

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 2017



華德會計師事務所

CW CPA Certified Public Accountants

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Wuxi Vega Trade Co., Ltd.
 (incorporated in China with limited liability)
 Financial statements for the year ended 31 March 2017

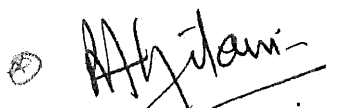
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 MARCH 2017**

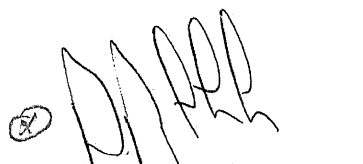
	Note	2017 RMB	2016 RMB
Turnover	2.2	27,786,655	17,548,607
Cost of sales		<u>(22,006,442)</u>	<u>(14,763,039)</u>
Gross profit		5,780,213	2,785,568
Other income	5	6,667	197,377
Selling and distribution costs		(3,049,514)	(2,178,513)
Administrative and other operating expenses		<u>(1,744,451)</u>	<u>(1,119,504)</u>
Profit / (Loss) before income tax	6	992,915	(315,072)
Income tax	7	<u>-</u>	<u>-</u>
Profit / (Loss) for the year		992,915	(315,072)
Other comprehensive income for the year, net of tax		<u> </u>	<u> </u>
Total comprehensive income / (loss) for the year, net of tax		<u>992,915</u>	<u>(315,072)</u>

Wuxi Vega Trade Co., Ltd.
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**STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2017**

	Note	2017 RMB	2016 RMB
ASSETS			
Non-current assets			
Plant and equipment	8	<u>10,495</u>	<u>9,729</u>
Current assets			
Inventories	9	385,705	1,468,703
Trade and other receivables	10	11,172,351	11,088,448
Cash and bank balances		<u>1,078,390</u>	<u>671,056</u>
		<u>12,636,446</u>	<u>13,228,207</u>
TOTAL ASSETS		<u>12,646,941</u>	<u>13,237,936</u>
EQUITY AND LIABILITIES			
Equity attributable to owners			
Capital contribution	11	1,915,998	1,915,998
Retained profits / (Accumulated losses)		<u>587,268</u>	<u>(405,647)</u>
		2,503,266	1,510,351
Current liabilities			
Trade and other payables	12	<u>10,143,675</u>	<u>11,727,585</u>
TOTAL EQUITY AND LIABILITIES		<u>12,646,941</u>	<u>13,237,936</u>


 R.A. Gilani
 Director


 P.R. Shah
 Director

Wuxi Vega Trade Co., Ltd.
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**STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 MARCH 2017**

	Capital Contribution	(Accumulated Losses) / Retained profits	Total
	RMB	RMB	RMB
At 1 April 2015	1,915,998	(90,575)	1,825,423
Loss for the year	<u>-</u>	<u>(315,072)</u>	<u>(315,072)</u>
At 31 March 2016	<u>1,915,998</u>	<u>(405,647)</u>	<u>1,510,351</u>
At 1 April 2016	1,915,998	(405,647)	1,510,351
Profit for the year	<u>-</u>	<u>992,915</u>	<u>992,915</u>
At 31 March 2017	<u>1,915,998</u>	<u>587,268</u>	<u>2,503,266</u>

Wuxi Vega Trade Co., Ltd.
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**STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 MARCH 2017**

	2017 RMB	2016 RMB
Cash flows from operating activities		
Profit / (Loss) before income tax	992,915	(315,072)
Adjustments for :		
Depreciation	6,499	9,405
Interest income	<u>(6,667)</u>	<u>(6,245)</u>
Operating profit / (loss) before working capital changes	992,747	(311,912)
Changes in working capital		
- Inventories	1,082,998	749,826
- Trade and other receivables	(83,903)	(6,826,672)
- Trade and other payables	<u>(1,583,910)</u>	<u>5,350,536</u>
	407,932	(1,038,222)
Interest received	<u>6,667</u>	<u>6,245</u>
Net cash generated from / (used in) operating activities	414,599	(1,031,977)
Cash flows from investing activities		
Purchase of plant and equipment	<u>(7,265)</u>	-
Net cash used in investing activities	<u>(7,265)</u>	-
Net increase / (decrease) in cash and cash equivalents	407,334	(1,031,977)
Cash and cash equivalents at the beginning of the year	<u>671,056</u>	<u>1,703,033</u>
Cash and cash equivalents at the end of the year	<u><u>1,078,390</u></u>	<u><u>671,056</u></u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u><u>1,078,390</u></u>	<u><u>671,056</u></u>

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*

In the current year, the Company has applied for the first time, a number of new and revised standards, amendments, and interpretations (‘new IFRSs’) that are effective for accounting period beginning on or after 1 April 2016. The application of new IFRSs in the current year has had no material effect on the financial statements of the Company.

(b) *Standards, amendments and interpretations to existing standards that are relevant to the Company but not yet effective and have not been early adopted by the Company*

Up to the date of this report, a number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2017, and have not been applied in preparing these financial statements. None of these will have material effect on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.9 Provisions and contingent liabilities (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.11 Leases (as the lessee) (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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 47% (2016 : 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>2017</u>			
Trade and other payables	<u>10,143,675</u>	<u>10,143,675</u>	<u>10,143,675</u>
	Carrying Amount RMB	Total contractual undiscounted cash flow RMB	Within 1 year or on demand RMB
<u>2016</u>			
Trade and other payables	<u>11,727,585</u>	<u>11,727,585</u>	<u>11,727,585</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 2017, if RMB had weakened / strengthened by 5% against US\$ with all other variables held constant, profit for the year would have been approximately RMB349,000 (2016 : RMB518,000) 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 less accumulated losses. The adjusted capital of the Company at 31 March 2017 was RMB2,503,266 (2016: RMB1,510,351). The increase of capital was mainly due to the increase 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 2017 and 2016.

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

	2017 RMB	2016 RMB
Interest income	6,667	6,245
Consultancy fee income	-	191,132
	<u>6,667</u>	<u>197,377</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 PROFIT / (LOSS) BEFORE INCOME TAX

	2017 RMB	2016 RMB
Profit / (Loss) before income tax is stated after (crediting) / charging the following :		
Auditor's remuneration		
- current year	72,000	72,000
- under / (over) provision in prior years	9,459	(3,184)
	81,459	68,816
Cost of inventories sold	22,006,442	14,763,039
Depreciation	6,499	9,405
Net exchange loss	843,088	400,512
Operating leases in respect of rented premises	18,000	18,000
Staff costs (excluding directors' emoluments)		
- salaries	1,196,020	1,115,495
- pension costs	277,073	263,943
	<u>1,473,093</u>	<u>1,379,438</u>

7 INCOME TAX

- (a) Income tax has not been provided as the Company has sufficient tax losses brought forward from previous years to setoff against the estimated assessable profit for the year . (2016 : nil)
- (b) Reconciliation between the accounting profit / (loss) at the applicable tax rate and the income tax is as follows:-

	2017 RMB	2016 RMB
Profit / (Loss) before income tax	<u>992,915</u>	<u>(315,072)</u>
Notional tax on profit / (loss) before income tax calculated at tax rate of 25% (2016 : 25%)	248,229	(78,768)
Tax effect on :		
- unrecognized deferred income tax losses	<u>(248,229)</u>	<u>78,768</u>
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 PLANT AND EQUIPMENT

	Office equipment RMB
Cost	
At 1 April 2015 and at 31 March 2016	49,482
Addition	<u>7,265</u>
At 31 March 2017	<u>56,747</u>
Accumulated depreciation	
At 1 April 2015	30,348
Charge for the year	<u>9,405</u>
At 31 March 2016	39,753
Charge for the year	<u>6,499</u>
At 31 March 2017	<u>46,252</u>
Net book value	
At 31 March 2017	<u><u>10,495</u></u>
At 31 March 2016	<u><u>9,729</u></u>

9 INVENTORIES

	2017 RMB	2016 RMB
Merchandised goods	385,705	523,419
Goods in transit	<u>-</u>	<u>945,284</u>
	<u><u>385,705</u></u>	<u><u>1,468,703</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 TRADE AND OTHER RECEIVABLES

	2017 RMB	2016 RMB
Trade receivables		
- parent company	1,684,824	1,712,595
- others	<u>3,679,191</u>	<u>1,929,108</u>
	5,364,015	3,641,703
Bills receivable	5,793,336	7,157,903
Value added tax recoverable	-	116,842
Prepayment and deposits	<u>15,000</u>	<u>172,000</u>
	<u><u>11,172,351</u></u>	<u><u>11,088,448</u></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 (2016 : 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 2017. (2016 : 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 :

	2017 RMB	2016 RMB
Neither past due nor impaired	1,155,558	-
1 to 3 months past due	1,727,357	1,453,599
More than 3 months past due	<u>2,481,100</u>	<u>2,188,104</u>
	<u><u>5,364,015</u></u>	<u><u>3,641,703</u></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

	2017 RMB	2016 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

	2017 RMB	2016 RMB
Trade payables to parent company	8,553,191	10,353,221
Receipts in advance	1,031,060	1,270,173
Value added tax payable	392,101	-
Other payables and accruals	<u>167,323</u>	<u>104,191</u>
	<u>10,143,675</u>	<u>11,727,585</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 :

	2017	2016
	RMB	RMB
<u>Vega Industries (Middle East) F.Z.C</u> ("parent company")		
Service fee received from	-	191,132
Purchases from	<u>19,834,175</u>	<u>13,345,917</u>

14 PARENT COMPANY

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

15 APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 1 to 18 were approved and authorized for issue by the board of directors on - 4 MAY 2017



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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)

We have audited the financial statements of Wuxi Vega Trade Co., Ltd ("the Company") set out on pages 1 to 18, which comprise the statement of financial position as at 31 March 2017, 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 a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 made by the directors, as well as evaluating the overall presentation of the financial statements.

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(continued)

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2017 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

CW CPA
Certified Public Accountants

HONG KONG, - 4 MAY 2017