

**MODERN INTERNATIONAL (ASIA) LIMITED**

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**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

**MODERN INTERNATIONAL (ASIA) LIMITED**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**C O N T E N T S**

**Pages**

Report of the directors	1 - 2
Independent auditor's report	3 - 5
Statement of income and retained earnings	6
Statement of financial position	7
Statement of cash flows	8
Notes to the financial statements	9 - 15

# **MODERN INTERNATIONAL (ASIA) LIMITED**

## **REPORT OF THE DIRECTORS**

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The directors have pleasure in submitting their annual report together with the audited financial statements of Modern International (Asia) Limited (the "Company") for the year ended 31 March 2020.

### **PRINCIPAL ACTIVITY**

The principal activity of the Company during the year was trading of textiles, luggage, building materials, machinery, chemicals and gift items outside Hong Kong.

### **RESULTS AND APPROPRIATION**

The results of the Company for the year ended 31 March 2020 and the state of the Company's affairs as at that date are set out on pages 6 to 15.

The directors do not recommend any payment of dividend in respect of the year ended 31 March 2020 (2019: Nil).

### **RESERVES**

The movements in reserves of the Company during the year are set out in the statement of income and retained earnings on page 6.

### **SHARE CAPITAL**

Details of share capital of the Company are set out in note 14 to the financial statements.

### **DIRECTORS**

The directors who held office during the financial year were:

Vijay Kumar Mahabir Prasad Jatia  
Sidhant Vijay Kumar Jatia  
Vijay Kumar Puranmal Agarwal  
Zhou Jianping  
Anand Badriprasad Didwania (appointed on 5 June 2019)

There being no provision for retirement in the Company's Articles of Association, the directors continue in office for the ensuing year.

## **MODERN INTERNATIONAL (ASIA) LIMITED REPORT OF THE DIRECTORS (CONTINUED)**

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### **PERMITTED INDEMNITY PROVISION**

Article 34(1) of the Company's Articles provides that a director or former director of the Company may be indemnified out of the Company's assets against any liability incurred by the director to a person other than the Company or an associated company of the Company in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or associated company (as the case may be). This Article only applies if the indemnity does not cover the liability set out in Article 34(2) of the Company's Articles. This permitted indemnity provision is in force during the financial year and at the time of approval of this report.

### **DIRECTORS' INTERESTS**

At no time during the financial year or at the end of the financial year was the Company or its parent company a party to any arrangements to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

In the opinion of the directors, no directors had material interests in those significant transactions, arrangements or contracts in relation to the Company's business entered into by the Company or its parent company in the financial year or subsisted at any time in the financial year.

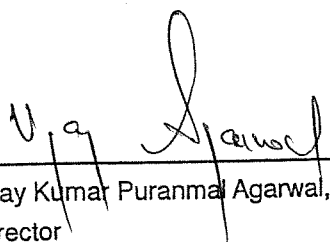
### **MANAGEMENT CONTRACTS**

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.

### **AUDITORS**

A resolution for the re-appointment of Vigor CPA Limited as the Company's auditors is to be proposed at the forthcoming Annual General Meeting.

By order of the board

  
\_\_\_\_\_  
Vijay Kumar Puranmal Agarwal,  
Director

India, 15 JUN 2020

# VIGOR CPA LIMITED

Certified Public Accountants

Your Ref :

Our Ref :

## 卓栢會計師行有限公司

Unit 2211, 22/F, Global Gateway Tower,  
63 Wing Hong Street, Lai Chi Kok, Kowloon.

T: (852) 2185 7071

F: (852) 2185 7083

E: edmund@vigorcpa.com.hk

Date : 15 JUN 2020

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MODERN INTERNATIONAL (ASIA) LIMITED

*(Incorporated in Hong Kong with limited liability)*

### **Opinion**

We have audited the financial statements of Modern International (Asia) Limited (the "Company") set out on pages 6 to 15, which comprise the statement of financial position as at 31 March 2020, the statement of income and retained earnings and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("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 ("HKSA") 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 directors are responsible for the other information. The other information comprises all of the information included in the annual report other than 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  
MODERN INTERNATIONAL (ASIA) LIMITED (CONTINUED)**

*(Incorporated in Hong Kong with limited liability)*

***Responsibilities of Directors for the Financial Statements***

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

***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. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF  
MODERN INTERNATIONAL (ASIA) LIMITED (CONTINUED)**

*(Incorporated in Hong Kong with limited liability)*

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**VIGOR CPA LIMITED**

*Certified Public Accountants*

**Leung Wai Kim, Edmund**

*Practising Certificate No. P03194*

Hong Kong, 15 JUN 2020

**MODERN INTERNATIONAL (ASIA) LIMITED**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

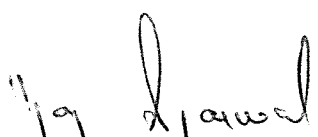
	Notes	2020 <u>US\$</u>	2019 <u>US\$</u>
<b>Revenue</b>	4	15,875,949	13,755,023
Cost of sales		( 15,450,160 )	( 13,241,679 )
Gross profit		<u>425,789</u>	<u>513,344</u>
Other gains	5	46,328	13,126
Selling and distribution expenses		( 198,488 )	( 207,423 )
Other operating expenses		<u>( 208,035 )</u>	<u>( 138,137 )</u>
<b>Profit before tax</b>	6	65,594	180,910
Income tax	8	—	—
<b>Profit for the year</b>		<u>65,594</u>	<u>180,910</u>
<b>Accumulated profits at start of year</b>		<u>1,143,925</u>	<u>963,015</u>
<b>Accumulated profits at end of year</b>		<u><u>1,209,519</u></u>	<u><u>1,143,925</u></u>

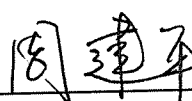
The accompanying notes form an integral part of these financial statements.

**MODERN INTERNATIONAL (ASIA) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	Notes	2020 US\$	2019 US\$
<b>Non-Current assets</b>			
Investment in subsidiary company	9	15,000	—
<b>Current assets</b>			
Trade and other receivables	10	3,334,338	3,119,444
Amount due from related company	11	—	899
Cash and cash equivalents	12	1,201,241	1,219,884
		<u>4,535,579</u>	<u>4,340,227</u>
<b>Current liabilities</b>			
Trade and other payables	13	( 2,026,694 )	( 1,916,302 )
Amount due to related company	11	( 34,366 )	—
		<u>( 2,061,060 )</u>	<u>( 1,916,302 )</u>
<b>Net current assets</b>		<u>2,474,519</u>	<u>2,423,925</u>
<b>Net assets</b>		<u>2,489,519</u>	<u>2,423,925</u>
<b>Capital and reserves</b>			
Share capital	14	1,280,000	1,280,000
Accumulated profits		1,209,519	1,143,925
<b>Total equity</b>		<u>2,489,519</u>	<u>2,423,925</u>

The financial statements were approved and authorized for issue by the board of directors on **15 JUN 2020**

  
 Director, Vijay Kumar Puranmal Agarwal

  
 Director, Zhou Jianping

The accompanying notes form an integral part of these financial statements

**MODERN INTERNATIONAL (ASIA) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 <u>US\$</u>	2019 <u>US\$</u>
<b>Operating activities</b>			
Profit before taxation		65,594	180,910
<u>Adjustments for :</u>			
- Interest income		( 8,517 )	( 10,603 )
- Interest expense		103,140	87,308
		<u>160,217</u>	<u>257,615</u>
Operating profit before working capital changes		160,217	257,615
(Increase) in trade and other receivables		( 214,894 )	( 2,225,123 )
(Increase)/Decrease in pledged bank deposits		( 2,147 )	102
Increase in trade and other payables		110,392	1,545,476
Increase/(Decrease) in amounts due to related companies		35,265	( 100,029 )
		<u>88,833</u>	<u>( 521,959 )</u>
Cash generated from/(used in) operations		88,833	( 521,959 )
Interest paid		( 103,140 )	( 87,308 )
		<u>( 14,307 )</u>	<u>( 609,267 )</u>
<b>Net cash (used in) operating activities</b>		<b>( 14,307 )</b>	<b>( 609,267 )</b>
<b>Investing activities</b>			
Interest received		8,517	10,603
Acquisition of interest in subsidiary company		( 15,000 )	—
		<u>( 6,483 )</u>	<u>10,603</u>
<b>Net cash (used in)/from investing activities</b>		<b>( 6,483 )</b>	<b>10,603</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>( 20,790 )</b>	<b>( 598,664 )</b>
<b>Cash and cash equivalents at start of year</b>		<b>18,741</b>	<b>617,405</b>
<b>Cash and cash equivalents at end of year</b>	12	<b>( 2,049 )</b>	<b>18,741</b>

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

**MODERN INTERNATIONAL (ASIA) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**1. GENERAL INFORMATION**

Modern International (Asia) Limited (the "Company") is a limited liability company incorporated in Hong Kong. The Company has its registered office at 31<sup>st</sup> Floor, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. The Company has no principal place of business as all its sales and purchases are conducted through buyers, seller, representatives visiting Dubai, India and Mainland China.

The directors consider the immediate parent and ultimate controlling party of the Company to be Modern India Limited, which is incorporated in Republic of India. The principal activity of the Company during the year was trading of textiles, luggage, building materials, machinery, chemicals and gift items outside Hong Kong.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants, and comply with the requirements of the Hong Kong Companies Ordinance.

These financial statements 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 basis and the financial statements are presented in United States dollars ("US\$"), unless otherwise stated.

**2.1 Basis of consolidation**

Consolidated financial statements of the Company and its subsidiary have not been prepared as the Company is a wholly owned subsidiary of another body corporate, it satisfies the exemption criteria set out in section 379(3)(a) of the Hong Kong Companies Ordinance, and is therefore not required to prepare consolidated financial statements.

A subsidiary is an entity (including special purpose entity) over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally but not necessarily accompanying a shareholding of more than half of the voting power.

In the Company's statement of financial position, the investment in a subsidiary is stated at cost less provision for impairment loss. The results of the subsidiary are accounted for by the Company on the basis of dividends received and receivable.

**2.2 Trade and other receivables**

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment, unless the effect of discounting would be immaterial, in which case they are stated at cost less impairment loss.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in profit or loss.

**MODERN INTERNATIONAL (ASIA) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.3 Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

**2.4 Trade and other payables**

Trade and other payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

**2.5 Impairment of assets**

At each reporting date, investment and other assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**2.6 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and returns, provided it is probable that the economic benefits will flow to the Company and can be measured reliably, as follows:

- i. Income from the trading of textiles and luggage is recognised when goods are delivered to customer which are taken to the point in time when the customer has accepted the goods and the related risks of ownership.
- ii. Bank interest income is recognised as it accrues using the effective interest method.
- iii. Commission income is recognised when the related services are rendered and an invoice issued.

**2.7 Foreign currency translation**

i. 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). These financial statements are presented in United States dollars, which is the Company's functional and presentation currency.

ii. 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

**MODERN INTERNATIONAL (ASIA) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.8 Income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of income and retained earnings because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in profit or loss. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

**2.9 Related parties**

For the purpose of these financial statements, related party includes a person and entity as defined below:

- (a) A person or a close member of that person's family is related to the Company if that person:
  - (i) is a member of the key management personnel of the Company or of a parent of the Company;
  - (ii) has control over the Company; or
  - (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.
- (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 (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
  - (iii) the entity is controlled or jointly controlled by a person identified in (a).
  - (iv) a person identified in (a)(i) has significant voting power in the entity

## MODERN INTERNATIONAL (ASIA) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements in conformity with HKFRS for Private Entities requires management to make judgments, estimates and assumptions that affect the application of policies and carrying amounts of assets, liabilities, income and expenses. Estimates and judgments 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.

#### 3.1 Critical judgment in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described in note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements (apart from those involving estimations, which are dealt with in part 3.2 below):-

##### Taxation

As stated in note 8, no provision for Hong Kong Profits tax or deferred taxation has been made. In the opinion of the directors, the current tax position is a fair reflection of the judgment exercised by them as the Company's income/profit are sourced outside Hong Kong.

#### 3.2 Key sources of estimation uncertainty

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.

##### Estimated impairment on receivables

The Company's management assesses the collectability of receivables. This estimate is based on the past collection, credit history and ageing analysis of the Company's receivables, as well as the current economy and market condition. Impairment on receivables is made based on the estimation of the future cash flow expected to arise and the original effective interest rate in order to calculate the present value. The Company's management determines impairment of its receivables on a regular basis and reassesses the impairment of receivables at the end of the reporting period.

### 4. REVENUE

This represents the Company's turnover, which comprises revenue from sales of goods net of discounts and returns.

**MODERN INTERNATIONAL (ASIA) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. OTHER GAINS**

	<b>2020</b>	<b>2019</b>
	<b><u>US\$</u></b>	<b><u>US\$</u></b>
Interest income	8,517	10,603
Other income	37,811	2,523
	<u>46,328</u>	<u>13,126</u>

**6. PROFIT BEFORE TAX**

	<b>2020</b>	<b>2019</b>
	<b><u>US\$</u></b>	<b><u>US\$</u></b>
<b>This is stated after charging: -</b>		
Auditors' remuneration	5,000	4,420
Bank interest and charges	103,141	87,308
Commission paid	198,488	207,423

**7. DIRECTORS' REMUNERATION**

No directors received, or will receive, any fees or emoluments in respect of services to the Company during the year (2019: Nil).

**8. INCOME TAX**

No provision for Hong Kong Profits tax or deferred taxation has been made as the Company does not have any income assessable to Hong Kong profits tax for the year (2019: Nil).

**9. INVESTMENT IN SUBSIDIARY COMPANY**

	<b>2020</b>	<b>2019</b>
	<b><u>US\$</u></b>	<b><u>US\$</u></b>
Unlisted shares, at cost	<u>15,000</u>	<u>—</u>

**Particulars of the subsidiary as at 31 March 2020 are as follows:**

Name of subsidiary	Place of incorporation and operations	Percentage of interest held	Principal activity
Modern International (Vietnam) Company Limited	Vietnam	100%	Provision of management consulting services

**MODERN INTERNATIONAL (ASIA) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10. TRADE AND OTHER RECEIVABLES**

	<b>2020</b> <b>US\$</b>	<b>2019</b> <b>US\$</b>
Trade receivables	2,649,596	2,178,529
Deposits and other receivables	684,742	940,915
	<u>3,334,338</u>	<u>3,119,444</u>

**11. AMOUNT DUE FROM/(TO) RELATED COMPANY**

The amount due from/(to) related company is unsecured, interest free and has no fixed terms of repayment. Director Vijay Kumar Mahabir Prasad Jatia is having interest in the related company. Further details of the amount due from related company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and the Companies (Disclosure of information about Benefits of Directors) Regulation are as follows:

<b>Name of related company</b>	<b>Greatest outstanding</b> <b>during the year</b>	<b>2020</b> <b>US\$</b>	<b>2019</b> <b>US\$</b>
Modern International Middle East FZC	899	<u>—</u>	<u>899</u>

**12. CASH AND CASH EQUIVALENTS**

	<b>2020</b> <b>US\$</b>	<b>2019</b> <b>US\$</b>
Cash and bank balances	1,201,241	1,219,884
Less: Pledged bank deposits	( 1,203,290 )	( 1,201,143 )
Cash and cash equivalents in the cash flow statement	<u>( 2,049 )</u>	<u>18,741</u>

The pledged bank deposits earn interest at 0.9% per annum. They are pledged to a bank for general banking facilities granted to the Company (note 15).

The carrying amounts of cash and bank balances include US\$31 (2019: US\$31) denominated in foreign currencies.

**13. TRADE AND OTHER PAYABLES**

	<b>2020</b> <b>US\$</b>	<b>2019</b> <b>US\$</b>
Trade and bills payable	1,837,010	1,424,191
Other payables and accrued expenses	189,684	492,111
	<u>2,026,694</u>	<u>1,916,302</u>

**MODERN INTERNATIONAL (ASIA) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**14. SHARE CAPITAL**

	<b>2020</b>	<b>2019</b>
	<b><u>US\$</u></b>	<b><u>US\$</u></b>
<u>Issued and fully paid:-</u>		
9,994,000 ordinary shares	1,280,000	1,280,000

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

**15. BANKING FACILITIES**

The Company has general banking facilities available of US\$5 million (2019: US\$5 million). At 31 March 2020, the Company's banking facilities were utilized to the extent of US\$149,382 (2019: US\$359,666). These facilities are secured by the followings:-

- i. Fixed deposit provided by the Company (note 12); and
- ii. Corporate guarantee by the ultimate holding company.

**16. RELATED PARTY TRANSACTIONS**

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Company in the normal course of business, entered into the following material transactions:-

- i. Transactions with key management personnel

The directors are the key management personnel of the Company, and their remuneration is disclosed in note 7.

- ii. Transactions with related parties:

	<b>2020</b>	<b>2019</b>
	<b><u>US\$</u></b>	<b><u>US\$</u></b>
Commission paid/payable to a related company	180,000	180,000
Sales made to a related company	229,660	339,175

Balances with related parties are disclosed in the statement of financial position and in note 11.

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