

WUXI VEGA TRADE CO., LTD.
无锡唯铬嘉贸易有限公司
(incorporated in China with limited liability)

COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018



華德會計師事務所

CW CPA Certified Public Accountants

W www.cwhkcpa.com | E cw@cwhkcpa.com

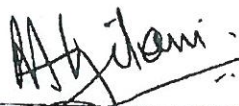
Wuxi Vega Trade Co., Ltd.
 (incorporated in China with limited liability)
 Financial statements for the year ended 31 March 2018


**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 RMB	2017 RMB
Turnover	2.2	18,281,251	27,786,655
Cost of sales		<u>(15,494,873)</u>	<u>(22,006,442)</u>
Gross profit		2,786,378	5,780,213
Other income	5	4,893	6,667
Selling and distribution costs		(1,954,695)	(3,049,514)
Administrative and other operating expenses		<u>(609,163)</u>	<u>(1,744,451)</u>
Profit before income tax	6	227,413	992,915
Income tax	7	<u>(256,413)</u>	<u>-</u>
(Loss) / Profit for the year		(29,000)	992,915
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive (loss) / income for the year, net of tax		<u><u>(29,000)</u></u>	<u><u>992,915</u></u>

**STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2018**

	Note	2018 RMB	2017 RMB
ASSETS			
Non-current assets			
Plant and equipment	8	6,752	10,495
Current assets			
Inventories	9	1,690,149	385,705
Trade and other receivables	10	6,880,409	11,172,351
Cash and bank balances		2,476,696	1,078,390
		<u>11,047,254</u>	<u>12,636,446</u>
TOTAL ASSETS		<u>11,054,006</u>	<u>12,646,941</u>
EQUITY AND LIABILITIES			
Equity attributable to owners			
Capital contribution	11	1,915,998	1,915,998
Retained profits		558,268	587,268
		2,474,266	2,503,266
Current liabilities			
Trade and other payables	12	8,579,740	10,143,675
TOTAL EQUITY AND LIABILITIES		<u>11,054,006</u>	<u>12,646,941</u>


 R.A. Gilani
 Director


 P.R. Shah
 Director

Wuxi Vega Trade Co., Ltd.
(incorporated in China with limited liability)
Financial statements for the year ended 31 March 2018

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Capital Contribution RMB	(Accumulated losses) / Retained profits RMB	Total RMB
At 1 April 2016	1,915,998	(405,647)	1,510,351
Profit for the year	-	992,915	992,915
At 31 March 2017	<u>1,915,998</u>	<u>587,268</u>	<u>2,503,266</u>
At 1 April 2017	1,915,998	587,268	2,503,266
Loss for the year	-	(29,000)	(29,000)
At 31 March 2018	<u>1,915,998</u>	<u>558,268</u>	<u>2,474,266</u>

**STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 MARCH 2018**

	2018 RMB	2017 RMB
Cash flows from operating activities		
Profit before income tax	227,413	992,915
Adjustments for :		
Depreciation	3,743	6,499
Interest income	(4,893)	(6,667)
Operating profit before working capital changes	226,263	992,747
Changes in working capital		
- Inventories	(1,304,444)	1,082,998
- Trade and other receivables	4,291,942	(83,903)
- Trade and other payables	(1,563,935)	(1,583,910)
Income tax paid	1,649,826	407,932
Interest received	(256,413)	-
	4,893	6,667
Net cash generated from operating activities	1,398,306	414,599
Cash flows from investing activities		
Purchase of plant and equipment	-	(7,265)
Net cash used in investing activities	-	(7,265)
Net increase in cash and cash equivalents	1,398,306	407,334
Cash and cash equivalents at the beginning of the year	1,078,390	671,056
Cash and cash equivalents at the end of the year	2,476,696	1,078,390
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	2,476,696	1,078,390

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

- (a) Wuxi Vega Trade Co., Ltd (“the Company”) was engaged in trading of mining equipments and parts and provision of technical consultancy services.
- (b) The Company is incorporated in Wuxi, Jiangsu, China with limited liabilities. The address of its registered office is at Suite 1102, No.655, HuBin Road, BinHu District, Wuxi. The principal place of business is Suite 1001, No.655, HuBin Road, BinHu District, Wuxi.
- (c) These financial statements are presented in RMB.

2 PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of preparation and changes in accounting policies

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (IFRSs).

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires directors to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(a) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017.

- Recognition of Deferred Tax Assets for Unrealised Losses, and;
- Disclosure initiative – amendments to IAS 7.

The Company also elected to adopt the following amendments early.

- Annual Improvements to IFRS Standards 2014-2016 Cycle, and

The adoption of these amendments did not have any impact on the amounts recognized in prior periods. Most of the amendments will also not affect the current or future periods.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation and changes in accounting policies (continued)

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2018 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 15 "Revenue from Contracts with Customers"

The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

Management has assessed the effects of applying the new standard on the Company's financial statements and has identified the following areas that will be affected.

- Presentation of contract assets and contract liabilities in the statement of financial position – IFRS 15 requires separate presentation of contract assets and contract liabilities in the statement of financial position. This will result in some reclassification as of 1 April 2018 in relation to sales contracts and contract liabilities in relation to expected volume discounts and rights to return which are currently included in other statement of financial position line items.

The application of IFRS 15 may further result in the identification of separate performance obligations in relation to sales contracts which could affect the timing of the recognition of revenue going forward.

Date of adoption by Company

Mandatory for financial years commencing on or after 1 April 2018. The Company intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognized in retained earnings as of 1 April 2018 and that comparatives will not be restated.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(b) *New standards and interpretations not yet adopted (continued)*

IFRS 16 "Leases"

IFRS 16 will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

Impact

The standard will affect primarily the accounting for the Company's operating leases. As at the reporting date, the Company had non-cancellable operating leases commitments of RMB30,000. The Company estimates that approximately 60% of these relate to payments for short-term and low value leases which will be recognized on a straight-line basis as an expense in profit or loss.

However, the Company has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognized on adoption of the new standard and how this may effect the Company's profit or loss and classification of cash flows going forward.

Mandatory application date/ Date of adoption by Company

The Mandatory application date for IFRS 16 is for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

2.2 Revenue recognition

Turnover comprises the fair value for the sales of goods, net of returns and discounts.

Revenue is recognized as follows:

(a) Sales of goods

Sales of goods are recognized when the Company has delivered products to the customer, the customer has accepted the products and collectibility of the related receivable is reasonably assured.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

(b) Consultancy fee income

Consultancy fee income is recognised when the relevant service has been rendered.

(c) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

2.3 Plant and equipment

Plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the profit or loss during the financial year in which they are incurred.

Depreciation of plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives, at the annual rate of 20%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each of the end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.4 Impairment of assets

Assets that have an indefinite useful life are not subject to amortization, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.5 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost, calculated on the first in first out basis, is based upon the invoiced value of the purchase amount. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

2.6 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the profit or loss.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.8 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost, except for interest-free loans from related parties without any fixed terms of repayment which are stated at cost.

2.9 Provisions and contingent liabilities

Provision are recognized for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.10 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in RMB, which is the Company’s functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale investments, are included in the fair value reserve in equity.

2.11 Leases (as the lessee)

(a) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the profit or loss on a straight-line basis over the year of the lease.

(b) Finance lease

Leases of assets where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease’s commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. The interest element of the finance cost is recognized in the profit or loss over the lease year so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.12 Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The employees of the Company, which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government in Mainland China. The Company is required to contribute a percentage of their payroll costs to the central pension scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits are recognized when, and only when, the Company demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

2.13 Income tax

Income tax comprises current and deferred taxes. It is recognized in the profit or loss or, if it relates to items that are recognized directly in equity in the same or a different year, directly in equity.

Current tax is based on the result for the year as adjusted for items which are non-assessable or disallowable.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine deferred tax assets and liabilities.

2.14 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or entities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks : credit risk, liquidity risk and market risk (including currency risk and interest rate risk).

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk

The Company's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Company maintains a defined credit policy for its trade customers and the credit terms given vary according to the business activities. The financial strength of and the length of business relationship with the customers, on an individual basis, are considered in arriving at the respective credit terms. Overdue balances are reviewed regularly by management.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Company has a certain concentration of credit risk as 54% (2017 : 47%) of the total trade and other receivables was due from the Company's largest customer.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, in the statement of financial position after deducing any impairment allowance. The Company does not provide any guarantees which would expose the Company to credit risk.

Further quantitative disclosures in respect of the Company's exposure to credit risk arising from trade and other receivables are set out in note 10.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Liquidity risk

The Company is responsible for its own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Company's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Company's non-derivative financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Company can be required to pay :

	Carrying amount RMB	Total contractual undiscounted cash flow RMB	Within 1 year or on demand RMB
<u>2018</u>			
Trade and other payables	<u>8,579,740</u>	<u>8,579,740</u>	<u>8,579,740</u>
		Total	
<u>2017</u>	Carrying	contractual	Within 1
	Amount	undiscounted	year or on
	RMB	cash flow	demand
		RMB	RMB
Trade and other payables	<u>10,143,675</u>	<u>10,143,675</u>	<u>10,143,675</u>

(c) Market risk

(i) Interest rate risk

As the Company has no significant interest-bearing assets and liabilities, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

(ii) Currency risk

The Company is exposed to currency risk primarily through purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The major currencies giving rise to this risk is United States dollars (US\$).

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Market risk (continued)

(ii) Currency risk (continued)

At 31 March 2018, if RMB had weakened / strengthened by 5% against US\$ with all other variables held constant, profit for the year would have been approximately RMB276,000 (2017 : RMB349,000) lower / higher, mainly as a result of foreign exchange gains / losses on translation of US\$ denominated trade payables and trade receivables.

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other shareholders, and to support the Company's stability and growth.

The Company actively and regularly reviews and manages its capital structure to ensure optimal capital and shareholder returns, taking into consideration to ensure the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Company will consider to provide shareholder with a dividends when there is sufficient surplus cash or cash equivalents.

The Company monitors capital by reviewing the level of capital that is at the disposal of the Company ("adjusted capital"). Adjusted capital comprises all components of shareholder's equity and retained profits. The adjusted capital of the Company at 31 March 2018 was RMB2,474,266 (2017: RMB2,503,266). The decrease of capital was mainly due to the decrease in retained profits during the year.

3.3 Fair values and estimation of fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2018 and 2017.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Deferred income tax

The Company's management determines the deferred income tax assets based on the enacted or substantially enacted tax rates and best knowledge of profit projections of the Company for coming years during which the deferred tax assets are expected to be utilized. Management will revise the assumptions and profit projections by each of the end of the reporting period.

(b) Impairment of receivables

The policy for impairment losses of other receivables of the Company is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realization of these receivables. If the financial conditions of other receivables of the Company were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment losses may be required.

5 OTHER INCOME

	2018 RMB	2017 RMB
Interest income	<u>4,893</u>	<u>6,667</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 PROFIT BEFORE INCOME TAX

	2018 RMB	2017 RMB
Profit before income tax is stated after (crediting) / charging the following :		
Auditor's remuneration		
- current year	88,000	72,000
- underprovision in prior years	19,855	9,459
	107,855	81,459
Cost of inventories sold	15,494,873	22,006,442
Depreciation	3,743	6,499
Net exchange (gain) / loss	(426,732)	843,088
Operating leases in respect of rented premises	18,000	18,000
Staff costs (excluding directors' emoluments)		
- salaries	1,240,590	1,196,020
- pension costs	291,632	277,073
	<u>1,532,222</u>	<u>1,473,093</u>

7 INCOME TAX

- (a) Income tax has been provided at the rate of 25% on the estimated assessable profit for the year. (2017 : nil)
- (b) Reconciliation between the accounting profit at the applicable tax rate and the income tax is as follows:-

	2018 RMB	2017 RMB
Profit before income tax	<u>227,413</u>	<u>992,915</u>
Notional tax on profit before income tax calculated at tax rate of 25% (2017 : 25%)	56,853	248,229
Tax effect on :		
- unrecognized deferred income tax losses	-	(248,229)
- unrecognized temporary difference	<u>199,560</u>	<u>-</u>
	<u>256,413</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 PLANT AND EQUIPMENT

	Office equipment RMB
Cost	
At 1 April 2016	49,482
Addition	<u>7,265</u>
At 31 March 2017 and at 31 March 2018	----- 56,747
Accumulated depreciation	
At 1 April 2016	39,753
Charge for the year	<u>6,499</u>
At 31 March 2017	46,252
Charge for the year	<u>3,743</u>
At 31 March 2018	----- 49,995
Net book value	
At 31 March 2018	<u><u>6,752</u></u>
At 31 March 2017	<u><u>10,495</u></u>

9 INVENTORIES

	2018 RMB	2017 RMB
Merchandised goods	1,600,240	385,705
Goods in transit	<u>89,909</u>	<u>-</u>
	<u><u>1,690,149</u></u>	<u><u>385,705</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 TRADE AND OTHER RECEIVABLES

	2018	2017
	RMB	RMB
Trade receivables		
- immediate parent company	1,354,771	1,684,824
- others	<u>3,292,172</u>	<u>3,679,191</u>
	4,646,943	5,364,015
Bills receivable	2,024,200	5,793,336
Value added tax recoverable	194,266	-
Prepayment and deposits	<u>15,000</u>	<u>15,000</u>
	<u>6,880,409</u>	<u>11,172,351</u>

(a) Aging analysis

The amount of the Company's deposits and prepayments expected to be recovered or recognized as expense after more than one year is RMB3,000 (2017 : RMB3,000). All of the other trade and other receivables, are expected to be recovered or recognized as expense within one period, and the carrying amounts approximate their fair values.

Trade receivables are due within 60 days from the date of billing. Further details on the Company's credit policy are set out in note 3.1(a).

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Company is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivable directly. No impairment loss of trade receivables was provided as at 31 March 2018. (2017 : nil)

(c) Trade receivables that are not impaired

The aging analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows :

	2018	2017
	RMB	RMB
Neither past due nor impaired	301,410	1,155,558
1 to 3 months past due	2,457,855	1,727,357
More than 3 months past due	<u>1,887,678</u>	<u>2,481,100</u>
	<u>4,646,943</u>	<u>5,364,015</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 TRADE AND OTHER RECEIVABLES (continued)

Trade receivables that were neither past due nor impaired related to customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Company. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Company does not hold any collateral over these balances.

11 CAPITAL CONTRIBUTION

	2018 RMB	2017 RMB
Registered and fully paid :		
US\$300,000	equivalent to <u>1,915,998</u>	<u>1,915,998</u>

12 TRADE AND OTHER PAYABLES

	2018 RMB	2017 RMB
Trade payables		
- immediate parent company	6,712,696	8,553,191
- ultimate parent company	<u>157,202</u>	<u>-</u>
	6,869,898	8,553,191
Receipts in advance	1,574,805	1,031,060
Value added tax payable	-	392,101
Other payables and accruals	<u>135,037</u>	<u>167,323</u>
	<u>8,579,740</u>	<u>10,143,675</u>

All of the trade and other payables are expected to be settled or recognized as income within one year, and the carrying amounts approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Company entered into the following material related party transactions :

	2018 RMB	2017 RMB
<u>Vega Industries (Middle East) F.Z.C</u> ("immediate parent company")		
- Purchases from	<u>16,063,069</u>	<u>19,834,175</u>
<u>AIA Engineering Limited</u> ("ultimate parent company")		
- Bank charges reimbursed by	<u>157,202</u>	<u>-</u>

14 ULTIMATE AND IMMEDIATE PARENT COMPANIES

The directors regard Vega Industries (Middle East) F.Z.C, a company incorporated in United Arab Emirates, as being the immediate parent company and AIA Engineering Limited, a company incorporated in United Arab Emirates, as being the ultimate parent company.

15 APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 1 to 20 were approved and authorized for issue by the board of directors on

10 APR 2018



Partners

黃華榮 執業會計師
THOMAS W S WONG, FCPA (Practising)

蔡懿德 執業會計師
ROSANNA Y T CHOI, FCPA (Practising)

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF
WUXI VEGA TRADE CO., LTD.**

无锡唯铬嘉贸易有限公司
(incorporated in China with limited liability)

Opinion

We have audited the financial statements of Wuxi Vega Trade Co., Ltd (“the Company”) set out on pages 1 to 20, which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company’s financial reporting process.

● Hong Kong 香港

Suites 2111-13, 21/F, Prudential Tower,
The Gateway, Harbour City,
21 Canton Road, Tsimshatsui,
Kowloon, Hong Kong
香港九龍尖沙咀廣東道21號海港城
英國匯豐銀行大樓21樓2111-13室
Tel: +852 2956 3795

● Shenzhen 深圳

Room 3, 10/F, Tower A, Halsong Building,
Terra 9 Road, Chegongmiao, Futian District,
Shenzhen 518040, China
深圳市福田區皇崗九龍
海松大廈A座10層3室
郵編: 518040
Tel: +86 (755) 8273 5001

● Guangzhou 廣州

Room 1606, 16/F, Bravo Global Plaza,
No. 1 Jinsui Road, Tianhe District,
Guangzhou 510000, China
廣州市天河區珠江新城金穗閣1號
菲華環球廣場16樓1606室
郵編: 510000
Tel: +86 (20) 8135 0412

● Shanghai 上海

Room 1804, 18/F, Shanghai Square,
No. 138 Mid Huaihai Road, Huangpu District,
Shanghai 200021, China
上海市黃浦區淮海中路138號
上海廣場18層1804室
郵編: 200021
Tel: +86 (21) 6375 6040

● Barcelona 巴塞隆納

c/o ILV Silver
O/ Santaló 10, 1^{er}
08021 Barcelona
Spain
Tel: +34 911 436 468

● London 倫敦

35 Little Russell Street
London, WC1A 2HH
UK
Tel: +44 781 739 3108

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF WUXI VEGA TRADE CO., LTD. (continued)

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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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.

We communicate with the directors 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.



CW CPA
Certified Public Accountants

HONG KONG, 10 APR 2018