

GATI HONG KONG LIMITED  
(INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

DIRECTORS' REPORT  
AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

溫漢球會計師事務所  
HK WAN CPA & CO  
CERTIFIED PUBLIC ACCOUNTANTS  
Audit and assurance, taxation and company secretary



GATI HONG KONG LIMITED

(INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

DIRECTORS' REPORT  
AND AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

CONTENTS

	PAGES
Directors' report	1 - 2
Independent auditor's report	3 - 5
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Accounting policies and explanatory notes to the financial statements	10 - 19



GATI HONG KONG LIMITED

DIRECTORS' REPORT

The directors submit herewith their annual report and the audited financial statements for the year ended 31 March 2018.

Principal activity

Gati Hong Kong Limited (the Company) is a company incorporated in Hong Kong and has its registered office and principal place of business at Room C1303, 13/F., Hang Cheong Factory Building, 1 Wing Ming Street, Cheung Sha Wan, Kowloon, Hong Kong. The principal activity of the Company is provision of freight and logistics services.

Results and dividends

The profit of the Company for the year ended 31 March 2018 and the state of the Company's affairs as at that date are set out in the Company's financial statements on pages 6 to 19.

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2018 (2017:Nil).

Property, plant and equipment

Movement in property, plant and equipment are set out in note 10 to the financial statements.

Share capital

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

Business review

The Company exempted for business review for the year.

Directors

The directors of the Company during the year and up to the date of this report are:

Kalasegaran S/O Genkatharan  
Paliwal, Chandra Shekhar

Directors' material interests in transactions, arrangements and contracts that are significant in relation to the company's business

Except as disclosed in the note 15 to financial statements, no transactions, arrangements and contract of significance to which the Company, or fellow subsidiary or its immediate and ultimate holding companies was a party and in which the directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.



GATI HONG KONG LIMITED

DIRECTORS' REPORT


Arrangements to acquire shares or debentures

At no time during the year was the Company, or its fellow subsidiary or any of, or its immediate and ultimate holding companies a party to any arrangement to enable the directors of the Company to hold any interests in shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporation.

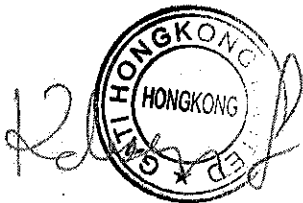
Auditor

H.K. Wan CPA & Co will retire and a resolution for the re-appointment of H K Wan CPA & Co as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board



Paliwal, Chandra Shekhar  
Director  
Hong Kong.



溫漢球會計師事務所

**HK WAN CPA & CO**

CERTIFIED PUBLIC ACCOUNTANTS  
Audit and assurance, taxation and company secretary

香港德輔道中272至284號興業商業中心15樓1508室  
電話：2698 8804 傳真：2698 2140  
Room 1508, 15/F., Hing Yip Commercial Centre, 272-284 Des  
Voeux Road Central, Hong Kong  
Tel: 2698 6604 Fax: 2693 2140

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF GATI HONG KONG LIMITED  
(incorporated in Hong Kong with limited liability)

*Opinion*

We have audited the financial statements of Gati Hong Kong Limited ("the Company") set out on pages 6 to 19, which comprise the statement of financial position as at 31 March 2018, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standard for Private Entities 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 ("HKSAAs") 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.

*Material Uncertainty Related to Going Concern*

Without qualifying our opinion, we draw your attention to note 2 to the financial statements which indicates that as at 31 March 2018, the Company's total liabilities exceeded its total assets by \$43,217. These conditions, along with other matters as set forth in note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

*Other information*

The directors are responsible for the other information. The other information comprises the information included in the directors' report, 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.

# 溫漢球會計師事務所

## H K WAN CPA & CO

CERTIFIED PUBLIC ACCOUNTANTS  
Audit and assurance, taxation and company secretary

香港德輔道中272至284號興業商業中心15樓1508室  
電話：2698 6804 傳真：2693 2140  
Room 1508, 15/F., Hing Yip Commercial Centre, 272-284 Des  
Voeux Road Central, Hong Kong  
Tel: 2698 6604 Fax: 2693 2140

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GATI HONG KONG LIMITED (incorporated in Hong Kong with limited liability)

#### *Other information (continued)*

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.

#### *Responsibilities of directors and those charged with Governance for the Financial Statements*

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### *Auditor's Responsibility for the Audit of 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:

溫漢球會計師事務所

H K WAN CPA & CO

CERTIFIED PUBLIC ACCOUNTANTS  
Audit and assurance, taxation and company secretary


香港德輔道中272至284號興業商業中心15樓1508室  
電話：2698 6604 傳真：2693 2140  
Room 1508, 15/F., Hing Yip Commercial Centre, 272-284 Des  
Voeux Road Central, Hong Kong  
Tel: 2698 6604 Fax: 2693 2140

INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBER OF GATI HONG KONG LIMITED  
(incorporated in Hong Kong with limited liability)

*Auditor's responsibilities for the Audit of the financial statements (continued)*

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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 those charged with governance 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.

  
H K Wan CPA & Co  
Certified Public Accountants  
Hong Kong, 3 MAY 2018

GATI HONG KONG LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
For the year ended 31 March 2018

	Note	2018 HK\$	2017 HK\$
Revenue	4	1,849,153	4,554,238
Cost of sales		<u>(1,659,201)</u>	<u>(3,891,960)</u>
Gross profit		189,952	662,278
Other income	5	3,015,166	900
Administrative expenses		(345,560)	(477,169)
Other expenses		(9,404)	(423,700)
Finance cost	6	-	<u>(3,688)</u>
Profit/(loss) before tax	7	2,850,154	(241,379)
Income tax expense	8	-	-
Profit/(loss) for the year		2,850,154	(241,379)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		<u>2,850,154</u>	<u>(241,379)</u>

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


  
 The image shows a handwritten signature in cursive, likely 'Kelsey', written over a circular stamp. The stamp contains the text 'GATI HONG KONG LIMITED' around the perimeter and 'ONGKONG' in the center.



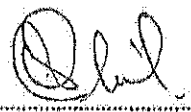
GATI HONG KONG LIMITED

STATEMENT OF FINANCIAL POSITION  
As at 31 March 2018

	Note	2018 HK\$	2017 HK\$
<b>Non-current asset</b>			
Property, plant and equipment	10	-	-
<b>Current assets</b>			
Trade and other receivables	11	37,443	372,642
Deposits and prepayment		-	54,248
Cash and cash equivalents	12	40,800	43,873
		<u>78,243</u>	<u>470,763</u>
<b>Current liabilities</b>			
Amount due to the immediate holding company		-	1,897,805
Amount due to the ultimate holding company		-	458,262
Amount due to a fellow subsidiary		-	227,810
Trade payables and accruals	13	121,460	780,257
		<u>121,460</u>	<u>3,364,134</u>
<b>Net current liabilities</b>		<u>(43,217)</u>	<u>(2,893,371)</u>
<b>Net liabilities</b>		<u>(43,217)</u>	<u>(2,893,371)</u>
<b>Equity</b>			
Share capital	14	3,444,337	3,444,337
Accumulated losses		(3,487,554)	(6,337,708)
		<u>(43,217)</u>	<u>(2,893,371)</u>

Approved and authorised for issue by the Board of Directors

  
 Kalasegaran S/O Genkatharan

  
 Paliwal, Chandra Shekhar

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

GATI HONG KONG LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Note	2018 HK\$	2017 HK\$
<b>Operating activities</b>			
Profit/(loss) before tax		2,850,154	(241,379)
Adjustments for:			
- Interest paid	6	-	3,688
- Net provision for impairment losses on trade receivables	7	-	410,764
<b>Operating profit before changes in working capital</b>		<b>2,850,154</b>	<b>173,073</b>
Decrease in trade and other receivables		335,199	36,789
Decrease/(increase) in deposits and prepayment		54,248	(51,088)
Decrease in trade payables and accruals		(658,797)	(202,446)
Decrease in deposits received		-	(24,763)
<b>Net cash generated from/(used in) operating activities</b>		<b>2,580,804</b>	<b>(68,435)</b>
<b>Financing activities</b>			
(Decrease) in amount due to immediate holding company		(1,897,805)	(1,527)
(Decrease)/increase in amount due to an ultimate holding company		(458,262)	25,160
(Decrease)/increase in amount due to a fellow subsidiary		(227,810)	69,124
Interest paid	6	-	(3,688)
<b>Net cash (used in)/generated from financing activities</b>		<b>(2,583,877)</b>	<b>88,969</b>
<b>Net (decrease)/increase in cash, cash equivalents and bank overdraft</b>		<b>(3,073)</b>	<b>20,534</b>
<b>Cash, cash equivalents and bank overdraft at 1 April</b>		<b>43,873</b>	<b>23,339</b>
<b>Cash, cash equivalents and bank overdraft at 31 March</b>	12	<b>40,800</b>	<b>43,873</b>

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



GATI HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. General information

Gati Hong Kong Limited (the Company) is a limited company incorporated in Hong Kong. The address of its registered office is Room C1303, 13/F., Hang Cheong Factory Building, 1 Wing Ming Street, Cheung Sha Wan, Kowloon, Hong Kong. The Company's principal activity is provision of freight and logistics services.

2. Basis of preparation and accounting policies

These 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 the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

These financial statements have also been prepared on a going concern basis notwithstanding the existence of the capital deficiency and net current liabilities position at the reporting date as the member of the Company has undertaken to provide continuing financial support to the Company to meet its liabilities when they fall due.

Should the Company be unable to continue in business as a going concern, adjustments would have to be made to reduce the value of assets to their recoverable amounts and to provide for any further liabilities which might arise.

The principal accounting policies adopted in the preparation of these financial statements are set out below:

*Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable and is shown net of discounts.

(a) Revenue from the freight and logistics services income

Freight and logistic services income are recognized when services are rendered.

*Borrowing costs*

All borrowing costs are recognised in profit or loss in the period in which they are incurred.



GATI HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2018

2. Basis of preparation and accounting policies (continued)

*Foreign currency translation*

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). These financial statements are presented in Hong Kong Dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other income" or "other expenses".

*Income tax expense*

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 comprehensive income 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 recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases using in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.



GATI HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. Basis of preparation and accounting policies (continued)

*Income tax expense (continued)*

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 realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. However, the measurement of deferred tax liabilities associated with an investment property measured at fair value does not exceed the amount of tax that would be payable on its sale to an unrelated market participant at fair value at the reporting date. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

*Property, plant and equipment*

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. Assets held under finance leases, for which there is no reasonable certainty that the Company will obtain ownership at the end of the lease term, are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the relevant lease. The following annual rates are used for the depreciation of property, plant and equipment:

Computer	33 1/3 percent
Furniture & fixtures	33 1/3 percent
Leasehold improvement	33 1/3 percent
Office equipment	33 1/3 percent

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

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



GATI HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2018

2. Basis of preparation and accounting policies (continued)

*Impairment of non-financial assets, other than inventories*

At each reporting date plant and equipment 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 an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

*Trade and other receivables*

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

*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.

*Leases*

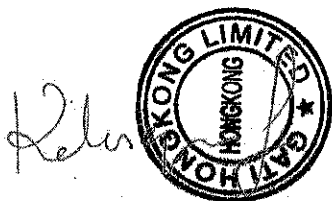
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

*Employee benefit obligations*

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

*Trade payables and accruals*

Trade payables and accruals are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.



GATI HONG KONG LIMITED

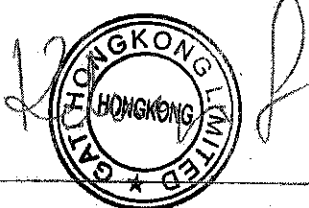
ACCOUNTING POLICIES AND EXPLANATORY  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2018

2. Basis of preparation and accounting policies (continued)

*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) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of a third entity.
  - (iv) either 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. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a)(i) has significant voting power in the entity.



GATI HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2018

3. Key sources of estimation uncertainty

*Depreciation*

The Company depreciates the property, plant and equipment in accordance with the accounting policies stated in note 2. The estimated useful lives reflect the directors' estimate of the periods that the Company intends to derive future economic benefits from the use of these assets.

*Impairment of trade receivables*

The Company maintains an allowance for estimated loss arising from the inability of its customers to make the required payments. The Company makes its estimates based on the ageing of its trade receivable balances, customers' creditworthiness, and historical write-off experience. If the financial condition of its customers was to deteriorate so that the actual impairment loss might be higher than expected, the Company would be required to revise the basis of making the allowance.

4. Revenue

Revenue, which is also the Company's turnover, represents the net invoiced value of services rendered, after allowances for trade discounts during the year.

	2018 HK\$	2017 HK\$
Freight and logistics services income	<u>1,849,153</u>	<u>4,554,238</u>


5. Other income

	2018 HK\$	2017 HK\$
Sundry income	-	900
Waiver of amounts due to holding company and fellow subsidiary	<u>3,015,166</u>	-
	<u>3,015,166</u>	<u>900</u>

6. Finance cost

	2018 HK\$	2017 HK\$
Interest on bank overdraft	<u>-</u>	<u>3,688</u>

*Kalsen*





GATI HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

7. Profit/(loss) before tax

	2018 HK\$	2017 HK\$
Auditor's remuneration	13,000	13,000
Exchange loss	54,728	25,767
Legal and professional fee	3,500	3,500
Operating lease charges on property rental	42,000	47,500
Net provision for impairment losses on trade receivables	-	410,764
Repairs and maintenance	9,404	8,589
Staff costs	177,327	334,412
Comprising:		
- Contributions to defined contribution retirement plan	4,498	8,287
- Salaries, wages and other benefits	172,829	325,074
- Staff messing and welfare	-	1,051

8. Income tax expense

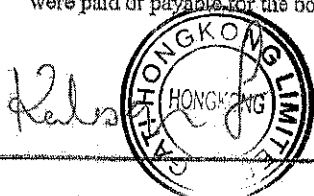
- (a) No provision for Hong Kong profits tax has been made as the Company did not have any assessable profits subjected to the Hong Kong profits tax for the both years.
- (b) Reconciliation between tax expenses and accounting loss at applicable tax rates:

	2018 HK\$	2017 HK\$
Profit/(loss) before taxation	<u>2,850,154</u>	<u>(241,379)</u>
Tax at applicable tax rate (16.5%)	470,275	(39,828)
Tax effect of non-deductible expenses	-	67,776
Tax effect of unused tax losses not recognised	27,438	295,293
Tax effect of non-taxable income	(497,502)	-
Tax effect of deductible expenses	-	(322,978)
Tax effect of temporary difference not recognised	<u>(211)</u>	<u>(263)</u>

- (c) No provision for deferred tax assets in respect of tax losses as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction. The tax losses do not expire under current tax legislation.

9. Directors' remuneration

No directors' remuneration as defined in section 383(1) of the Hong Kong Companies Ordinance were paid or payable for the both years.



GATI HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2018

16. Property, plant and equipment

	Computer HK\$	Leasehold improvement HK\$	Leasehold improvement HK\$	Office equipment HK\$	Total HK\$
Cost					
At 1 April 2017 and 31 March 2018	69,882	9,730	12,500	5,659	97,771
Accumulated depreciation					
At 1 April 2017 and 31 March 2018	69,882	9,730	12,500	5,659	97,771
Carrying amount					
At 31 March 2018					
At 31 March 2017					

*Handwritten signature*



GATI HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

<b>11. Trade and other receivables</b>		
	<i>2018</i>	<i>2017</i>
	<i>HK\$</i>	<i>HK\$</i>
Trade receivables - Ultimate holding company	-	7,600
Trade receivables - Others	37,443	775,806
Trade receivables - Others - Net provision for impairment	-	(410,764)
	<u>37,443</u>	<u>372,642</u>
<b>12. Cash and cash equivalents</b>		
	<i>2018</i>	<i>2017</i>
	<i>HK\$</i>	<i>HK\$</i>
Cash at bank and cash on hand	<u>40,800</u>	<u>43,873</u>
<b>13. Trade payables and accruals</b>		
	<i>2018</i>	<i>2017</i>
	<i>HK\$</i>	<i>HK\$</i>
Trade payables	106,817	764,291
Accrued expenses	14,643	15,966
	<u>121,460</u>	<u>780,257</u>
<b>14. Share capital</b>		
	<i>2018</i>	<i>2017</i>
	<i>HK\$</i>	<i>HK\$</i>
Issued and fully paid:		
3,444,337 ordinary shares	<u>3,444,337</u>	<u>3,444,337</u>



GATI HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

15. Related party transactions

During the year, the Company entered into the following transactions with related parties in the ordinary course of its business. In the opinion of the directors, these transactions were conducted on an arm's length basis.

	2018 HK\$	2017 HK\$
Ultimate holding company		
Freight and logistics services income	149,646	552,414
Trade receivables	-	7,600
Fellow subsidiary		
Freight and logistics services income	2,050	1,628,956
Freight cost	46,115	100,717

16. Provision for long service payment

At the reporting date, the Company had employees and directors who had completed the required number of years of service under the Employment Ordinance (the "Ordinance") to be eligible for long service payments on termination of the employment. The Company is only liable to make the payment if the termination of the employee meets the required circumstances specified in the Ordinance.

In the opinion of the directors, no such material obligations exists as at reporting date and as such no provision for long service payments have been made in the financial statements.

17. Immediate parent and ultimate controlling party

At 31 March 2018, the directors consider the immediate parent and ultimate controlling party of the Company to be Gati Asia Pacific PTE Ltd. and Gati Ltd., they are incorporated in Singapore and India respectively. Only Gati Ltd. does produce financial statements available for public use.

18. Approval of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on -3 MAY 2018

~ END ~

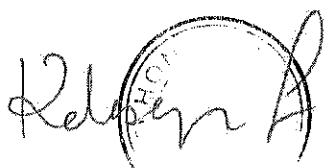


GATI HONG KONG LIMITED

STATEMENT OF CHANGES IN EQUITY  
For the year ended 31 March 2018

	<i>Share capital HK\$</i>	<i>Accumulated losses HK\$</i>	<i>Total HK\$</i>
At 1 April 2016	3,444,337	(6,096,329)	(2,651,992)
Total comprehensive loss for the year	-	(241,379)	(241,379)
At 31 March 2017 and 1 April 2017	3,444,337	(6,337,708)	(2,893,371)
Total comprehensive income for the year	-	2,850,154	2,850,154
At 31 March 2018	<u>3,444,337</u>	<u>(3,487,554)</u>	<u>(43,217)</u>

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






Gall Hong Kong Limited  
For the year ended 31 March 2016

	Dr.		Cr.		Profit and loss	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>Opening adjustment</b>						
1 Leasehold improvement	12,500.00		12,500.00			
Accumulated depreciation - leasehold improvement		12,500.00		12,500.00		
<u>Being opening adjustment.</u>						
<b>Audit adjustments</b>						
2 Audit fee	13,000.00				13,000.00	
Accrued expenses		13,000.00	13,000.00			
<u>Being provision of audit fee for the current year.</u>						
3 Business registration fee	2,250.00				2,250.00	
Compensation	20,078.00				20,078.00	
Office maintenance expenses		2,250.00				2,250.00
Bad debts		20,078.00				20,078.00
<u>Being reallocation of accounts</u>						
			<u>12,500.00</u>	<u>24,600.00</u>	<u>35,328.00</u>	<u>22,328.00</u>

Profit per client 2,863,154.31  
Adjustments (13,000.00)  
Profit per auditor 2,850,154.31

Confirmed and approved by:



Director

