, ventilation equipment and air purification equipment.

#### 2. Basis of preparation of financial statements

The Company prepares these special purpose financial statements in accordance with the Accounting System for Business Enterprises and relevant interpretations. The preparation of these special purpose financial statements is solely for Symphony Limited to prepare the consolidated financial statements. Management considers comparative figures are not relevant and no comparative figures are presented in these special purpose financial statements.

#### 3. Going-concern assumption

As of 31 March 2017, the Company had accumulated losses of RMB 105,247,893.78 and its total current liabilities exceeded its total current assets by RMB 26,726,722.81. By this situation, the continuing operation of the Company mainly depends on the financial support from its investor, who has undertaken to provide such financial support to the Company. Therefore, the Company has the ability to meet its liabilities in order to avoid the reduction of the production scale in the future. The Board of directors assures that the Company will continue to operate and the financial statements have been prepared on a going concern basis.

#### 4. Significant accounting policies

#### 4.1 Accounting year

The accounting year of the Company for these special purpose financial statements is from 1 April to 31 March.

#### 4.2 Reporting currency and foreign currency translation The Company's reporting currency is Renminbi ("RMB").

Transactions denominated in foreign currency are converted into RMB for accounting purpose at the spot exchange rate quoted by the People's Bank of China (the "reference rates", on the day when the transaction occurs. Monetary assets and liabilities denominated in foreign currencies are restated into the reporting currency using the rates of exchange (the "reference rates") ruling at the balance sheet date. The exchange gains or losses are dealt with in the statement of income for the period.

(All amounts in RMB unless otherwise stated)

#### 4.3 Basis of accounting and measurement principles

The accounts of the Company have been recorded on an accrual basis. Unless otherwise stated, the measurement basis used is historical cost. Subsequently, if the assets are impaired, impairment provisions are setup in accordance with the Accounting System for Business Enterprises.

#### 4.4 Cash and cash equivalents

The term "cash and cash equivalents" refers to cash on hand and deposits that are readily available for payment, short-term 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.

#### 4.5 Provision for bad debts

#### 1) Recognition criteria of bad debts

Uncollectible accounts arising from repeal and liquidation of debtor after taking legal clearance procedures;

Uncollectible accounts arising from the death of debtor leaving no assets to pay off and nobody to assume the obligations;

Overdue accounts due to the debtor's failure to repay obligations with clear evidence of no or little collectability.

## Accounting for bad debts Allowance method is adopted.

#### 3) Provision for bad debts method and percentage

Except for receivables due from related parties, the Company sets up specific and general bad debt provision for accounts receivables and other receivables. A specific provision refers to an amount that is provided based on management's assessment of recoverability of an individual receivable. A general provision is set up on the remaining balance of receivables (including accounts receivable and other receivables) based on their aging analysis, at the percentage shown below:

Aging Percentage of bad debts for accounts receivable (%)
Within credit period --Overdue within 6 months --Overdue over 6 months 100.00

(All amounts in RMB unless otherwise stated)

Aging	Percentage of bad debts for other receivables (%)	
Within 1 year	Borgas of trage parameters in a second	
1 to 2 years	50.00	
Over 2 years	100.00	

#### 4.6 Inventories

- Valuation method of received and dispatched inventories Inventories are classified into different categories: raw materials, work-in-progress, and finished goods, which are stated at cost when purchased. The cost of inventories is determined on weighted average basis.
- Low-cost consumables
   Low-cost consumables are amortized by lump-sum method;
- Inventory system
   The perpetual inventory system is adopted.
- 4) Provision of impairment for inventories After the inventory count at the end of the reporting period, provisions for diminution in values of inventories are made or adjusted at the lower of their costs or net realizable values. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to be incurred to completion and estimated expenses and related taxes necessary to make the sale.

The provision for finished goods and raw materials are determined on an individual basis and a category basis, respectively.

#### 4.7 Fixed assets

Fixed assets refer to tangible assets, with high unit costs, held for the purpose of producing commodities, providing services, renting or business management with useful lives exceeding one accounting year. Fixed assets are stated at cost when acquired. Fixed assets are depreciated using the straight-line method over their estimated useful lives.

(All amounts in RMB unless otherwise stated)

The respective estimated useful lives and estimated residual value of fixed assets are as follows:

Category	Estimated useful life (years)	Estimated residual value (%)	Annual depreciation rate (%)
Machinery	1-10		10-100
Office equipment	1-10		10-100
Motor vehicle	5		20

At the end of the accounting period, fixed assets are carried at the lower of book value and recoverable amount. A provision for impairment of fixed assets is made for any difference between the book value and the lower recoverable amount. The recoverable amount of fixed assets is the greater of the net selling price and the value in use. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

Gains or losses arising from the disposal, damage, obsolescence or physical counting of fixed assets are accounted for as non-operating income or expenses in the current period

#### 4.8 Construction in progress

Construction in progress include all costs incurred during the preparation period before commencement of construction and until the asset is ready for its intended use. These costs include direct materials, direct labour, equipment for installation, construction and installation charges, management fees, gain or loss on trial run production and borrowing costs which are qualified for capitalization. Construction in progress is transferred to fixed assets after they have reached working condition for intended use.

At the end of the period, construction in progress is examined on an individual project basis and impairment provisions are set up against those projects which have been suspended for a long period of time and construction of which is not expected to resume within three years, or for any project under construction but considered obsolete in terms of technology and functionality and where there exists significant uncertainty as to whether it will bring future economic benefits to the Company.

#### 4.9 Intangible assets

#### 1) Initial measurement

Intangible assets are recognized when interests generated by the assets will possibly obtained by the Company and the cost can be reliably calculated. Intangible assets are recorded at actual costs on acquisition. The fair value of an intangible assets acquired in a business combination can be measured with sufficient reliability to be recognized separately.

#### 2) Amortization of intangible assets

The useful lives of intangible assets are assessed based on estimated economic benefits periods. Those intangible assets without foreseeable economic benefits periods are classified as intangible assets without certain useful lives.

The useful lives of the Company's intangible assets are as follows:

Category	Useful life (years)
Patent right	10
Trademark	5
Software	5

#### 3) Provisions for impairment loss on intangible assets

The Company shall assess whether there is any indication that intangible assets may be impaired at the end of the reporting period, the indications include the following: (1) replacing by new technology; (2) detrimental effect on the profit making ability due to declining in market price or the price will not be recovered in a short period of time; (3) protection period cover by law is expired but there is still partial usable value. The recoverable amounts of the intangible assets are lower than their carrying amounts; the differences shall be recognized as provisions for impairment loss on intangible assets.

#### 4.10 Borrowing costs

Borrowing costs refers to the borrowing interests, amortization of discounts or premiums, ancillary costs and exchange differences arising from borrowings denominated in foreign currency, etc. For borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of assets qualified for capitalization, the costs shall be capitalized and included in the costs of the related assets.

The capitalized interest for borrowing costs for each accounting period rate shall be calculated and determined according to the weighted average of the interest rate to the extent of actual borrowing costs incurred during the period. Capitalization of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months. If the interruption is a necessary step for making the qualifying asset under acquisition, construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue. The borrowing costs incurred during such period shall be recognized as profits and losses of the current period. When the acquisition, construction or production of the asset resumes, the capitalization of borrowing costs shall continue. Capitalization of borrowing costs shall cease when the qualifying asset under acquisition, construction or production ready for the intended use or sale, and borrowing costs incurred thereafter are recorded as financial expenses in the period which are incurred. Other borrowing costs are charged to the statement of income as financial expenses when incurred.

#### 4.11 Revenue recognition

#### 1) Sales of goods

Revenue from the sale of goods is recognized when significant risks and rewards in relation to ownership of the goods have been transferred to the buyer, the Company maintains neither continuing managerial involvement nor effective control over the goods sold; and when it is probable that the economic benefits associated with the transaction will flow to the Company; and the relevant amounts of revenue and costs can be measured reliably. When it is probable that the economic benefits will flow to the Company and the revenue and costs can be measured reliably, revenue is recognized in the statement of income according to the following methods:

Revenue from sale of goods is determined according to the amount specified in the contract or agreement signed by the Company and the buyer, and excludes value-added tax ("VAT"). Sales return for goods sold after the balance sheet date that occur during the period between the balance sheet date and the date on which the financial statements are approved, are treated as and adjusting event after balance sheet date. Cash discounts are recognized as the financial expenses in the period in which they are incurred.

2) Rendering of services

If the services are provided and completed within the same year, revenue is recognized when the services have been rendered and payments for services have been received or payments for services are collectible. If the services have spanned more than one year, revenue is recognized by reference to percentage of completion method at balance date if the outcome of the services rendered can be estimated reliably.

#### 4.12 Income tax

Income tax expenses are accrued in accordance with the applicable tax law.

#### 4.13 Operating lease

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. The lease payments should be recognized as expenses of the current period over the lease terms (including rent-free periods) on a straight-line basis.

#### 4.14 Related parties

Parties are considered to be related if one party has ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. If two or more parties are subject to control from the same party, they are also regarded as related parties

- 5. Changes in significant accounting policies and accounting estimates
- 5.1 Changes in accounting policies

There has been no change of accounting policies for the year ended 31 March 2017.

#### 5.2 Changes in accounting estimates

There has been no change in accounting estimates for the year ended 31 March 2017.

#### 5.3 Corrections of prior period errors

There has been no correction of prior period errors for the year ended 31 March 2017.

6. Taxes

6.1 Major tax types and tax rates applicable to the Company

Tax types	Basis of tax assessment	Tax rates
VAT	Output VATs are calculated and paid on taxable revenues, and VATs are paid at the net amounts after deducting input VATs for the current period	17%
Urban maintenance and construction tax	Urban maintenance and construction taxes are paid on turnover taxes	7% 5%
Enterprise income tax	Enterprise income taxes are paid on taxable profits	259
Educational surtax	Educational surtaxes are paid on turnover taxes	3%
Local educational surtax	Educational surtaxes are paid on turnover taxes	2%

#### 6.2 Tax deductions and exemptions

The Company does not entitle to any tax exemption or preferential tax rate. The applicable enterprise income tax rate for the year was 25%.

#### 7. Notes to the main items of the special purpose financial statements

#### 7.1 Cash at banks and on hand

Item	31 March 2017	
Cash on hand	11,286.90	
Cash at banks	2,761,474.88	
Total	2,772,761.78	

As at the balance sheet date, there was no restricted cash.

#### 7.2 Note receivables

1) Category of note receivables

Item	31 March 2017
Bank acceptance note	100,000.00
Total	100,000.00

<sup>2)</sup> As at the balance sheet date, there was no pledged note.

#### 7.3 Accounts receivable

1) Aging analysis of accounts receivable

Aging	31 March 2017					
	Book valu	Provision for bad debts				
	Amount	(%)	Amount	(%)		
Within 6 months	1,004,968.76	79.78%				
Over 6 months	254,727.72	20.22%	254,727.72	100.00%		
Total	1,259,696.48	100.00%	254,727.72	20.22%		

Provision for bad debts on accounts receivable

	4 4	Addition	Decr	ease	31 March 2017
Item	1 April 2016	Addition	Reversal	Written-off	31 March 2017
Provision for bad debts on accounts receivable	1,128,624.23		873,896.51		254,727.72

#### 7.4 Other receivables

1) Aging analysis of other receivables

	31 March 2017					
Aging	Book val	Provision for bad debts				
	Amount	(%)	Amount	(%)		
Within 1 year	1,066,733.07	100%	Charle A			
1 to 2 years						
Total	1,066,733.07	100%				

Bearing and the second	1 April		Decrease		
Item	2016 Incre	Increase	Reversal	Written- off	31 March 2017
Provision for bad debts					

(All amounts in RMB unless otherwise stated)

### Inventories

1) Breakdown of inventories

la constitution of the con		31 March 2017				
Item	Book value	Provision	Net carrying amount			
Raw materials	3,681,248.71	1,661,907.76	2,019,340.95			
Consignment processing materials	877,652.91	1 - 1	877,652.91			
Semi-finished goods	278,120.40	109,966.70	168,153.70			
Work-in-progress	189,764.24		189,764.24			
Finished goods	6,713,268.73	24,040.52	6,689,228.21			
Total	11,740,054.99	1,795,914.98	9,944,140.01			

the same	4.4	language	Decr	ease	31 March 2017
Item	1 April 2016	Increase	Reversal	Written-off	31 March 2017
Raw materials	1,177,907.64	484,000.12		-/	1,661,907.76
Semi-finished goods	133,739.16	+ 1	23,772.46	34 15 ···	109,966.70
Finished goods	714,653.37	1 L	690,612.85	15 15 15 15	24,040.52
Total	2,026,300.17	484,000.12	714,385.31		1,795,914.98

7.6 Fixed assets

1) Breakdown of fixed assets

Item	1 April 2016	Reclassification	Increase	Decrease	31 March 2017
Total cost	21,158,894.39	25 33 Jee	68,702.27	3,191,407.54	18,036,189.12
- Machinery	14,443,501.36		53,504.27	157,294.45	14,339,711.18
- Office equipment	6,518,694.70		15,198.00	3,031,347.35	3,502,545.35
- Motor vehicles	196,698.33		M	2,765.74	193,932.59
Total accumulated depreciation	13,794,319.89	) differ	1,600,836.42	2,785,855.11	12,609,301.20
- Machinery	8,197,119.61	493,315.07	1,115,407.10	99,899.18	9,705,942.60
- Office equipment	5,410,407.81	(493,315.07)	480,232.94	2,683,190.19	2,714,135.49
- Motor vehicles	186,792.47	15 m. 15	5,196.38	2,765.74	189,223.11
Total book value	7,364,574.50		No teleporari		5,426,887.92
- Machinery	6,246,381.75		T Land		4,633,768.58
- Office equipment	1,108,286.89				788,409.86
- Motor vehicles	9,905.86			414° in	4,709.48
Total impairment	1,603,001.22			290,853.83	1,312,147.39
- Machinery	1,603,001.22			290,853.83	1,312,147.39
- Office equipment				·	-
- Motor vehicles				444	1 th
Total carrying value	5,761,573.28				4,114,740.53
- Machinery	4,643,380.53				3,321,621.19
- Office equipment	1,108,286.89				788,409.86
- Motor vehicles	9,905.86				4,709.48

Total depreciation for the year ended 31 March 2017 was RMB 1,600,836.42.

7.7 Intangible assets

41	Dan a faularina	-ft-t-u-thla accate	
71	Breakdown	of intangible assets	

Item	1 April 2016	Increase	Decrease	31 March 2017
Total cost	19,484,562.68	45,462.00		19,530,024.68
- Patent right	15,990,000.00		7	15,990,000.00
- Trademark	2,000,000.00		10 p. 11	2,000,000.00
- Software	1,494,562.68	45,462.00		1,540,024.68
Total accumulated depreciation	15,243,831.97	1,426,072.10		16,669,904.07
- Patent right	12,338,069.33	1,073,48.10	100	13,411,549.43
- Trademark	1,833,319.30	166,680.70		2,000,000.00
- Software	1,072,443.34	185,911.30	F	1,258,354.64
Total impairment	1,339,999.67		X 74	1,339,999.67
- Patent right	1,339,999.67		MARINE	1,339,999.67
- Trademark		b. 38	11,750	
- Software	P. J. 10			( ) · · · ·
Total carrying value	2,900,731.04	14 表 15		1,520,120.94
- Patent right	2,311,931.00			1,238,450.90
- Trademark	166,680.70	METT		1.1
- Software	422,119.34	polic state with		281,670.04

Total amortization for the year ended 31 March 2017 was RMB 1,426,072.10.

7.8 Long-term deferred expenditures

Item	1 April 2016	Increase	Amortization	Other decrease	31 March 2017
Decoration	796,424.64	2,653,612.27	437,343.00	506,917.63	2,505,776.28

7.9 Short-term borrowings

Item	31 March 2017	
Borrowing from banks*	20,500,000.00	

\* On 23 February 2017, the Company borrowed RMB 9,000,000.00 from Standard Chartered Bank. The borrowing will be matured 6 months after the receipt of the borrowing. The borrowing is subject to an interest rate Libor+2.5%. On 17 March 2017, the Company borrowed RMB 11,500,000.00 from Standard Chartered Bank. The borrowing will be matured 6 months after the receipt of the borrowing. The borrowing is subject to an interest rate Libor+2.5%. All borrowings are guaranteed by Symphony Limited.

7.10 Taxes payable

Item	Tax rate	31 March 2017
Urban maintenance and construction tax	7%、5%	21,864.32
Educational surtax	3%、2%	21,864.32
Stamp duty		1,666.44
Total	MARKS AND LO	45,395.08

7.11 Paid-in capital

Investor	31 March 2017		
	Amount	Percentage (%)	
Symphony Limited	85,000,000.00	100.00	
Total	85,000,000.00	100.00	

Guangzhou Da Gong Certified Public Accountants and Daxin Certified Public Accountants have verified the above capital contributions and issued the capital verification reports.

7.12 Capital surplus

Item	1 April 2016	Increase	Decrease	31 March 2017
Capital premium	1,600,897.94			1,600,897.94
Other	60,910.78		151-16	60,910.78
Total	1,661,808.72		- plana	1,661,808.72

7.13 Revenue from principal operations and cost of sales

	For the year ended 31 March 2017		
Item	Revenue	Cost of sales	
Sales of products	48,486,215.71	42,740,422.62	
Total	48,486,215.71	42,740,422.62	

7.14 Selling expenses

Item	For the year ended 31 March 2017 7,827,344.16	
Total		
Thereinto:	the white-state state states	
Salaries	2,814,042.93	
Promotional expenses	1,576,407.04	
Amortization of intangible assets	1,243,340.80	
Freight charge	658,931.05	
Travelling expenses	645,660.77	

7.15 General and administrative expenses

Item	For the year ended 31 March 2017	
Total	6,912,472.40	
Thereinto:	The River State	
Salaries	3,318,192.30	
Lease expenses	1,337,891.35	
Depreciation	500,830.51	
Reversal of bad debt allowance	(873,896.51)	

7.16 Financial expenses

Item	For the year ended 31 March 2017	
Interest expenses	792,107.19	
Less: Interest income	(183,906.76)	
Exchange gain	(94,787.55)	
Bank charges	399,528.35	
Total	912,941.23	

7.17 Non-operating income

Item	For the year ended 31 March 2017	
Profits from disposal of non-current assets	96,008.40	
Thereinto: profit from disposal of fixed assets	96,008.40	
Subsidy income	672,276.00	
Others	312,467.23	
Total	1,080,751.63	

7.18 Non-operating expenses

Item	For the year ended 31 March 2017	
Losses on disposal of non-current assets	618,290.39	
Thereinto: losses on disposal of fixed assets	618,290.39	
Total	618,290.39	

#### 7.19 Statement of cash flows

1) Supplementary information for statement of cash flow

Supplementary information for statement	
Supplementary information	For the year ended 31 March 2017
1.Reconciliation of net loss to cash flows from operating activities:	THE PARTY OF THE
Net loss	(9,602,315.50)
Add:Reversal of provision for inventories	(230,385.19)
Reversal of bad debt allowance	(873,896.51)
Depreciation of fixed assets	1,600,836.42
Amortization of intangible assets	1,426,072.10
Amortization of long-term deferred expenditures	437,343.00
Decrease in deferred expenditures	5,923.38
Decrease in accrued expenses	(4,655,490.01)
Gain or loss from disposal of fixed assets, intangible assets and other long-term assets	522,281.99
Financial expenses	792,107.19
Changes in inventories	691,553.38
Changes in receivables	(658,163.10)
Changes in payables	(793,118.10)
Net cash flow from operating activities	(11,337,250.95)

(All amounts in RMB unless otherwise stated)

#### 8. Commitment and contingency

#### 8.1 Commitment

a) Lease commitment

Remaining lease period	Minimum lease payment	
Within 1 year	1,777,500.00	
1 to 2 years	1,620,000.00	
2 to 3 years	1,620,000.00	
Over 3 years	1,946,700.00	
Total	6,964,200.00	

#### b) Capital commitment

There are no capital commitments as at the balance sheet date.

#### 8.2 Contingency

The Company does not have any contingency to be disclosed.

#### 9. Post balance sheet date events

The Company does not have any non-adjusting post balance sheet date event to be disclosed.

### 10. Related party transaction and relationship

10.1 Related parties with control relationships

Name of parent	Registered place	Parent controlling interest (%)	Parent voting percentage (%)
Symphony Limited	India	100.00	100.00

### 10.2 The Company has no subsidiary, associate or joint venture.

10.3 Other related party information

Name	Relationship
Sylvan Holdings Pte. Ltd.	Fellow subsidiary
IMPCO S DE RL DE CV	Fellow subsidiary

(All amounts in RMB unless otherwise stated)

#### 10.4 Related party transaction information Related party transaction

1) Sales to related parties

Name of related party	Туре	For the year ended 31 March 2017
Symphony Limited	Sale of products	4,622,397.08
IMPCO S DE RL DE CV	Sale of products	419,048.47
Total	and the pay	5,041,445.55

The price of goods sold to related parties were based on mutual agreement.

#### Guaranteed by related parties

As at the balance sheet date, the borrowings from banks of RMB20,500,000.00 were guaranteed by Symphony Limited.  $\frac{1}{2} \left( \frac{1}{2} \right) \left( \frac$ 

Financing from related parties

Name of related party	For the year ended 31 March 2017	
Sylvan Holdings Pte.Ltd.*	20,495,312.35	
Total	20,495,312.35	

<sup>\*</sup> The loans from Sylvan Holdings Pte. Ltd. was fully repaid during the year ended 31 March 2017.

4) Expenses charged by related parties

Name of related party	For the year ended 31 March 2017	
Symphony Limited	171,609.73	
Total	171,609.73	

5) Interests charged by related parties

Name of related party	For the year ended 31 March 2017	
Sylvan Holdings Pte. Ltd.	780,290.10	
Total	780,290.10	

6) Related party accounts receivable/payable

	Name of related party	31 March 2017
Advance from customers	Symphony Limited	1,692,413.12
Advance from customers	IMPCO S DE RL DE CV	3,445.30
Other payables	Symphony Limited	171,609.73

The approval of financial statements
 The financial statements have been approved and authorized for issue by board of directors.

Guangdong Symphony Keruilal Air Coolers Co., Ltd.

May 11, 2017