

WENZHOU CHANGDA TRADING CO., LIMITED
温州昌達貿易有限公司

REPORTS AND FINANCIAL STATEMENTS
For the period from 21 March 2017 (date of incorporation) to 31 March 2018

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温州昌達貿易有限公司
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WENZHOU CHANGDA TRADING CO., LIMITED
温州昌達貿易有限公司
REPORT OF THE SOLE DIRECTOR

The sole director has pleasure in presenting his first report and the audited financial statements for the period from 21 March 2017 (date of incorporation) to 31 March 2018.

Principal activity

The principal activity of the Company during the period consisted primarily of trading of eyewear products.

Share capital

Details of movements in share capital of the Company are set out in note 7 to the financial statements.

Director

The sole director of the Company during the period and up to the date of this report is:

Szeto Chung Yan (appointed on 21 March 2017)

There being no provision for retirement of director by rotation in the Articles of Association, the sole director shall continue in office for the ensuing year.

Director's interests

At no time during the period was the Company a party to any arrangement to enable the Company's director to acquire benefits by means of the acquisition of shares in or debentures of the Company.

Director's interests in transactions, arrangements or contracts

Save as disclosed in notes 4 and 6 to the financial statements, no director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company was a party during the period.

Permitted indemnity provision

At no time during the financial period and up to the date of this director's report, there was no permitted indemnity provisions in force for the benefit of the director of the Company.

WENZHOU CHANGDA TRADING CO., LIMITED
温州昌達貿易有限公司
REPORT OF THE SOLE DIRECTOR (CONTINUED)

Management Contacts

No contracts concerning the management and administration of the whole or any substantial parts of business of the Company were entered into or existed during the period.

Business Review

The Company falls within reporting exemption for the financial period. Accordingly, the Company is exempted from preparing a business review.

Auditor

The financial statements of the Company for the period from 21 March 2017 (date of incorporation) to 31 March 2018 have been audited by Global Vision CPA Limited who shall retire and, being eligible, offer themselves for re-appointment as the auditor of the Company at the forthcoming annual general meeting.



Szeto Chung-Yan
Chairman
Hong Kong
6 December 2018



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF WENZHOU CHANGDA TRADING CO., LIMITED
温州昌達貿易有限公司
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of WENZHOU CHANGDA TRADING CO., LIMITED (the "Company") set out on pages 6 to 11, which comprise the statement of financial position as at 31 March 2018 and the income statement for the period from 21 March 2017 (date of incorporation) to 31 March 2018, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements of the Company are prepared, in all material respects, in accordance with the Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 900 (Revised), Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the HKICPA. 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 HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The sole director is responsible for the other information. The other information comprises the information included in the report of the sole director, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF WENZHOU CHANGDA TRADING CO., LIMITED
溫州昌達貿易有限公司
(incorporated in Hong Kong with limited liability)
(Continued)

Responsibilities of Director

The sole director is responsible for the preparation of the financial statements in accordance with the SME-FRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the director determines 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 sole director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 HKSAAs 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 HKSAAs, 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 sole director.



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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF WENZHOU CHANGDA TRADING CO., LIMITED
温州昌達貿易有限公司
(incorporated in Hong Kong with limited liability)
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- conclude on the appropriateness of the sole director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Global Vision CPA Limited

Global Vision CPA Limited
Certified Public Accountants

Woo Yuen Fai
Practicing Certificate Number P06337
Hong Kong, 6 December 2018

WENZHOU CHANGDA TRADING CO., LIMITED

温州昌達貿易有限公司

INCOME STATEMENT**For the period from 21 March 2017 (date of incorporation) to 31 March 2018**

	Notes	21.3.2017 to 31.3.2018 HK\$
Revenue	2	5,530,184
Cost of sales		<u>(5,025,022)</u>
Gross profit		505,162
Other income		4,049
Administrative and other operating expenses		<u>(233,971)</u>
Profit before tax	3	275,240
Income tax expense	5	<u>(15,414)</u>
Profit for the period		<u>259,826</u>

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

WENZHOU CHANGDA TRADING CO., LIMITED
温州昌達貿易有限公司
STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	Notes	<u>31.3.2018</u> HK\$
Current assets		
Account receivables		85,209
Amount due from a director	6	101,832
Bank balances		<u>110,199</u>
		<u>297,240</u>
Current liabilities		
Accruals		12,000
Income tax payable		<u>15,414</u>
		<u>27,414</u>
Net assets		<u>269,826</u>
Equity		
Share capital	7	10,000
Retained profits	8	<u>259,826</u>
		<u>269,826</u>

Approved by:



Szeto Chung Yan

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

WENZHOU CHANGDA TRADING CO., LIMITED

温州昌達貿易有限公司

NOTES TO THE FINANCIAL STATEMENTS

For the period from 21 March 2017 (date of incorporation) to 31 March 2018

Reporting entity

Wenzhou Changda Trading Co., Limited (the “Company”) is a company incorporated in Hong Kong with limited liability. The Company’s registered office is located at Unit 802, Lucky Centre, 165-171 Wanchai Road, Wanchai, Hong Kong. The Company is engaged in trading of eyewear products.

1. Basis of preparation and accounting policies

The Company qualifies for the reporting exemption as a small private company under sections 359(1)(a) and 361 of the Hong Kong Companies Ordinance (Cap. 622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (the “SME-FRS”) issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Company is a going concern.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

(a) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the company and when the revenue can be measured reliably, on the following bases:

- (i) Sale of eyewear products is recognised when goods are delivered to the customers which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership.
- (ii) Interest income was recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

(b) Taxation

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is not provided.

WENZHOU CHANGDA TRADING CO., LIMITED

温州昌達貿易有限公司

NOTES TO THE FINANCIAL STATEMENTS

For the period from 21 March 2017 (date of incorporation) to 31 March 2018

(Continued)

1. Basis of preparation and accounting policies (Continued)

(c) Impairment of assets

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined, had no impairment losses been recognised for the asset in prior years.

(d) Leases

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

(e) Foreign exchange

The reporting currency of the company is Hong Kong Dollars, which is the currency of the primary economic environment in which the company operates.

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognised in the income statement.

2. Revenue

	21.3.2017
	to
	<u>31.3.2018</u>
	HK\$
Sale of eyewear products	<u>5,530,184</u>

WENZHOU CHANGDA TRADING CO., LIMITED

温州昌達貿易有限公司

NOTES TO THE FINANCIAL STATEMENTS**For the period from 21 March 2017 (date of incorporation) to 31 March 2018
(Continued)****3. Profit before tax**

Profit before tax is arrived at after charging the following items:

	21.3.2017 to 31.3.2018 HK\$
Auditor's remuneration	6,000
Cost of inventories	5,025,022
Key management personnel's remuneration	<u>132,000</u>

4. Director's remuneration

Director's remuneration disclosed pursuant to section 383(1) of the Companies Ordinance is as follows:

	21.3.2017 to 31.3.2018 HK\$
Fees	132,000
Other emoluments	<u>-</u>
	<u>132,000</u>

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% from the period from 21 March 2017 (date of incorporation) to 31 March 2018, taking into account a one-off reduction of 75% of the tax payable, with a maximum of HK\$30,000, during the period allowed by the Hong Kong SAR Government.

WENZHOU CHANGDA TRADING CO., LIMITED

溫州昌達貿易有限公司

NOTES TO THE FINANCIAL STATEMENTS

For the period from 21 March 2017 (date of incorporation) to 31 March 2018
(Continued)

6. Amount due from a director

Amount due from a director disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance (Cap. 622) and 622G15(2), 622G15(3), and 622G16(2) of Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622) are as follows:

Name of director	Balance as at 31.3.2018 HK\$	Maximum balances outstanding during the year HK\$
Szeto Chung Yan	<u>101,832</u>	<u>101,832</u>

The amount is unsecured, interest-free and has no fixed terms of repayment.

7. Share capital

	31.3.2018 HK\$
<u>Issued and fully paid:</u>	
10,000 ordinary shares with no par value	<u>10,000</u>

8. Changes in equity

	Share capital HK\$	Retained profits HK\$	Total HK\$
Issue of a share as at 21 March 2017 (date of incorporation) (Note)	10,000	-	10,000
Profit for the period	<u>-</u>	<u>259,826</u>	<u>259,826</u>
As at 31 March 2018	<u>10,000</u>	<u>259,826</u>	<u>269,826</u>

Note: On incorporation, 10,000 shares of HK\$1 each were issued for cash.

9. Approval of financial statements

These financial statements were authorised for issue by the company's sole director on 6 December 2018.