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Corporate Data

Sole director	Patel Pratik
Secretary	First Island Secretaries Limited
Registered office and principal place of business	812 Silvercord, Tower 1 30 Canton Road Tsimshatsui, Kowloon Hong Kong
Independent auditor	Moore Stephens CPA Limited 801-806 Silvercord, Tower 1 30 Canton Road Tsimshatsui, Kowloon Hong Kong

Report of the Sole Director

The sole director presents his report and the audited financial statements of Engineering and Manufacturing Jash Limited (the "company") for the year ended 31 March 2019.

Principal activity

The principal activity of the company is the trading of engineered goods.

There have been no significant change in this activity compared with previous year.

Results and dividends

The company's loss for the year ended 31 March 2019 and its financial position at that date are set out in the financial statements on pages 7 to 29.

The sole director does not recommend the payment of a dividend for the year.

Business review

Business review has not been prepared as the director considers the company meets the qualifying criteria for the reporting exemption under the Hong Kong Companies Ordinance.

Share capital

There were no movements in the company's share capital during the year.

Sole Director

The name of the sole director of the company at the date of this report is as set out on page 2.

Change in the sole director

There were no changes in the sole director during the year or up to the date of this report.

Rotation of the sole director

In accordance with the Company's Articles of Association, the sole director continues in office.

Permitted indemnity provision

At no time during the year was any permitted indemnity provision as defined in the Hong Kong Companies Ordinance being in force for the benefit of the sole director during the year ended 31 March 2018.

D*irector's interest in transactions arrangements or contracts*

Neither the sole director nor any connected entity of the sole director had a material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the company to which the company, its subsidiary, fellow subsidiary or any of its holding companies was a party during the year.

Report of the Sole Director (Continued)

Director's rights to acquire shares or debentures

At no time during the year was the company, its subsidiary, fellow subsidiary or any of its holding companies a party to any arrangement to enable the sole director of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate, nor were any such rights exercised by him.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the company were entered into or existed during the year.

Independent auditor

The independent auditor, Moore Stephens CPA Limited, retires and a resolution of its re-appointment will be proposed at the forthcoming annual general meeting of the company.

Patel Pratik
Sole director

Statement of Comprehensive Income

For the year ended 31 March 2019

	Note	**2019 HK$**	2018 HK$
Revenue	3	**1,247,960**	2,819,285
Cost of sales		**(1,215,973)**	(2,537,357)
Gross profit		**31,987**	281,928
Other income	3	**2,265**	63,350
Administrative expenses		**(95,652)**	(384,985)
Loss before tax	4	**(61,400)**	(39,707)
Income tax	6	**-**	-
Loss for the year		**(61,400)**	(39,707)
Other comprehensive income, net of tax		**-**	-
Total comprehensive loss for the year		**(61,400)**	(39,707)

Statement of Financial Position

At 31 March 2019

	Note	2019 HK$	2018 HK$
Assets			
Current assets			
Trade receivables	7	**1,248,549**	-
Prepayments		**12,487**	1,800
Cash and cash equivalents	8	**408,192**	536,847
Total assets		**1,669,228**	538,467
Equity and liabilities			
Capital and reserves			
Share capital	9	**1**	1
Retained profits		**306,114**	367,514
Total equity		**306,115**	367,515
Current liabilities			
Due to immediate holding company	10	**1,123,706**	53,277
Accruals		**239,407**	117,855
		1,363,113	171,132
Total equity and liabilities		**1,669,228**	538,647

Patel Pratik
Sole Director

Statement of Changes in Equity

For the year ended 31 March 2019

	Share capital HK$	Retained profits HK$	Total HK$
1 April 2017	1	407,221	407,222
Loss and total comprehensive loss for the year	-	(39,707)	(39,707)
31 March 2018	1	367,514	367,515
Loss and total comprehensive loss for the year	-	(61,400)	(61,400)
31 March 2019	**1**	**306,114**	**306,115**

Statement of Cash Flows

For the year ended 31 March 2019

	Note	**2019 HK$**	2018 HK$
Cash flows from operating activities			
Loss before tax		**(61,400)**	(39,707)
Adjustments for:-			
Bank interest income	3	**(978)**	(457)
		(62,378)	(40,164)
(Increase) / Decrease in trade receivables		**(1,248,549)**	670,303
(Increase)/ Decrease in prepayments		**(10,687)**	(1,601)
Increase / (Decrease) in amount due to immediate holding company		**1,070,429**	(603,265)
Increase in accruals		**121,552**	30,052
Cash (used in) / generated from operations		**(129,633)**	55,325
Bank interest received	3	**978**	457
Net cash (used in) / generated from operating activities		**(128,655)**	55,782
Net (decrease) / increase in cash and cash equivalents		**(128,655)**	55,782
Cash and cash equivalents at beginning of year		**536,847**	481,065
Cash and cash equivalents at end of year		**408,192**	536,847

Analysis of cash and cash equivalents

	Note	**2019 HK$**	2018 HK$
Bank balances	8	**408,192**	536,847

Notes to the Financial Statements

31 March 2019

1. General

Engineering and Manufacturing Jash Limited (the "company") is a limited liability company incorporated in Hong Kong. Its principal activity is the trading of engineered goods.

2. Basis of preparation of financial statements and principal accounting policies

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which includes all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$"), which United States dollars ("USD") is the company's functional currency.

The principal accounting policies and methods of computation used by the company in the preparation of the financial statements for the year ended 31 March 2019 are consistent with those adopted in the financial statements for the year ended 31 March 2018, except for the adoption of the new and revised HKFRSs as explained in a) below.

a) Adoption of new and revised Hong Kong Financial Reporting Standards

In the preparation of the financial statements for the year ended 31 March 2019, the company has applied, for the first time, the following new and revised standards issued by the HKICPA.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contract with Customers and the related Amendments
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contract
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfer of Investment Property

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the company's financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

2. *Basis of preparation of financial statements and principal accounting policies (continued)*

a) *Adoption of new and revised Hong Kong Financial Reporting Standards (continued)*

1. Application of HKFRS 9 Financial Instruments

HKFRS 9 have replaced HKAS 39 Financial instruments: recognition and measurement. HKFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. In accordance with the specific transitional provisions set out in HKFRS 9, the company has applied the classification and measurement requirements (including requirements relating to impairment under expected credit losses ("ECL") model) to items that existed as of the date of initial application on a retrospective basis based on the facts and circumstances that existed as at 1 April 2018. However, the company has decided not to restate the comparative figures. Accordingly, the comparative information continues to be presented based on the requirements of HKAS 39 and hence may not be comparable with the current year information.

A. Classification and measurement of financial assets

In general, HKFRS 9 categorises financial assets into the following three classification categories:-
- measured at amortised cost;
- at fair value through other comprehensive income (FVTOCI); and
- at fair value through profit or loss (FVTPL).

These classification categories are different from those set out in HKAS 39 which included held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Details about the company's accounting policies for its financial assets and financial liabilities are disclosed in note 2(c) to the financial statements. The company did not designate or de-designate any financial asset at FVTPL at 1 April 2018.

B. Impairment under ECL model

HKFRS 9 has introduced the "expected credit loss model" to replace the "incurred loss" model under HKAS 39. The "expected credit loss model" requires an ongoing measurement of credit risk associated with a financial asset. The company has applied the "expected loss model" to the following types of financial assets:-

- financial assets that are subsequently measured at amortised cost (including cash and cash equivalents, trade receivables and loans receivables);
- contract assets as defined in HKFRS 15; and
- investments in debt securities that are subsequently measured at FVTOCI;

The directors of the Company concluded that the loss allowance of ECL as at 1 April 2018 was insignificant.

C. Effect on the company's retained earnings and other reserves as of 1 April 2018

The directors of the Company concluded that company's retained earnings and other reserves as of 1 April 2018 was insignificant.

2. Basis of preparation of financial statements and principal accounting policies (continued)

a) Adoption of new and revised Hong Kong Financial Reporting Standards (continued)

2. Application of HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 has replaced HKAS 11 Construction contracts, HKAS 18 Revenue and other revenue-related interpretations. Under HKAS 11 and HKAS 18, revenue arising from provision of services was recognised over time. Under HKFRS 15, revenue is recognised when the customer obtains control of the promised service in the contract. This may be at a single point in time or over time. HKFRS 15 has introduced additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Please see notes 2(d) and 2(e) for details of old and new accounting policies.

Based on the specific transitional provisions set out in HKFRS 15, the company had decided to use the cumulative effect transition method. Accordingly, comparative information has not been restated and continues to be presented under HKAS 11 and HKAS 18.

As mentioned in note 1, the company is engaged in the following operations:
- trading of engineered goods

Timing of revenue recognition

The director of the company concluded that the adoption of HKFRS 15 does not have a significant impact on when the company recognises revenue.

Summary of effects arising from initial application of HKFRS 15

The director of the company have assessed and concluded that there was no adjustment required to be made on the company's retained profits at 1 January 2018 and no material impact in the current year by the application of HKFRS 15 as compared to those superseded standards including HKAS 11, HKAS 18 and the related interpretations.

b) Significant judgment and estimates

The preparation of the financial statements requires the sole director of the company to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The sole director has considered the development, selection and disclosure of the critical accounting policies and estimates. There are no critical accounting judgements and estimates in applying the company's accounting policies, except the following:-

Notes to the Financial Statements (Continued)

31 March 2019

2. Basis of preparation of financial statements and principal accounting policies (continued)

b) Significant judgment and estimates (continued)

Impairment of trade receivables

In determining whether impairment loss on trade receivables is required, the company takes into consideration the ageing status and the likelihood of collection. Following the identification of doubtful and bad debts, the company's responsible personnel discusses with the relevant party and reports to the sole director on the recoverability. Impairment loss is made for receivables that are unlikely to be collected.

c) Financial instruments

Financial assets and financial liabilities are recognised when a company becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:-

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:-

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

2. Basis of preparation of financial statements and principal accounting policies (continued)

c) Financial instruments (continued)

Financial assets (continued)

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the company may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:-

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the company
- manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the company may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

2. *Basis of preparation of financial statements and principal accounting policies (continued)*

c) *Financial instruments (continued)*

Financial assets (continued)

(ii) Debt instruments / receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments/receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments/receivables are recognised in OCI and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments/ receivables. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments/receivables had been measured at amortised cost. When these debt instruments/receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and [will be transferred to retained profits/will continue to be held in the FVTOCI reserve.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss The net gain or loss recognised in profit or loss [includes /excludes] any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The company recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including due from a fellow subsidiary and trade receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

2. Basis of preparation of financial statements and principal accounting policies (continued)

c) Financial instruments (continued)

Impairment of financial assets (continued)

For all other instruments, the company measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:-

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the company assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The company considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

2. Basis of preparation of financial statements and principal accounting policies (continued)

c) Financial instruments (continued)

Impairment of financial assets (continued)

ii) Definition of default

For internal credit risk management, the company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the company, in full (without taking into account any collaterals held by the company).

Irrespective of the above, the company considers that default has occurred when a financial asset is more than 90 days past due unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:-

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event;
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) the disappearance of an active market for that financial asset because of financial difficulties.

iv) Write-off policy

The company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the company's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.
Generally, the ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and the cash flows that the company expects to receive, discounted at the effective interest rate determined at initial recognition.

2. Basis of preparation of financial statements and principal accounting policies (continued)

c) Financial instruments (continued)

Impairment of financial assets (continued)

v) Measurement and recognition of ECL (continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the nature of financial instruments basis.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for investments in debt instruments/receivables that are measured at FVTOCI, the company recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of financial assets (i.e. due from a fellow subsidiary and trade receivables) where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments/receivables.

Initial recognition and measurement (before application of HKFRS 9 on 1 April 2018)

The company classified its financial instruments into the following categories at inception, depending on the purpose for which the assets were acquired or the liabilities were incurred.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment allowances.

The company recognises losses for impaired loans promptly where there is objective evidence that impairment of a loan or a portfolio of loans has occurred. Impairment allowances are assessed either individually for individually significant loans or collectively for loan portfolios with similar credit risk characteristics including those individually assessed balances for which no impairment provision is made on an individual basis. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Financial liabilities

Financial liabilities include amount due to immediate holding company and accruals. All other financial liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method.

2. Basis of preparation of financial statements and principal accounting policies (continued)

c) Financial instruments (continued)

Initial recognition and measurement (before application of HKFRS 9 on 1 April 2018) (continued)

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the company has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained. Financial liabilities are derecognised when they are extinguished, i.e., when the obligation is discharged or cancelled, or expires.

d) Revenue recognition (from1 April 2018)

Under HKFRS 15, the company recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the company’s performance as the company performs;
- the company’s performance creates and enhances an asset that the customer controls as the company performs; or
- the company’s performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the company allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts and variable consideration.

The stand-alone selling price of the distinct service underlying each performance obligation is determined at contract inception. It represents the price at which the company would sell a promised service separately to a customer. If a stand-alone selling price is not directly observable, the company estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the company expects to be entitled in exchange for transferring the promised goods or services to the customer.

A contract asset represents the company’s right to consideration in exchange for services that the company has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the company’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the company’s obligation to transfer services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for an presented on a net basis.

Notes to the Financial Statements (Continued)

31 March 2019

2. *Basis of preparation of financial statements and principal accounting policies (continued)*

d) Revenue recognition (from1 April 2018) (continued)

When another party is involved in providing services to a customer, the company determines whether the nature of its promise is a performance obligation to provide the specified services itself (i.e. the company is a principal) or to arrange for those services to be provided by the other party (i.e. the company is an agent).

The company is a principal if it controls the specified service before that service is transferred to a customer.

The company is an agent if its performance obligation is to arrange for the provision of the specified service by another party. In this case, the company does not control the specified service provided by another party before that service is transferred to the customer. When the company acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified services to be provided by the other party.

e) Revenue recognition (prior to 1 April 2018)

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when it is probable that the economic benefits will flow to the company and when the revenue can be measured reliably, as follows: -

Revenue from the sale of engineered products is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

f) Income tax

Income tax represents the sum of current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Notes to the Financial Statements (Continued)

31 March 2019

2. Basis of preparation of financial statements and principal accounting policies (continued)

f) Income tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

g) Foreign currency translation

The company's functional currency is United States dollar while the financial statements are presented in Hong Kong dollars. As at the end of the reporting period, the assets and liabilities are translated into the presentation currency of the company at the exchange rates ruling at the end of the reporting period. And the income and expense items are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recorded in other comprehensive income and the cumulative balance is included in exchange reserve in the statement of changes in equity, if material.

h) Cash and cash equivalents

Cash and cash equivalents comprise bank balances which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

i) Related parties

(a) A person, or a close member of that person's family, is related to the company if that person:-

(i) has control or joint control over the company;

(ii) has significant influence over the company; or

(iii) is a member of key management personnel of the company or the company's parent;

or

(b) An entity is related to the company if any of the following conditions applies:-

(i) the entity and the company are members of the same group.

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) the entity and the company are joint ventures of the same third party.

Notes to the Financial Statements (Continued)

31 March 2019

2. Basis of preparation of financial statements and principal accounting policies (continued)

i) Related parties (continued)

(b) An entity is related to the company if any of the following conditions applies:-

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Revenue, other income and gains

An analysis of the company's revenue, and other income and gains is as follows:-

	2019	2018
	HK$	HK$
Sales of engineered goods	**1,247,960**	2,819,285
Other income and gains		
Bank interest income	**978**	457
Exchange gain	**1,287**	62,893
	2,265	63,350

4. Profit / (Loss) before tax

The company's profit / (loss) before tax is arrived at after charging/ (crediting):-

	2019	2018
	HK$	HK$
Auditor's remuneration	**15,000**	15,000
Cost of inventories recognised as an expense	**1,123,176**	2,537,357
Marketing and consultancy fee	**(92,798)**	-
Foreign exchange gains, net	**(1,287)**	(62,983)
Employee benefit expenses (including compensation of key management personnel (Note 5))	**-**	-

Notes to the Financial Statements (Continued)
31 March 2019

5. Compensation of key management personnel and the sole director's emoluments

Pursuant to Section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of the Sole Director) Regulation, the sole director and/or key management personnel did not receive any remuneration in respect of their services to the company for the year (2018: HK$Nil).

6. Income tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

Details of taxation in the statement of comprehensive income are as follows:

	2019	2018
	HK$	HK$
Current tax - Hong Kong		
- current year provision	-	-

A reconciliation of the tax expense applicable to profit / (loss) before tax at the statutory rate in which the company is domiciled to the tax expense at the effective tax rate is as follows:-

	2019	2018
	HK$	HK$
Loss before tax	**(61,400)**	(39,707)
Tax at Hong Kong profits tax rate at 8.25% (2018: 16.5%)	**-**	(6,551)
Income not subject to tax	**-**	(475,635)
Expenses not deductible to tax	**-**	482,186
Tax expense at effective rate	**-**	-

No provision for deferred tax has been recognised in these financial statements as there are no temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

7. Trade receivables

The aged analysis of trade receivables that were not individually nor collectively considered to be impaired at the end of the reporting period is as follows:-

	2019	2018
	HK$	HK$
Trade receivables	**1,248,549**	-

Trade receivables are not yet past due or impaired.

8. Cash and cash equivalents

	2019 **HK$**	2018 HK$
Savings accounts	**408,192**	536,847

Cash at banks earns interest at floating rates based on daily bank deposit rates.

9. Share capital

	2019 **HK$**	2018 HK$
Issued and fully paid:-		
1 ordinary share	**1**	1

10. Due to immediate holding company

The amount due to immediate holding company is unsecured, interest-free and repayment on demand.

11. Related party transactions

(a) In addition to the transactions detailed elsewhere in these financial statements, the company had the following transactions with related parties during the year:-

	2019 **HK$**	2018 HK$
Purchases from immediate holding company	**1,123,176**	2,537,357

The above transactions were made at prices and terms in the normal course of business as agreed between the parties.

(b) Outstanding balance with a related party:-

Details of the company's amount due to the immediate holding company at the end of the reporting period is included in Note 10 to the financial statements.

12. Financial instruments by category

As at 31 March 2019 and 2018, the company’s financial assets are classified as loans and receivables and financial liabilities at amortised cost, respectively.

13. Financial risk management and fair values of financial instruments

a) Financial risk management

The company is exposed to a variety of risks including foreign currency risk and liquidity risk arising in the normal course of the business activities.

13. Financial risk management and fair values of financial instruments (continued)

a) Financial risk management (continued)

The company does not have any written risk management policies and guidelines. The sole director monitors the financial risk management of the company and takes such measures as considered necessary from time to time to minimise such financial risks.

i) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities, primarily for trade receivables. The company performs ongoing credit evaluation of the debtor's financial condition and maintains an account for allowance for impairment losses of trade receivables based upon the expected collectibility of all trade receivables, if any.

At the end of the reporting period, the company has a certain level of concentration of credit risk as 100% (2018: nil) of the total trade receivables, arising from the company's largest customer.

Bank balances of the company are held with financial institutions of good standing.

ii) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Prudent liquidity risk management implies maintaining sufficient cash. The company monitors and maintains a level of bank balances deemed adequate to finance the company's operations.

As at 31 March 2019 and 31 March 2018, based on the contracted undiscounted payments, includes amount due to immediate holding company and accruals are repayable on demand.

iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The company is exposed to foreign currency risk related primarily to sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States dollars ("US$"), Hong Kong dollars ("HK$") and Euros ("EUR"). The company does not hold or issue any derivative financial instruments for trading purposes or to hedge against fluctuations in foreign exchange rates. The company mitigates this risk by conducting sales and purchases transactions in the same currency, whenever possible.

In the opinion of the sole director, the rate of exchange of the HK$ to the US$ is reasonably stable under the linked exchange rate system and, accordingly, the company does not have any significant foreign exchange risk arising from HK$. As a result, no sensitivity analysis is performed.

13. Financial risk management and fair values of financial instruments (continued)

a) Financial risk management (continued)

iii) Foreign currency risk (continued)

At 31 March 2019, if the US$ had strengthened/weakened 10% against the Euros with all other variables held constant, the profit after tax for the year would have been HK$6,408 lower/higher (2018: loss after tax for the year would have been Nil).

iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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.

b) Fair values of financial instruments

The notional amounts of financial assets and financial liabilities with a maturity of less than one year (including cash and cash equivalent and accruals) are assumed to approximate their fair values.

The fair value of amount due to immediate holding company has not been determined as the timing of the expected cash flows of this balance cannot be reasonably determined because of the relationship.

14. Capital management

The company manages its capital to ensure that the company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the balance between debt and equity.

The capital structure of the company consists of equity attributable to equity holders of the company, comprising share capital of HK$1 (2018: HK$1) and retained profits of HK$306,114 (2018: HK$367,514) disclosed in the statement of changes in equity.

The company reviews the capital structure on an ongoing basis. As part of this review, the sole director considers the cost of capital and the risks associated with each class of capital. The company will balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the repayment of existing debt.

The company's overall strategy remains unchanged from 2018.

Notes to the Financial Statements (Continued)

31 March 2019

15. New and revised HKFRSs not yet adopted

The company has not applied the following new and revised HKFRSs, which have been issued but are not yet effective, in these financial statements:-

		Effective for annual reporting periods beginning on or after
HKAS 19 Amendments	Plant Amendment, Curtailment or Settlement	1 January 2019
HKAS 28 Amendments	Long-term Interests in Associates and joint venture	1 January 2019 *
HKAS 28 and HKFRS 10 amendments	Sale or contribution of assets between an investor and its associate or joint venture	To be determined*
HKFRS 9 Amendments	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HK (IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle	1 January 2019

* The amendments were original intended to be effective for annual periods beginning on or after 1 April 2018. The effective date has now been deferred. Early application of the amendments continues to be permitted.

The company has already commenced an assessment of the related impact of adopting the above new and revised HKFRSs. So far, it has concluded that the above new and revised HKFRSs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the financial statements of the company except for the following:-

Amendments to HKFRSs Annual Improvements HKFRSs 2015-2017 Cycle

The annual improvement packages amended the following standards.

HKAS 12 Income Taxes

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

HKAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

Notes to the Financial Statements (Continued)
31 March 2019

15. New and revised HKFRSs not yet adopted (continued)

HK(IFRIC) Interpretation 23 "Uncertainty over Income Tax Treatments"

This Interpretation clarifies how to apply the recognition and measurement requirements in HKAS 12 when there is uncertainty over income tax treatments. The interpretation requires an entity to determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.

The directors of the company do not anticipate that the application of the Interpretation will have a material impact on the company's financial statements.

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 on its financial statements.

16. Immediate holding company and ultimate controlling party

The company is a wholly-owned subsidiary of Jash Engineering Limited, a company incorporated in India.

In the opinion of the sole director, Jash Engineering Limited is also the ultimate holding company of the company.

17. Approval of the financial statements

These financial statements were approved and authorised for issue by the sole director on .