UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)
☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2021

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 001-38474

Jerash Holdings (US), Inc.
(Exact name of registrant as specified in its charter)

Delaware	81-4701719
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

277 Fairfield Road, Suite 338, Fairfield, New Jersey 07004
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (214) 906-0065

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001 per share	JRSH	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐		Accelerated filer	☐
Non-accelerated filer ☒		Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock, par value $0.001 per share, held by non-affiliates of the registrant, as computed by reference to the September 30, 2020 closing price reported by Nasdaq, was approximately $13,562,115.36.

The number of the registrant's shares of common stock, $0.001 par value per share, outstanding on June 22, 2021 was 11,334,318.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for its 2021 Annual Meeting of Stockholders are incorporated by reference in Part III of this Annual Report on Form 10-K.

Table of Contents

		Page
PART I		1
Item 1.	Business	1
Item 1A.	Risk Factors	6
Item 1B.	Unresolved Staff Comments	17
Item 2.	Properties	17
Item 3.	Legal Proceedings	18
Item 4.	Mine Safety Disclosure	18
PART II		19
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.	19
Item 6.	[Reserved]	19
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	19
Item 7A.	Quantitative and Qualitative Disclosures about Market Risk	27
Item 8.	Financial Statements and Supplementary Data	F-1
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	28
Item 9A.	Controls and Procedures	28
Item 9B.	Other Information	28
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	28
PART III		29
Item 10.	Directors, Executive Officers and Corporate Governance	29
Item 11.	Executive Compensation	29
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	29
Item 13.	Certain Relationships and Related Transactions, and Director Independence	29
Item 14.	Principal Accounting Fees and Services	29
PART IV		30
Item 15.	Exhibit and Financial Statement Schedules	30
Item 16.	Form 10-K Summary	32
Signatures		33

PART I

Item 1. Business.

Overview

Jerash Holdings (US), Inc. (“Jerash Holdings”), through its wholly owned operating subsidiaries and variable interest entity (“VIE”) (together the “Group,” “we,” “us,” or “our”), is principally engaged in the manufacturing and exporting of customized, ready-made sport and outerwear from knitted fabric and personal protective equipment (“PPE”) produced in its facilities in the Hashemite Kingdom of Jordan (“Jordan”). Our website address is http://www.jerashholdings.com. Information available on our website is not a part of, and is not incorporated into, this Annual Report on Form 10-K.

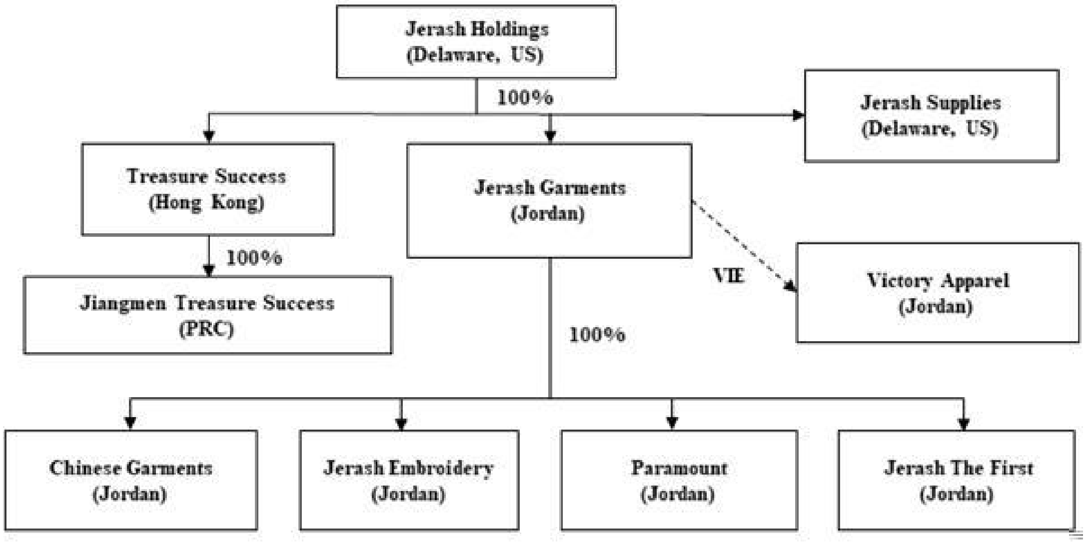
We are a manufacturer for many well-known brands and retailers, such as Walmart, Costco, New Balance, G-III (which owns brands such as Calvin Klein, Tommy Hilfiger, DKNY, and Guess), American Eagle, and VF Corporation (which owns brands such as The North Face, Timberland, and JanSport). Our production facilities comprise four factory units, one workshop, and four warehouses and we currently employ approximately 4,300 people. The total annual capacity at our facilities is approximately 12.0 million pieces (average for product categories including t-shirts, polo shirts, pants, shorts, and jackets, and excluding PPE).

Organizational Structure

Jerash Holdings is a holding company organized in Delaware in January 2016. As of the date of this annual report, Jerash Holdings has the following wholly owned subsidiaries: (i) Jerash Garments and Fashions Manufacturing Co., Ltd. (“Jerash Garments”), an entity formed under the laws of Jordan, (ii) Treasure Success International Limited (“Treasure Success”), an entity formed under the laws of Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong” or “HK”), (iii) Chinese Garments and Fashions Manufacturing Co., Ltd. (“Chinese Garments”), an entity formed under the laws of Jordan and a wholly owned subsidiary of Jerash Garments, (iv) Jerash for Industrial Embroidery Co., Ltd. (“Jerash Embroidery”), an entity formed under the laws of Jordan and a wholly owned subsidiary of Jerash Garments, (v) Al-Mutafaweq Co. for Garments Manufacturing Ltd. (“Paramount”), an entity formed under the laws of Jordan and a wholly owned subsidiary of Jerash Garments, (vi) Jiangmen Treasure Success Business Consultancy Co., Ltd. (“Jiangmen Treasure Success”), an entity incorporated under the laws of the People’s Republic of China (“China” or the “PRC”) and a wholly owned subsidiary of Treasure Success, (vii) Jerash The First Medical Supplies Manufacturing Company Limited (“Jerash The First”), an entity formed under the laws of Jordan and a wholly owned subsidiary of Jerash Garments, and (viii) Jerash Supplies, LLC (“Jerash Supplies”), an entity formed under the laws of the State of Delaware.

In addition, Jerash Garments has a VIE, Victory Apparel (Jordan) Manufacturing Company Limited (“Victory Apparel”), a limited liability company formed under the laws of Jordan. Although Jerash Garments does not own the equity interests of Victory Apparel, Mr. Choi Lin Hung (“Mr. Choi”), our chairman, chief executive officer, president, treasurer, and a significant stockholder, is also a director of Victory Apparel and controls all decision-making for Victory Apparel along with our other significant stockholder, Mr. Lee Kian Tjiauw, who has the ability to control Victory Apparel’s financial affairs. In addition, Victory Apparel’s equity at risk is not sufficient to permit it to operate without additional subordinated financial support from Mr. Choi. Based on these facts, we concluded that Jerash Garments has effective control over Victory Apparel due to Mr. Choi’s roles at both organizations and therefore Victory Apparel is considered a VIE under Accounting Standards Codification 810-10-05-08A. Accordingly, Jerash Garments consolidates Victory Apparel’s operating results, assets, and liabilities.

This chart reflects our organizational structure as of March 31, 2021:



Jerash Garments was established in Jordan on November 26, 2000 and operates out of our factory unit in Al Tajamouat Industrial City, a Development Zone in Amman, Jordan. Jerash Garments' principal activities are to house management offices and to operate production lines and printing, sewing, ironing, packing, and quality control units, as well as house our trims and finished products warehouses. We also operate our workshop in Al-Hasa County (as discussed below) under Jerash Garments.

Chinese Garments was established in Jordan on June 13, 2013 and operates out of our factory unit in Al Tajamouat Industrial City. Chinese Garments' principal activities are to house administration, human resources, finance and management offices and to operate additional production lines and sewing, ironing, and packing units, as well as house our trims warehouse.

Jerash Embroidery was established in Jordan on March 11, 2013 and operates out of our factory unit in Al Tajamouat Industrial City. Jerash Embroidery's principal activities are to perform the cutting and embroidery for our products.

Paramount was incorporated in Jordan on October 24, 2004 and operates out of our factory unit in Al Tajamouat Industrial City. Paramount's principal activities are to manufacture garments per customer orders.

Treasure Success was established in Hong Kong on July 5, 2016 and operates in Hong Kong. Treasure Success's primary activities are to employ sales and merchandising staff and supporting personnel in Hong Kong to support the business of Jerash Garments and its subsidiaries and VIE.

Jiangmen Treasure Success was established in Jiangmen City of Guangdong Province in the PRC on August 28, 2019 and operates in the PRC. Jiangmen Treasure Success's primary activities are to provide support in sales and marketing, sample development, merchandising, procurement, and other areas.

Victory Apparel was established as a limited liability company in Amman, Jordan, on September 18, 2005. Victory Apparel has no significant assets or liabilities or other operating activities of its own.

Jerash The First was incorporated in Jordan on July 6, 2020 and operate out of our workshop in Al-Hasa County. Jerash The First's principal activities are to manufacture PPE products.

Jerash Supplies was formed in Delaware on November 20, 2020. Jerash Supplies is engaged in the trading of PPE products.

Products

As a garment manufacturing group, we specialize in manufacturing sport and outerwear. Our sport and outerwear product offering consists of jackets, polo shirts, t-shirts, pants, and shorts. Our primary product offering is jackets, and in the fiscal years ended March 31, 2021 and 2020, approximately 25% and 50%, respectively, of our total shipped pieces were jackets.

In response to high demand for PPE due to the COVID-19 pandemic, we started manufacturing PPE in 2020. Our PPE product offering consists of branded (washable) and disposable face masks, medical scrubs, protective coveralls, and surgical gowns. In order to advance our PPE market development efforts, we incorporated a new entity, Jerash The First, which received temporary permission from Jordan's Food and Drug Administration to manufacture and export non-surgical PPE. Our production facility for PPE needs to meet certain structural requirements before we can receive a permanent permission and we are still planning the production facility. In September, 2020, we successfully registered as a medical device manufacturing facility with the U.S. Food and Drug Administration for the sale and export of our PPE products to the United States. We also received an ISO 13485 designation covering the manufacturing, packing, and selling of medical supplies. PPE contributed 1% of our total revenue in the fiscal year ended March 31, 2021.

Manufacturing and Production

Our production facilities are located in Al Tajamouat Industrial City and in Al-Hasa County in the Tafilah Governorate of Jordan.

Our production facilities in Al Tajamouat Industrial City comprise four factory units and four warehouses. Effective as of January 1, 2019, the government of the Hashemite Kingdom of Jordan converted Al Tajamouat Industrial City into a Development Zone. Following this change, we continued to operate under benefits similar to the Qualifying Industrial Zone designation, but were subject to 10% corporation income tax plus a 1% social contribution. On January 1, 2020, the corporation income tax increased to 14%. Effective on January 1, 2021, we have been subject to 16% corporate income tax plus a 1% social contribution. Currently, the first factory unit, which we own, employs approximately 1,500 people. Its primary functions are to house our management offices, as well as production lines, trims warehouse, and printing, sewing, ironing, and packaging units. The second factory unit, which we lease, employs approximately 1,300 people. Its primary functions are to house our administrative and human resources personnel, merchandising and accounting departments, embroidery, printing, additional production lines, trims and finished products warehouses, and sewing, ironing, packing and quality control units. The third factory unit, which we lease, employs approximately 200 people. Its primary functions are to perform the cutting for our products. The fourth factory unit (under Paramount), which we lease, currently employs approximately 1,000 people. Its primary functions are to house additional production lines.

Our production facility in Al-Hasa County in the Tafilah Governorate of Jordan comprises a workshop. The workshop currently employs approximately 300 people and its primary functions are to manufacture garment products per customer orders. We commenced the construction of this workshop in 2018, and it was completed and started operation in November 2019. This is a joint project with the Jordanian Ministry of Labor and the Jordanian Education and Training Department. According to our agreement with these government agencies, we will be using this workshop without paying rent until December 2022, after which we anticipate entering into a lease agreement for the workshop with the Jordanian Ministry of Labor for market rent. Provided that we satisfy certain employment requirements over certain time periods, we do not anticipate incurring any significant costs for this project. In the event we breach our agreement with these government agencies, we will have to pay such agencies 250,000 Jordanian Dinar ("JOD") or approximately $353,000. See "Item 2. Properties" below for more information regarding this workshop.

In 2015, we commenced a project to build a 4,800 square foot workshop in the Tafilah Governorate of Jordan, which was previously intended to be used as a sewing workshop for Jerash Garments, but which we now intend to use as a dormitory. Construction has been temporarily suspended since March 2020 due to the COVID-19 pandemic. This dormitory is expected to be operational in fiscal 2022 to house management and supervisory staff for our production facility in Al-Hasa County. This project is expected to cost approximately $200,000 upon completion.

In April 2021, we commenced a construction on a 189,000 square-foot housing facility for our multi-national workforce, situated on a 49,000 square-foot site owned by us, in Al Tajamouat Industrial City. We anticipate the completion and occupancy of the new building by mid-2022. To meet increasing demand, we are also completing plans to construct an additional project on a nearby separate 133,000 square-foot parcel that we purchased in 2019 for $1.2 million, with 2/3 of the land allocated for our fifth manufacturing plant and 1/3 for housing. We anticipate starting the construction later this year.

Total annual capacity at our existing facilities is approximately 12.0 million pieces (average for product categories including t-shirts, polo shirts, pants, shorts, and jackets, and excluding PPE). Our production flow begins in the cutting department of our factory unit. Then the product is sent to the embroidery department for embroidery if applicable. From there, the product moves to be processed by the sewing unit, finishing department, quality control, and finally the ironing and packing units.

We do not have long term supply contracts or arrangements with our suppliers. Most of our ultimate suppliers for raw materials, such as fabric, zippers, and labels, are designated by customers and we purchase such materials on a purchase order basis.

Employees

As of March 31, 2021, we had an aggregate of approximately 4,350 employees located in Jordan, Hong Kong, the People's Republic of China, and the United States of America, all of which are full-time employees.

Customers

The following table outlines the dollar amount and percentage of total sales to our customers for the fiscal years ended March 31, 2021 ("fiscal 2021"), and March 31, 2020 ("fiscal 2020").

	Fiscal Year 2021		Fiscal Year 2020	
	Sales (USD, in thousands)	%	Sales (USD, in thousands)	%
VF Corporation[1]	$ 55,994	62.1%	$ 71,817	77.2%
New Balance	11,050	12.3%	3,065	3.3%
Dynamic	6,347	7.0%	9,995	10.7%
Jiangsu Guotai Huasheng Industrial	2,982	3.3%	-	-%
ARK Garments	2,896	3.2%	1,153	1.2%
G-III	2,875	3.2%	1,460	1.6%
Onset Time Limited	1,672	1.9%	-	-%
United Creations LLC	1,665	1.8%	1,129	1.2%
Dick's Sporting Goods	1,093	1.2%	2,148	2.3%
Others	3,639	4.0%	2,257	2.5%
Total	$ 90,213	100.0%	$ 93,024	100.0%

(1) Most of our products are sold under The North Face brand which is owned by VF Corporation.

In fiscal 2021 and fiscal 2020, we depended on a few key customers for our sales, and most of our sales in fiscal 2021 and 2020 were to one customer, VF Corporation.

We started producing garments for VF Corporation in 2012. Most of the products we manufacture are sold under The North Face Brand which is owned by VF Corporation. Currently, we manufacture primarily outerwear for The North Face. Approximately 62% and 77% of our sales in fiscal 2021 and 2020 were derived from the sale of manufactured products to VF Corporation, respectively. We are not party to any long-term contracts with VF Corporation or our other customers, and our sales arrangements with our customers do not have minimum purchase requirements. As is common in our industry, VF Corporation and our other customers place purchase orders with us after we complete detailed sample development and approval processes that we and our customers have agreed upon for their purchase of the relevant manufactured garments. It is through the sample development and approval processes that we and VF Corporation and our other customers agree on the purchase and manufacture of the garments. For fiscal 2021, VF Corporate issued approximately 5,400 purchase orders to us in amounts ranging from approximately $8 to $596,000. For fiscal 2020, VF Corporation issued approximately 7,400 purchase orders to us in amounts ranging from approximately $7 to $380,000.

Our customers are in the retail industry, which is subject to substantial cyclical variations. Consequently, there can be no assurance that sales to current customers will continue at the current rate or at all. In addition, our annual and quarterly results may vary, which may cause our profits and the market price of our common stock to decline.

We continue to seek to expand and strengthen our relationship with our current customers and other brand names. However, we cannot assure you that these brands will continue to buy our products in the same volumes or on the same terms as they did in the past or that we will be successful in expanding our relationship with other brand names.

Competition

The markets for the manufacturing of sport and outerwear are highly competitive. The competition in those markets is focused primarily on the price and quality of the product and the level of customer service. Our products compete with products of other apparel manufacturers in Asia, Israel, Europe, the United States, and South and Central America.

Competition with other manufacturers in the clothing industry focuses on reducing production costs, reducing supply lead time, design, product quality, and efficiency of supply to the customer. Since production costs depend to a large extent on labor costs, in recent years most production in the industry has been moved to countries where labor costs are low. Some of our competitors have lower cost bases, longer operating histories, larger customer bases, and other advantages over us which allow them to compete with us. As described in more detail under "—*Conditions in Jordan*" below, we are able to sell our products manufactured at our facilities in Jordan to the United States free from customs duties and import quotas under certain conditions. These favorable terms enable us to remain competitive on the basis of price. According to the Association Agreement between the European Union (the "EU") and Jordan, which came into force in May 2002, and the joint initiative on rules of origin reviewed and improved in December 2018 by the EU and Jordan, goods manufactured by us in Jordan that are subsequently shipped to EU countries are shipped free from customs duties.

Conditions in Jordan

Our manufacturing facilities are located in Jordan. Accordingly, we are directly affected by political, security, and economic conditions in Jordan.

From time to time Jordan has experienced instances of civil unrest, terrorism, and hostilities among neighboring countries, including Syria and Israel. A peace agreement between Israel and Jordan was signed in 1994. Terrorist attacks, military activity, rioting, or civil or political unrest in the future could influence the Jordanian economy and our operations by disrupting operations and communications and making travel within Jordan more difficult and less desirable. Political or social tensions also could create a greater perception that investments in companies with Jordanian operations involve a high degree of risk, which could adversely affect the market and price for our common stock.

Jordan is a constitutional monarchy, but the King holds wide executive and legislative powers. The ruling family has taken initiatives that support the economic growth of the country. However, there is no assurance that such initiatives will be successful or will continue. The rate of economic liberalization could change, and specific laws and policies affecting manufacturing companies, foreign investments, currency exchange rates, and other matters affecting investments in Jordan could change as well.

In December 2019, "COVID-19" was first identified in Wuhan, China. Less than four months later, on March 11, 2020, the World Health Organization declared COVID-19 a pandemic—the first pandemic caused by a coronavirus. On March 17, 2020, Jordan announced a shutdown of non-essential activities as part of its proactive national efforts to limit the spread of COVID-19 and we suspended the operations of our facilities in Jordan as a result on March 18, 2020. On March 26, 2020, the International Monetary Fund announced that its executive board approved a 48-month arrangement under the Extended Fund Facility with Jordan for an amount of approximately $1.3 billion to support the country's economic and financial reform program. The arrangement also provided for spending to contain and treat COVID-19. On April 28, 2020, the World Bank approved a $20 million project to help Jordan face the health impacts of the COVID-19 pandemic. On April 4, 2020, we resumed operations of our main production facilities in Al Tajamount Industrial City under the condition that only migrant workers, living in dormitories in Al Tajamouat Industrial City, are allowed to go to work in our factories under strict hygienic precautionary measures pursuant to an approval from the Jordanian Government dated April 1, 2020. Our Al-Hasa workshop was also allowed to restart operation on April 26, 2020. Eventually, local employees were allowed to resume work on June 1, 2020.

Trade Agreements

Because of the United States-Jordan Free Trade Agreement, which came into force on December 17, 2001, and was implemented fully on January 1, 2010, and the Association Agreement between the EU and Jordan, which came into force in May 2002, we are able to sell our products manufactured at our facilities in Jordan to the U.S. free from customs duties and import quotas under certain conditions and to EU countries free from customs duties.

Income Tax Incentives

Effective January 1, 2019, Jordan's government converted the geographical area where Jerash Garments and its subsidiaries and VIE are located from a Free Zone to a Development Zone. Development Zones are industrial parks that house manufacturing operations in Jordan. In accordance with Development Zone law, Jerash Garments and its subsidiaries and VIE began paying corporate income tax in Jordan at a rate of 10% plus 1% social contribution. Effective January 1, 2020, this rate increased to 14% plus 1% social contribution, and effective January 1, 2021, this rate further increased to 16% plus 1% social contribution. For more information, see "Note 2—Summary of Significant Accounting Policies—Income Taxes."

In addition, Jerash Garments and its subsidiaries and VIE are subject to local sales tax of 16%. However, Jerash Garments was granted a sales tax exemption from the Jordanian Investment Commission for the period June 1, 2015 to June 1, 2018 that allowed Jerash Garments to make purchases with no sales tax charge. This exemption was extended to February 5, 2022.

Government Regulation

Our manufacturing and other facilities in Jordan are subject to various local regulations relating to the maintenance of safe working conditions and manufacturing practices. Management believes that it is currently in compliance in all material respects with all such regulations. We are not subject to governmental approval of our products or manufacturing process.

Item 1A. Risk Factors.

The following are factors that could have a significant impact on our operations and financial results and could cause actual results or outcomes to differ materially from those discussed in any forward-looking statements.

Risks Related to Our Business and Our Industry

We rely on one key customer for most of our revenue. We cannot assure you that this customer or any other customer will continue to buy our products in the same volumes or on the same terms.

Our sales to VF Corporation (which owns brands such as The North Face, Timberland, and JanSport), directly and indirectly, accounted for approximately 62% and 77% of our total sales in fiscal 2021 and fiscal 2020, respectively. From an accounting perspective, we are considered the principle in our arrangement with VF Corporation. We bear the inventory risk before the specified goods are transferred to a customer, and we have the right to determine the price and to change our product during the sample development process with customers in which we determine factors including material usage and manufacturing costs before confirming orders. Therefore, we present the sales and related manufacturing activities on a gross basis.

We are not party to any long-term contracts with VF Corporation or our other customers, and our sales arrangements with our customers do not have minimum purchase requirements. As is common in our industry, VF Corporation and our other customers place purchase orders with us after we complete detailed sample development and approval processes. It is through these sample development and approval processes that we and VF Corporation agree on the purchase and manufacture of the garments in question. From April 1, 2020 to March 31, 2021, VF Corporation issued approximately 5,400 purchase orders to us in amounts ranging from approximately $8 to $596,000.

We cannot assure you that our customers will continue to buy our products at all or in the same volumes or on the same terms as they have in the past. The failure of VF Corporation to continue to buy our products in the same volumes and on the same terms as in the past may significantly reduce our sales and our earnings.

A material decrease in the quantity of sales made to our principal customers, a material adverse change in the terms of such sales or a material adverse change in the financial condition of our principal customers could significantly reduce our sales and our earnings.

We cannot assure you that VF Corporation will continue to purchase our merchandise at the same historical rate, or at all, in the future, or that we will be able to attract new customers. In addition, because of our reliance on VF Corporation as our key customer and their bargaining power with us, VF Corporation has the ability to exert significant control over our business decisions, including prices.

Any adverse change in our relationship with VF Corporation and its The North Face brand, or with their strategies or reputation, would have a material adverse effect on our results of operations.

Most of our products are sold under The North Face brand, which is owned by VF Corporation. Any adverse change in our relationship with VF Corporation would have a material adverse effect on our results of operations. In addition, our sales of those products could be materially and adversely affected if either VF Corporation's or The North Face brand's images, reputations, or popularity were to be negatively impacted.

If we lose our key customer and are unable to attract new customers, then our business, results of operations, and financial condition would be adversely affected.

If our key customer, VF Corporation, fails to purchase our merchandise at the same historical rate, or at all, we will need to attract new customers and we cannot assure you that we will be able to do so. We do not currently invest significant resources in marketing our products, and we cannot assure you that any new investments in sales and marketing will lead to the acquisition of additional customers or increased sales or profitability consistent with prior periods. If we are unable to attract new customers or customers that generate comparable profit margins to VF Corporation, then our results of operations and financial condition could be materially and adversely affected.

If we lose our larger brand and retail nominations or customers, or the customers fail to purchase our products at anticipated levels, our sales and operating results will be adversely affected.

Our results of operations depend to a significant extent upon the commercial success of our larger brand name customers. If we lose our significant brand nominations, our customers fail to purchase our products at anticipated levels, or our relationships with these customers or the brands and retailers they serve diminishes, it may have an adverse effect on our results and we may lose a primary source of revenue. In addition, we may not be able to recoup development and inventory costs associated with these customers and we may not be able to collect our receivables from them, which would negatively impact our financial condition and results of operations.

If the market share of our customers declines, our sales and earnings may decline.

Our sales can be adversely affected in the event that our direct and indirect customers do not successfully compete in the markets in which they operate. In the event that the sales of one of our major customers decline for any reason, regardless of whether it is related to us or to our products, our sales to that customer may also decline, which could reduce our overall sales and our earnings.

Our financial condition, results of operations, and cash flows have been adversely affected by the COVID-19 pandemic.

In December 2019, COVID-19 was first identified in Wuhan, China. Less than four months later, on March 11, 2020, the World Health Organization declared COVID-19 a pandemic—the first pandemic caused by a coronavirus. The outbreak has reached more than 160 countries, including Jordan and the United States, resulting in the implementation of significant governmental measures, including lockdowns, closures, quarantines, and travel bans, intended to control the spread of the virus. On March 17, 2020, the country of Jordan announced a shutdown of non-essential activities as part of its proactive national efforts to limit the spread of COVID-19. On April 4, 2020, we resumed operations of our main production facilities in Al Tajamouat Industrial City under the condition that only migrant workers, living in dormitories in Al Tajamouat Industrial City, were allowed to go to work in the factories under strict hygienic precautionary measures, pursuant to an approval from the Jordanian government dated April 1, 2020. Our Al-Hasa workshop was also allowed to restart operation on April 26, 2020. Eventually, local employees were also allowed to resume work starting June 1, 2020.

Owing to the national shutdown in Jordan between March 18 and March 31, 2020, the shipment of approximately $1.6 million of our orders which were scheduled to be shipped by March 31, 2020, the end of fiscal 2020, was postponed. We shipped these orders in the first quarter of fiscal 2021. There was also loss of productivity in the shutdown period which negatively impacted our first quarter and full year profitability. There was a decrease of sales of approximately 3% in fiscal 2021 comparing to fiscal 2020 due to the loss in productivity in the gradual resumption of production in early April 2020 and the change in customer mix due to lower demand from U.S. customers in fiscal 2021. Our gross profit margin was also down by approximately 1% point from 19% to 18% due to more limitation on overtime work, higher expenses on hygienic precautions, and higher proportion of local orders that typically have a lower profit margin.

The COVID-19 pandemic may also materially adversely affect our business operations and condition and operating results for fiscal 2022, including but not limited to material negative impact on our total revenue, slower collection of accounts receivables, and additional allowance for doubtful accounts. Because of the significant uncertainties surrounding the COVID-19 pandemic, we cannot reasonably estimate the extent of the business disruption and the related financial at this time.

Defaults under the Secured Credit Facilities could result in a foreclosure on our assets by our lender which would negatively impact our financial condition and results of operations.

We are party to secured credit facilities with Hong Kong and Shanghai Banking Corporation (“HSBC”) for up to $23,000,000 (the “Secured Credit Facilities”) to finance our working capital needs. The Secured Credit Facilities consist of (i) an $11,000,000 import credit facility with HSBC entered into on May 29, 2017 and amended on June 19, 2018, August 12, 2019, and July 3, 2020, and (ii) a $12,000,000 invoice discounting/factoring facility entered into on August 21, 2017 and amended on June 14, 2018. The Secured Credit Facilities are guaranteed by us, Jerash Garments, and Treasure Success. The Secured Credit Facilities are collateralized by a blanket security interest and includes various financial and other covenants. If in the future we default under the Secured Credit Facilities, our lender could, among other things, declare our debt to be immediately due and payable. If this were to occur, we would be unable to repay our bank debt in full unless we could sell sufficient assets or obtain new financing through a replacement credit facility or equity transaction. If a new credit facility could be obtained, it is likely that it would have higher interest rates and impose significant additional restrictions and requirements on us. There is no assurance that we would be able to obtain a waiver or amendment from our lender or obtain replacement debt financing or issue sufficient equity securities to refinance these facilities. If we are unable to pay off the facility, our lender could foreclose on our assets, which may negatively impact our financial condition and results of operations. In fiscal 2021, Treasure Success had no transaction or balance in the invoice discounting/factoring facility granted by HSBC. In May 2021, Treasure Success received a letter from HSBC dated March 30, 2021 that the debts purchase services under the invoice discounting/factoring facility between Treasure Success and HSBC were terminated with immediate effect. We had no outstanding balance in the invoice discounting/factoring facility granted by HSBC as of March 31, 2021.

We may require additional financing to fund our operations and capital expenditures.

As of March 31, 2021, we had cash and cash equivalents of approximately $21.1 million and restricted cash of approximately $1.7 million. There can be no assurance that our available cash, together with resources from our operations, will be sufficient to fund our operations and capital expenditures. In addition, our cash position may decline in the future, and we may not be successful in maintaining an adequate level of cash resources.

We are party to the Secured Credit Facilities with HSBC. As of March 31, 2021, we had incurred no indebtedness under the Secured Credit Facilities.

Pursuant to a facility letter (the “SCBHK facility”) dated June 15, 2018 issued to Treasure Success by Standard Chartered Bank (Hong Kong) Limited (“SCBHK”), SCBHK offered to provide an import facility of up to $3,000,000 to Treasure Success. The SCBHK facility covers import invoice financing and pre-shipment financing under export orders with a combined limit of $3,000,000. SCBHK charges interest at 1.3% per annum over SCBHK’s cost of funds. In consideration for arranging the SCBHK facility, Treasure Success paid SCBHK HKD50,000. We were informed by SCBHK on January 31, 2019 that the SCBHK facility had been activated. As of March 31, 2021, there was an outstanding amount of approximately $0.6 million under the SCBHK facility.

In addition, we may be required to seek additional debt or equity financing in order to support our growing operations. We may not be able to obtain additional financing on satisfactory terms, or at all, and any new equity financing could have a substantial dilutive effect on our existing stockholders. If we cannot obtain additional financing, we may not be able to achieve our desired sales growth, and our results of operations would be negatively affected.

We may have conflicts of interest with our affiliates and related parties, and in the past we have engaged in transactions and entered into agreements with affiliates that were not negotiated at arms’ length.

We have engaged, and may in the future engage, in transactions with affiliates and other related parties. These transactions may not have been, and may not be, on terms as favorable to us as they could have been if obtained from non-affiliated persons. While an effort has been made and will continue to be made to obtain services from affiliated persons and other related parties at rates and on terms as favorable as would be charged by others, there will always be an inherent conflict of interest between our interests and those of our affiliates and related parties. Through his wholly-owned entity Merlotte, Mr. Choi, our chairman, chief executive officer, president, treasurer, and a significant stockholder, has an indirect ownership interest in certain companies, including Ford Glory International Limited (“Ford Glory”) and Jiangmen V-Apparel Manufacturing Limited, with which we have entered into, or in the future may enter into, agreements or arrangements. In August 2019, HSBC released the personal guarantees of Mr. Choi and Mr. Ng Tsze Lun (“Mr. Ng”), a significant stockholder, in exchange for Treasure Success and Jerash Holdings agreeing to guarantee the amounts under our Secured Credit Facilities with HSBC. The release of these guarantees personally benefited Mr. Choi and Mr. Ng but required Jerash Holdings and Treasure Success to incur potential liability in connection with their guarantee. See also “Note 11—Related Party Transactions.” Our majority stockholders may economically benefit from our arrangements with related parties. If we engage in related party transactions on unfavorable terms, our operating results will be negatively impacted.

We are dependent on a product segment comprised of a limited number of products.

Presently, we generate revenue primarily from manufacturing and exporting sport and outerwear. A shift in demand from such products may reduce the growth of new business for our products, and reduce existing business in those products. If demand in sport and outerwear were to decline, we may endeavor to expand or transition our product offerings to other segments of the clothing retail industry. There can be no assurance that we would be able to successfully make such an expansion or transition, or that our sales and margins would not decline in the event we made such an expansion or transition.

Our revenue and cash requirements are affected by the seasonal nature of our business.

A significant portion of our revenue is received during the first six months of our fiscal year, or from April through September. A majority of our VF Corporation orders are derived from winter season fashions, the sales of which occur in the spring and summer and are merchandized by VF Corporation during the autumn months (September through November). As such, the second half of our fiscal year reflect lower sales in anticipation of the spring and summer seasons. In addition, due to the nature of our relationships with customers and our use of purchase orders to conduct our business, our revenue may vary from period to period.

Changes in our product mix and the geographic destination of our products or source of our supplies may impact our cost of goods sold, net income, and financial position.

From time to time, we experience changes in the product mix and the geographic destination of our products. To the extent our product mix shifts from higher revenue items, such as jackets, to lower revenue items, such as pants, our cost of goods sold as a percentage of gross revenue will likely increase. In addition, if we sell a higher proportion of products in geographic regions where we do not benefit from free trade agreements or tax exemptions, our gross margins will fall. If we are unable to sustain consistent product mix and geographic destinations for our products, we could experience negative impacts to our financial condition and results of operations.

Our direct and indirect customers are in the clothing retail industry, which is subject to substantial cyclical variations and could have a material adverse effect on our results of operations.

Our direct and indirect customers are in the clothing retail industry, which is subject to substantial cyclical variations and is strongly affected by any downturn or slowdown in the general economy. Factors in the clothing retail industry that may influence our operating results from quarter to quarter include:

- the volume and timing of customer orders we receive during the quarter;
- the timing and magnitude of our customers' marketing campaigns;
- the loss or addition of a major customer or of a major retailer nomination;
- the availability and pricing of materials for our products;
- the increased expenses incurred in connection with introducing new products;
- currency fluctuations;
- political factors that may affect the expected flow of commerce; and
- delays caused by third parties.

In addition, uncertainty over future economic prospects could have a material adverse effect on our results of operations. Many factors affect the level of consumer spending in the clothing retail industry, including, among others:

- general business conditions;
- interest rates;
- the availability of consumer credit;
- taxation; and
- consumer confidence in future economic conditions.

Consumer purchases of discretionary items, including our products, may decline during recessionary periods and also may decline at other times when disposable income is lower. Consequently, our customers may have larger inventories of our products than expected, and to compensate for any downturn they may reduce the size of their orders, change the payment terms, limit their purchases to a lower price range, and try to change their purchase terms, all of which may have a material adverse effect on our financial condition and results of operations.

The clothing retail industry is subject to changes in fashion preferences. If our customers misjudge a fashion trend or the price which consumers are willing to pay for our products decreases, our revenue could be adversely affected.

The clothing retail industry is subject to changes in fashion preferences. We design and manufacture products based on our customers' judgment as to what products will appeal to consumers and what price consumers would be willing to pay for our products. Our customers may not be successful in accurately anticipating consumer preferences and the prices that consumers would be willing to pay for our products. Our revenue will be reduced if our customers are not successful, particularly if our customers reduce the volume of their purchases from us or require us to reduce the prices at which we sell our products.

If we experience product quality or late delivery problems, or if we experience financial problems, our business will be negatively affected.

We may from time to time experience difficulties in making timely delivery of products of acceptable quality. Such difficulties may result in cancellation of orders, customer refusal to accept deliveries, or reductions in purchase prices, any of which could have a material adverse effect on our financial condition and results of operations. There can be no assurance that we will not experience difficulties with manufacturing our products.

We face intense competition in the worldwide apparel manufacturing industry.

We compete directly with a number of manufacturers of sport and outerwear. Some of these manufacturers have lower cost bases, longer operating histories, larger customer bases, greater geographical proximity to customers, or greater financial and marketing resources than we do. Increased competition, direct or indirect, could reduce our revenue and profitability through pricing pressure, loss of market share, and other factors. We cannot assure you that we will be able to compete successfully with existing or new competitors, as the market for our products evolves and the level of competition increases. We believe that our business will depend upon our ability to provide apparel products of good quality and meeting our customers' pricing and delivery requirements, and our ability to maintain relationships with our major customers. There can be no assurance that we will be successful in this regard.

We may not be successful in integrating acquired businesses.

Our growth and profitability could be adversely affected if we acquire businesses or assets of other businesses and are unable to integrate the business or assets into our current business. To grow effectively, we must find acquisition candidates that meet our criteria and successfully integrate the acquired business into ours. If acquired businesses do not achieve expected levels of production or profitability, we are unable to integrate the business or assets into our business, or we are unable to adequately manage our growth following the acquisition, our results of operations and financial condition would be adversely affected.

We have previously experienced material weaknesses in our internal control over financial reporting. If we fail to establish and maintain an effective system of internal control over financial reporting, we may not be able to accurately and timely disclose information about our financial results or prevent fraud. Any inability to accurately and timely disclose financial results could harm our business and reputation and cause the market price of our common stock to decline.

A system of financial controls and procedures is necessary to ensure that information about our financial results is recorded, processed, summarized, and reported in an accurate and timely fashion. Effective internal control over financial reporting is necessary for us to provide reliable financial reports and prevent fraud. If we cannot disclose required information or provide reliable financial reports, we may not be able to manage our business as effectively as we would if an effective control environment existed, and our business and reputation may be harmed. Our independent registered public accounting firm previously identified that we had a material weakness because we lacked sufficient personnel with an appropriate level of knowledge of accounting principles generally accepted by the United States of America ("U.S. GAAP") and financial reporting. Although we have taken certain steps to address this deficiency and it is no longer a material weakness, it is possible that we may have a material weakness identified in the future if the controls and procedures we have implemented are inadequate.

Our results of operations are subject to fluctuations in currency exchange rates.

Exchange rate fluctuations between the U.S. dollar and JOD, Hong Kong dollar, or Chinese Yuan ("CNY"), as well as inflation in Jordan, Hong Kong, or the PRC, may negatively affect our earnings. A substantial majority of our revenue and a substantial portion of our expenses are denominated in U.S. dollars. However, a significant portion of the expenses associated with our Jordanian, Hong Kong, or PRC operations, including personnel and facilities-related expenses, are incurred in JOD, Hong Kong dollars, or CNY, respectively. Consequently, inflation in Jordan, Hong Kong, or the PRC will have the effect of increasing the dollar cost of our operations in Jordan, Hong Kong, or the PRC, respectively, unless it is offset on a timely basis by a devaluation of JOD, Hong Kong dollar, or CNY, as applicable, relative to the U.S. dollar. We cannot predict any future trends in the rate of inflation in Jordan, Hong Kong, or the PRC or the rate of devaluation of JOD, Hong Kong dollar, or CNY, as applicable, against the U.S. dollar. In addition, we are exposed to the risk of fluctuation in the value of JOD, Hong Kong dollar, and CNY vis-a-vis the U.S. dollar. There can be no assurance that JOD or Hong Kong dollar will remain effectively pegged to the U.S. dollar. Any significant appreciation of JOD, Hong Kong dollar, or CNY against the U.S. dollar would cause an increase in our JOD, Hong Kong dollar, or CNY expenses, as applicable, as recorded in our U.S. dollar denominated financial reports, even though the expenses denominated in JOD, Hong Kong dollars, or CNY, as applicable, will remain unchanged. In addition, exchange rate fluctuations in currency exchange rates in countries other than Jordan where we operate and do business may also negatively affect our earnings.

We are subject to the risks of doing business abroad.

All of our products are manufactured outside the United States, at our subsidiaries' production facilities in Jordan. Foreign manufacturing is subject to a number of risks, including work stoppages, transportation delays and interruptions, political instability, foreign currency fluctuations, economic disruptions, expropriation, nationalization, the imposition of tariffs and import and export controls, changes in governmental policies (including U.S. policies towards Jordan), and other factors, which could have an adverse effect on our business. In addition, we may be subject to risks associated with the availability of and time required for the transportation of products from foreign countries. The occurrence of certain of these factors may delay or prevent the delivery of goods ordered by customers, and such delay or inability to meet delivery requirements would have a severe adverse impact on our results of operations and could have an adverse effect on our relationships with our customers.

Our ability to benefit from the lower labor costs in Jordan will depend on the political, social, and economic stability of Jordan and in the Middle East in general. We cannot assure you that the political, economic, or social situation in Jordan or in the Middle East in general will not have a material adverse effect on our operations, especially in light of the potential for hostilities in the Middle East. The success of the production facilities also will depend on the quality of the workmanship of laborers and our ability to maintain good relations with such laborers in these countries. We cannot guarantee that our operations in Jordan or any new locations outside of Jordan will be cost-efficient or successful.

Our business could suffer if we violate labor laws or fail to conform to generally accepted labor standards or the ethical standards of our customers.

We are subject to labor laws issued by the Jordanian Ministry of Labor for our facilities in Jordan. In addition, many of our customers require their manufacturing suppliers to meet their standards for working conditions and other matters. If we violate applicable labor laws or generally accepted labor standards or the ethical standards of our customers by, for example, using forced or indentured labor or child labor, failing to pay compensation in accordance with local law, failing to operate our factories in compliance with local safety regulations, or diverging from other labor practices generally accepted as ethical, we could suffer a loss of sales or customers. In addition, such actions could result in negative publicity and may damage our reputation and discourage retail customers and consumers from buying our products.

Our products may not comply with various industry and governmental regulations and our customers may incur losses in their products or operations as a consequence of our non-compliance.

Our products are produced under strict supervision and controls to ensure that all materials and manufacturing processes comply with the industry and governmental regulations governing the markets in which these products are sold. However, if our controls fail to detect or prevent non-compliant materials from entering the manufacturing process, our products could cause damages to our customers' products or processes and could also result in fines being incurred. The possible damages, replacement costs, and fines could significantly exceed the value of our products and these risks may not be covered by our insurance policies.

We depend on our suppliers for machinery and maintenance of machinery. We may experience delays or additional costs satisfying our production requirements due to our reliance on these suppliers.

We purchase machinery and equipment used in our manufacturing process from third-party suppliers. If our suppliers are not able to provide us with maintenance or additional machinery or equipment as needed, we might not be able to maintain or increase our production to meet any demand for our products, which would negatively impact our financial condition and results of operations.

We are a holding company and rely on dividends, distributions, and other payments, advances, and transfers of funds from our subsidiaries to meet our obligations.

We are a holding company that does not conduct any business operations of our own. As a result, we rely on cash dividends and distributions and other transfers from our operating subsidiaries to meet our obligations. The deterioration of income from, or other available assets of, our operating subsidiaries for any reason could limit or impair their ability to pay dividends or other distributions to us, which in turn could adversely affect our financial condition and results of operations.

Periods of sustained economic adversity and uncertainty could negatively affect our business, results of operations, and financial condition.

Disruptions in the financial markets, such as what occurred in the global markets in 2008, may adversely impact the availability and cost of credit for our customers and prospective customers, which could result in the delay or cancellation of customer purchases. In addition, disruptions in the financial markets may have an adverse impact on regional and world economies and credit markets, which could negatively impact the availability and cost of capital for us and our customers. These conditions may reduce the willingness or ability of our customers and prospective customers to commit funds to purchase our services or products, or their ability to pay for our services after purchase. These conditions could result in bankruptcy or insolvency for some customers, which would impact our revenue and cash collections. These conditions could also result in pricing pressure and less favorable financial terms to us and our ability to access capital to fund our operations.

Risks Related to Operations in Jordan

We are affected by conditions to, and possible reduction of, free trade agreements.

Because of the United States-Jordan Free Trade Agreement and the Association Agreement between the EU and Jordan, we are able to sell our products manufactured at our facilities in Jordan to the U.S. free from customs duties and import quotas under certain conditions and to EU countries free from customs duties. If there is a change in such benefits or if any such agreements were terminated, our profitability may be reduced.

Former President Donald Trump expressed antipathy towards trade agreements, and took a starkly protectionist approach that included withdrawal and renegotiation of trade agreements and trade wars with China and U.S. allies alike. The new Biden administration raises the possibility of a policy change. President Joe Biden has expressed no desire to withdraw from existing agreements. It seems clear that his policy will be less protectionist than former President Donald Trump’s. On the other hand, President Biden’s Buy American plan will make it harder for foreign manufacturers to sell goods in the U.S. and his insistence on strong labor provisions in trade agreements will likely prevent them from being implemented or protect U.S. industries when they are. It remains unclear what specifically President Biden would or would not do with respect to trade agreements, tariffs, and duties relating to products manufactured in Jordan. If President Biden takes action or publicly speaks out about the need to terminate or re-negotiate existing free trade agreements on which we rely, or in favor of restricting free trade or increasing tariffs and duties applicable to our products, such actions may adversely affect our sales and have a material adverse impact on our business, results of operations, and cash flows.

Our results of operations would be materially and adversely affected in the event we are unable to operate our principal production facilities in Jordan.

All of our manufacturing process is performed in a complex of production facilities located in Jordan. We have no effective back-up for these operations and, in the event that we are unable to use the production facilities located in Jordan as a result of damage or for any other reason, our ability to manufacture a major portion of our products and our relationships with customers could be significantly impaired, which would materially and adversely affect our results of operation.

Our operations in Jordan may be adversely affected by social and political uncertainties or change, military activity, health-related risks, or acts of terrorism.

From time to time, Jordan has experienced instances of civil unrest, terrorism, and hostilities among neighboring countries, including Syria and Israel. A peace agreement between Israel and Jordan was signed in 1994. Terrorist attacks, military activity, rioting, or civil or political unrest in the future could influence the Jordanian economy and our operations by disrupting operations and communications and making travel within Jordan more difficult and less desirable. In late May 2018, protests about a proposed tax bill began throughout Jordan. On June 5, 2018, King Abdullah II of Jordan responded to the protests by removing and replacing Jordan's prime minister. If political uncertainty rises in Jordan, our business, financial condition, results of operations, and cash flows may be negatively impacted.

Political or social tensions also could create a greater perception that investments in companies with Jordanian operations involve a high degree of risk, which could adversely affect the market price of our common stock. We do not have insurance for losses and interruptions caused by terrorist attacks, military conflicts, and wars, which could subject us to significant financial losses. The realization of any of these risks could cause a material adverse effect on our business, financial condition, results of operations, and cash flows.

We may face interruption of production and services due to increased security measures in response to terrorism.

Our business depends on the free flow of products and services through the channels of commerce. In response to terrorists' activities and threats aimed at the United States, transportation, mail, financial, and other services may be slowed or stopped altogether. Extensive delays or stoppages in transportation, mail, financial, or other services could have a material adverse effect on our business, results of operations, and financial condition. Furthermore, we may experience an increase in operating costs, such as costs for transportation, insurance, and security as a result of the activities and potential delays. We may also experience delays in receiving payments from payors that have been affected by the terrorist activities. The United States economy in general may be adversely affected by terrorist activities and any economic downturn could adversely impact our results of operations, impair our ability to raise capital, or otherwise adversely affect our ability to grow our business.

We are subject to regulatory and political uncertainties in Jordan.

We conduct substantially all of our business and operations in Jordan. Consequently, government policies and regulations, including tax policies, in Jordan will impact our financial performance and the market price of our common stock.

Jordan is a constitutional monarchy, but the King holds wide executive and legislative powers. The ruling family has taken initiatives that support the economic growth of the country. However, there is no assurance that such initiatives will be successful or will continue. The rate of economic liberalization could change, and specific laws and policies affecting manufacturing companies, foreign investments, currency exchange rates, and other matters affecting investments in Jordan could change as well. A significant change in Jordan's economic policy or any social or political uncertainties that impact economic policy in Jordan could adversely affect business and economic conditions in Jordan generally and our business and prospects.

If we violate applicable anti-corruption laws or our internal policies designed to ensure ethical business practices, we could face financial penalties and reputational harm that would negatively impact our financial condition and results of operations.

We are subject to anti-corruption and anti-bribery laws in the United States and Jordan. Jordan's reputation for potential corruption and the challenges presented by Jordan's complex business environment, including high levels of bureaucracy, red tape, and vague regulations, may increase our risk of violating applicable anti-corruption laws. We face the risk that we, our employees, or any third parties such as our sales agents and distributors that we engage to do work on our behalf may take action determined to be in violation of anti-corruption laws in any jurisdiction in which we conduct business, including the Foreign Corrupt Practices Act of 1977 (the "FCPA"). Any violation of the FCPA or any similar anti-corruption law or regulation could result in substantial fines, sanctions, civil or criminal penalties, and curtailment of operations that might harm our business, financial condition, or results of operations.

Our stockholders may face difficulties in protecting their interests and exercising their rights as a stockholder of ours because we conduct substantially all of our operations in Jordan and certain of our officers and directors reside outside of the United States.

Certain of our officers and directors reside outside the United States. Therefore, our stockholders may experience difficulties in effecting service of legal process, enforcing foreign judgments, or bringing original actions in any of these jurisdictions based upon U.S. laws, including the federal securities laws or other foreign laws against us, our officers, and directors. Furthermore, we conduct substantially all of our operations in Jordan through our operating subsidiaries. Because the majority of our assets are located outside the United States, any judgment obtained in the United States against us or certain of our directors and officers may not be collectible within the United States.

Risk Factors Relating to our Securities

If we fail to comply with the continuing listing standards of the Nasdaq, our common stock could be delisted from the exchange.

If we were unable to meet the continued listing requirements of the Nasdaq Stock Market ("Nasdaq"), our common stock could be delisted from the Nasdaq. Any such delisting of our common stock could have an adverse effect on the market price of, and the efficiency of the trading market for, our common stock, not only in terms of the number of shares that can be bought and sold at a given price, but also through delays in the timing of transactions and less coverage of us by securities analysts, if any. Also, if in the future we were to determine that we need to seek additional equity capital, being delisted from Nasdaq could have an adverse effect on our ability to raise capital in the public or private equity markets.

Our majority stockholders will control us for the foreseeable future, including the outcome of matters requiring stockholder approval.

Three of our stockholders beneficially own approximately 71.4% of our outstanding common stock, as of June 22, 2021. Accordingly, our other stockholders do not have any ability to exercise control over us and those majority stockholders will have the ability, acting together, to elect all of our directors and to substantially influence the outcome of corporate actions requiring stockholder approval, such as: (i) a merger or a sale of the Group, (ii) a sale of all or substantially all of our assets, and (iii) amendments to our corporate documents. This concentration of voting power and control could have a significant effect in delaying, deferring, or preventing an action that might otherwise be beneficial to our other stockholders and be disadvantageous to our stockholders with interests different from those entities and individuals.

Our stockholders' ownership interest in us may be diluted by exercises of currently outstanding or committed warrants.

We granted warrants to purchase up to 71,100 units to designees of the placement agent in connection with a private placement offering that we initially closed on May 15, 2017 and had subsequent closings on August 18, 2017 and September 27, 2017 (the "Private Placement"). Each unit consists of one share of our common stock and one warrant (with each such warrant being immediately exercisable for one-tenth of one share of common stock at an exercise price of $6.25 per share for a period of five years from the issuance date). The private placement agent warrants are exercisable with respect to 48,600 units beginning on July 15, 2017 and expiring on May 15, 2022, 18,000 units beginning on October 18, 2017 and expiring on August 18, 2022, and 4,500 units beginning on November 27, 2017 expiring on September 27, 2022. The private placement agent's warrants are exercisable at a price per unit equal to $5.50.

In connection with the Private Placement, we also issued five-year warrants to purchase up to 79,000 shares of our common stock to various accredited investors at an exercise price of $6.25 per share. Such warrants expire on May 15, 2022 with respect to 54,000 warrants, August 18, 2022 with respect to 20,000 warrants, and September 27, 2022 with respect to 5,000 warrants. We have also issued a five-year warrant to our board observer to purchase up to 50,000 shares of common stock. The warrant has an exercise price of $5.00 per share and may be converted by means of a cashless exercise during the term of the warrant. This warrant may be exercised any time until May 15, 2022.

Finally, in connection with our initial public offering, we issued to the underwriter and its affiliates warrants to purchase 57,200 shares of common stock at an exercise price of $8.75 per share and an expiration date of May 2, 2023.

70,000 of the foregoing warrants have been exercised as of the date of this annual report and there are currently 194,410 outstanding warrants to purchase shares of our common stock. To the extent any additional warrants are exercised, our stockholders' ownership interest in us will be diluted, which may reduce the market price of our common stock.

Future sales and issuances of our common stock or rights to purchase common stock could result in additional dilution of the percentage ownership of our stockholders and could cause the market price of our common stock to decline.

We may issue additional securities in the future. Pursuant to our amended and restated 2018 Stock Incentive Plan, we may issue up to 1,784,250 shares of common stock to certain members of our management and key employees.

Future sales and issuances of our common stock or rights to purchase our common stock could result in substantial dilution to our existing stockholders. We may sell common stock, convertible securities, and other equity securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities, our stockholders may be materially diluted. New investors in any future transactions could gain rights, preferences, and privileges senior to those of holders of our common stock.

If securities or industry analysts do not publish research or reports about us, or if they adversely change their recommendations regarding our common stock, our stock price and trading volume of our common stock could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us, our industry, and our market. If no analyst elects to cover us and publish research or reports about us, the market for our common stock could be severely limited and our stock price could be adversely affected. In addition, if one or more analysts ceases coverage of us or fails to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. If one or more analysts who elect to cover us issue negative reports or adversely change their recommendations regarding our common stock, the market price of our common stock could decline.

The requirements of being a public company, including compliance with the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the requirements of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act"), may strain our resources, increase our costs, and distract management, and we may be unable to comply with these requirements in a timely or cost-effective manner.

We are required to comply with the laws, regulations, requirements, and certain corporate governance provisions under the Exchange Act and the Sarbanes-Oxley Act. Complying with these statutes, regulations, and requirements will occupy a significant amount of time of our board of directors and management, and will significantly increase our costs and expenses and will make some activities more time-consuming and costly. In connection with becoming a reporting company, we will need to continue:

- instituting a more comprehensive compliance function;
- preparing and distributing periodic and current reports under the federal securities laws;
- establishing and enforcing internal compliance policies, such as those related to insider trading; and
- involving and retaining outside counsel and accountants to a greater degree than before we became a reporting company.

Our ongoing compliance efforts will increase general and administrative expenses and may divert management's time and attention from the development of our business, which may adversely affect our financial condition and results of operations.

If we are unable to effectively implement and maintain our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock may decline.

We have been required to evaluate our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act beginning with the annual report on Form 10-K for the fiscal year ended March 31, 2019. The process of designing and implementing internal controls over financial reporting may divert our internal resources and take a significant amount of time and expense to complete. If we identify material weaknesses in our internal control over financial reporting, are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is ineffective, investors may lose confidence in our reported financial information, which could negatively impact the market for our common stock and cause us to be unable to obtain additional financing on acceptable terms or at all, which could cause harm to our business and financial condition. In addition, as an emerging growth company, we are not required to obtain an auditor attestation of management's evaluation of internal controls over financial reporting once such internal controls are in place. As a result, we may fail to identify and remediate a material weakness or deficiency in our internal control over financial reporting, which may cause our financial statements and related disclosure to contain material misstatements and could cause delays in filing required financial statements and related reports.

The reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors, which may lead to volatility and a decrease in the market price of our common stock.

For as long as we continue to be an emerging growth company, we may take advantage of exemptions from reporting requirements that apply to other public companies that are not emerging growth companies. Investors may find our common stock less attractive because we may rely on these exemptions, which include not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. If investors find our common stock less attractive as a result of exemptions and reduced disclosure requirements, there may be a less active trading market for our common stock and our stock price may be more volatile or may decrease.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Jerash Garments owns an industrial building of approximately 89,300 square feet and two pieces of land totaling approximately 181,000 square feet in Al Tajamouat Industrial City. We lease additional space totaling approximately 448,000 square feet in industrial buildings in Al Tajamouat Industrial City. In addition, we lease space for our workers in dormitories located inside and outside of Al Tajamouat Industrial City.

Treasure Success leased its office space in Hong Kong from Ford Glory, pursuant to an agreement effective October 3, 2018 providing for a rent in the amount of HK$119,540 (approximately $15,326) per month and having a one-year term with an option to extend the term for an additional year at the same rent. On October 3, 2019, Treasure Success exercised the option to extend the lease for an additional year at the same rent. On December 15, 2020, Treasure Success renewed the lease for an additional year starting from October 3, 2020 at the same rent. In February 2021, Ford Glory disposed of the property that was the subject of the tenancy agreement between Treasure Success and Ford Glory. Ever Winland Limited, the new owner of the property and an independent party to the Group, entered into a new tenancy agreement with Treasure Success on February 26, 2021. The new tenancy agreement has a term from February 26, 2021 to February 25, 2023, with a rent in the amount of HK$119,540 (approximately $15,326) per month.

On December 11, 2018, we entered into an agreement through Jerash Garments, one of our subsidiaries in Jordan, to acquire all of the stock of an existing garment manufacturing business in order to operate our fourth manufacturing facility in Al Tajamouat Industrial City located in Amman, Jordan. This acquisition increased Jerash's annual capacity from 6.5 million pieces to 8 million pieces. The new facilities are an existing garment manufacturing operation adjacent to Jerash's three largest manufacturing centers. Jerash assumed ownership of all of the machinery and equipment owned by Paramount through the acquisition. Jerash leases an approximately 100,900 square foot primary garment manufacturing factory and housing accommodations for up to 500 workers located in Al Tajamouat Industrial City. Additionally, Jerash has coordinated with the Jordanian Ministry of Industry and Trade, Ministry of Labor and Customs Department to assume the existing compliance certificates and workplace certifications, including the facility's Better Work Jordan credentials. In connection with the closing of this transaction, which occurred as of June 18, 2019, Jerash paid an aggregate of $980,000 to Paramount to acquire all of its stock. Jerash intends to further invest in machinery, dormitory expansion and facility audits to support additional growth at the new facility.

In 2015, we commenced a project to build a 4,800 square foot workshop in the Tafilah Governorate of Jordan, which was previously intended to be used as a sewing workshop for Jerash Garments, but which we now intend to use as a dormitory. Construction has been temporarily suspended since March 2020 due to the COVID-19 pandemic. This dormitory is expected to be operational in fiscal 2022 to house management and supervisory staff for the 54,000 square foot workshop in Al-Hasa County. This project is expected to cost approximately $200,000 upon completion.

In calendar year 2018, we commenced another project to build a 54,000 square foot workshop in Al-Hasa County in the Tafilah Governorate of Jordan, which started operation in November 2019. This project is a joint project with the Jordanian Ministry of Labor and the Employment and Training Department in Jordan. Pursuant to the agreement between these parties and us, we guaranteed up to JOD112,500, or $159,000, for this project and agreed to employ at least 500 workers for the first 12 months following the completion of the project. The Ministry of Labor financed the building of the workshop and the Employment and Training Department will support 50% of the workers' salaries, as well as transportation and social security costs in the first 12 months following the completion of the project. We will be using the workshop without paying rent until December 2022, after which time we anticipate entering into a lease agreement for the workshop with the Jordanian Ministry of Labor for market rent. In the event that we do not comply with the terms of the agreement, we must pay the Ministry of Labor and the Employment and Training Department JOD250,000 or $353,000.

In April 2021, we commenced a construction on a 189,000 square-foot housing facility for our multi-national workforce, situated on a 49,000 square-foot site owned by us, in Al Tajamouat Industrial City. We anticipate the completion and occupancy of the new building by mid-2022. To meet increasing demand, we were also completing plans to construct an additional project on a nearby separate 133,000 square-foot parcel that we purchased in 2019 for $1.2 million, with 2/3 of the land allocated for our fifth manufacturing plant and 1/3 for housing. We anticipate starting the construction later this year.

On July 1, 2020, Jiangmen Treasure Success and Jiangmen V-Apparel Manufacturing Limited entered into a factory lease agreement, which was a replacement of a previous lease agreement dated August 31, 2019. The new lease has a one-year term with monthly rent amount of CNY28,300 (approximately $4,300) for additional office space and sample production purposes. On April 30, 2021, the factory lease agreement between Jiangmen Treasure Success and Jiangmen V-apparel Manufacturing Limited was terminated. On January 1, 2021, Jiangmen Treasure Success entered a factory lease agreement with an independent third party. The lease has a five-year term with monthly rent amount of CNY50,245 (approximately $7,700) for the first year, CNY60,270 ($9,200) for the second year, and 5% further annual increments starting from the third year.

We believe the real property that we own and lease is sufficient to conduct our operations as they are currently conducted.

Item 3. Legal Proceedings.

We are not currently involved in any material legal proceedings. From time-to-time we are, and we anticipate that we will be, involved in legal proceedings, claims, and litigation arising in the ordinary course of our business and otherwise. The ultimate costs to resolve any such matters could have a material adverse effect on our financial statements. We could be forced to incur material expenses with respect to these legal proceedings, and in the event that there is an outcome in any that is adverse to us, our financial position and prospects could be harmed.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock has been traded and quoted on the Nasdaq Capital Market under the symbol "JRSH" since May 4, 2018. Before that, our stock was not traded on any stock exchange. As of June 22, 2021, there were 11,334,318 shares of common stock issued and outstanding held by approximately 36 stockholders of record.

Since November 2018, the Board of Directors of Jerash Holdings has declared a quarterly cash dividend payable to holders of its common stock. Subject to the discretion of the Board of Directors and applicable law, we currently expect to continue declaring comparable quarterly cash dividends in the future.

For information on securities authorized for issuance under our existing equity compensation plan, see Item 12 under the heading "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters."

We did not repurchase any of our common stock in the fiscal year ended March 31, 2021.

During the fiscal years ended March 31, 2021 and 2020, we did not have sales of unregistered securities other than those already disclosed in the quarterly reports on Form 10-Q in the fiscal years 2021 and 2020 and current affair reports on Form 8-K.

Item 6. [Reserved].

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this filing.

EXECUTIVE OVERVIEW

Overview

Through our wholly owned operating subsidiaries and VIE, we are principally engaged in the manufacturing and exporting of customized, ready-made sport and outerwear from knitted fabric and PPE produced in our facilities in Jordan.

We are an approved manufacturer of many well-known brands and retailers, such as Walmart, Costco, New Balance, G-III (which owns brands such as Calvin Klein, Tommy Hilfiger, DKNY, and Guess), American Eagle, VF Corporation (which operates brands such as The North Face, Timberland, and JanSport). Our production facilities are made up of four factory units, one workshop, and four warehouses and currently employ approximately 4,300 people. The total annual capacity at our facilities is approximately 12.0 million pieces (average for product categories including t-shirts, polo shirts, pants, shorts, and jackets, and excluding PPE).

Impact of COVID-19 on our business

Collectability of receivables. We had accounts receivable of $12.0 million as of March 31, 2021. Out of this $12.0 million, $11.8 million had been received through June 12, 2021. There was approximately $0.2 million overdue account receivable as of March 31, 2021.

Inventory. We had inventory of $25.0 million as of March 31, 2021. Most of them are for orders scheduled to be shipped within fiscal 2022.

Investments. We acquired two pieces of land in fiscal 2020 for the construction of dormitory and production facility. Due to the COVID-19 pandemic, the management decided to hold off the construction in fiscal 2021. In April 2021, we commenced the construction of a housing facility for our multi-national workforce on the land. See "Item 1. Business"

Revenue. For fiscal 2021, annual sales was $90.2 million, which was $2.8 million, or approximately 3%, lower than $93.0 million for fiscal 2020. The decrease was mainly due to the loss in productivity in the gradual resumption of production in April 2020 after the national lockdown, the limitation in overtime work, and the strengthened procedures in hygienic precautions. The aggregate sales in the first two quarters of fiscal 2021 decreased by $7.3 million to $45.8 from $53.1 million in the same period in fiscal 2020. The decrease was mostly compensated by the increase in sales of $4.5 million in the second half of fiscal 2021 to $44.4 million from $39.9 million in the same period in fiscal 2020. In addition, we managed to secure orders from new local customers that helped mitigate the impact of slower sales to the U.S. market.

Liquidity/Going Concern. We had approximately $21.1 million of cash and cash equivalent as of March 31, 2021. We had net current assets of approximately $50.1 million with a current ratio of 4.5 to 1. In addition, we had banking facilities with an aggregate limit of $26 million and $612,703 outstanding as of March 31, 2021. Given the above, we believe that we will have sufficient financial resources to maintain as a going concern in fiscal 2022.

Seasonality of Sales

A significant portion of our revenue is received during the first six months of our fiscal year. The majority of our VF Corporation orders are derived from winter season fashions, the sales of which occur in Spring and Summer and are merchandized by VF Corporation during the months of September through November. As such, the second half of our fiscal years reflect lower sales in anticipation of the spring and summer seasons. One of our strategies is to increase sales with other customers where clothing lines are stronger during the spring months. This strategy also reflects our current plan to increase our number of customers to mitigate our current concentration risk with VF Corporation.

Results of Operations

The following table presents certain information from our statement of income for fiscal years 2021 and 2020 and should be read, along with all of the information in this management's discussion and analysis, in conjunction with the consolidated financial statements and related notes included elsewhere in this filing.

(All amounts, other than percentages, in thousands of U.S. dollars)

	Fiscal Years Ended March 31,					
	2021		2020		Year over Year	
Statement of Income Data:	**Amount**	**As % of Sales**	**Amount**	**As % of Sales**	**Amount**	**%**
Revenue	$ 90,213	100%	$ 93,024	100%	$ (2,811)	(3)%
Cost of goods sold	74,214	82%	75,041	81%	(827)	(1)%
Gross profit	15,999	18%	17,983	19%	(1,984)	(11)%
Selling, general and administrative expenses	10,614	12%	10,318	11%	296	3%
Other income (expense), net	109	0%	(21)	0%	130	619%
Net income before taxation	$ 5,494	6%	$ 7,644	8%	$ (2,150)	(28)%
Income tax expense	1,346	1%	1,174	1%	172	15%
Net income	$ 4,148	5%	$ 6,470	7%	$ (2,322)	(36)%

Revenue. Revenue decreased by approximately $2.8 million, or 3%, to approximately $90.2 million in fiscal 2021 from approximately $93.0 million in fiscal 2020. The decrease was mainly the result of the loss in productivity in the resumption of production in April 2020 after the national lockdown in Jordan, the restriction in overtime work, and strengthened hygienic precautions. Approximately 88% and 96% of our products were exported to the U.S. in fiscal 2021 and 2020, respectively.

The table below presents our revenue for fiscal years 2021 and 2020 by geographic area.

Revenue by Geographic Area
(All amounts, other than percentages, in thousands of U.S. dollars)

	Fiscal Years Ended March 31,					
	2021		2020		Year over Year	
Region	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
United States	$ 79,190	88%	$ 89,123	96%	$ (9,933)	(11)%
Jordan	5,703	6%	3,738	4%	1,965	53%
Others	5,320	6%	163	0%	5,157	3,164%
Total	$ 90,213	100%	$ 93,024	100%	$ (2,811)	(3)%

Since January 2010, all apparel manufactured in Jordan can be exported to the U.S. without customs duty being imposed, pursuant to the United States-Jordan Free Trade Agreement entered into in December 2001. This free trade agreement provides us with substantial competitiveness and benefit that allowed us to expand our garment export business in the U.S. Our sales to the U.S. decreased by approximately 11% in fiscal 2021 compared to fiscal 2020. According to the Major Shippers Report issued by the Office of Textiles and Apparel under the U.S. Department of Commerce dated May 4, 2021, U.S. apparel import from Jordan decreased by approximately 22% from $1.83 billion in the fiscal year ended March 31, 2020 to approximately $1.43 billion in the fiscal year ended March 31, 2021. Our sales decrease ratio has been lower than the industrial average decrease ratio amid the COVID pandemic, and we expect we will still have plenty of room to expand our garment export business in the U.S. in the long run, as Jerash accounted for only approximately 6% of the total Jordanian garment exports to the U.S. in fiscal 2021, according to data from the Major Shippers Report issued by the U.S. Department of Commerce.

Cost of goods sold. Following the decrease in sales revenue, our cost of goods sold decreased by approximately $0.8 million, or 1%, to approximately $74.2 million in fiscal 2021 from approximately $75.0 million in fiscal 2020. As a percentage of revenue, the cost of goods sold increased by approximately 1% point to 82% in fiscal 2021 from 81% in fiscal 2020. The increase in cost of goods sold as a percentage of revenue was primarily attributable to the higher proportion of local orders that typically have a lower average profit margin.

For the fiscal year ended March 31, 2021, we purchased approximately 13% of our garments from one major supplier. For the fiscal year ended March 31, 2020, we purchased approximately 22%, 16%, and 11% of our raw materials from three major suppliers, respectively.

Gross profit margin. Gross profit margin was approximately 18% in fiscal 2021, which decreased by approximately 1% point from 19% in fiscal 2020. The decrease in gross profit margin was primarily driven by a higher proportion of local orders that typically have a lower gross margin, and the loss in productivity in April 2020 due to the national lockdown in Jordan.

Selling, general, and administrative expenses. Selling, general, and administrative expenses increased by approximately 3% from approximately $10.3 million in fiscal 2020 to approximately $10.6 million in fiscal 2021. The slight increase was mainly attributable to the increase in expenses for pandemic precaution and the increase in headcounts to cater for sales growth in the second half of the year.

Other income (expense), net. Other income, net was approximately $109,000 in fiscal 2021 and other expenses, net was approximately $21,000 in fiscal 2020. The increase in other income was primarily due to a return from short-term investments that were realized during the year.

Net income before taxation. Net income before taxation for fiscal 2021 decreased by approximately 28% from approximately $7.6 million to approximately $5.5 million. The decrease was mainly attributable to the lower unit sales price due to higher proportion of local orders, the lower margin of local orders, the loss of productivity in the national lockdown in April 2020, the increase in expenses for pandemic precaution, and the increase in headcounts to cater for sales growth in the second half of the year discussed above.

U.S. taxation. Income tax expense for fiscal 2021 was approximately $1.3 million compared to income tax expense of $1.2 million for fiscal 2020. The effective tax rate was 24.5% and 15.4% for fiscal 2021 and 2020, respectively. The increase of effective tax rate was caused by the increase in local tax rate in Jordan, true up of Jordan tax for fiscal year 2019, and higher proportion of losses in China, Hong Kong, and the U.S.

Jordan taxation. Jerash Garments, Jerash Embroidery, Chinese Garments, Paramount, Jerash The First, and Victory Apparel are subject to the regulations of Income Tax Department in Jordan. The corporate income tax rate has been 16% for the industrial sector starting from January 1, 2021. In accordance with the Investment Encouragement Law, Jerash Garments' export sales to overseas customers are entitled to a 100% income tax exemption for a period of 10 years commencing at the first day of production. This exemption was extended for five years to December 31, 2018. Effective January 1, 2019, in accordance to Development Zone law, Jerash Garments and its subsidiaries and VIE began paying corporate income tax in Jordan at a rate of 10% plus a 1% social contribution. The income tax rate increased to 14% plus 1% social contribution effective from January 1, 2020. The tax income tax rate increased to 16% plus a 1% social contribution effective from January 1, 2021. For fiscal 2021, our income tax in Jordan was approximately $1,342,000.

Jerash Garments and its subsidiaries and VIE are subject to local sales tax of 16%. However, Jerash Garments was granted a sales tax exemption from the Jordanian Investment Commission for the period June 1, 2015 to June 1, 2018 that allowed Jerash Garments to make purchases with no sales tax charge. This exemption was extended to February 5, 2022.

Hong Kong taxation. Treasure Success is registered in Hong Kong with an income tax rate of 8.25% on assessable profits up to HK$2,000,000 and 16.5% on any part of assessable profits over HK$2,000,000. Treasure Success incurred no income tax expense for fiscal 2021 and 2020 due to its operating loss. In accordance with tax legislation in Hong Kong, the accumulated loss can be used to offset future profit for income tax purposes.

PRC taxation. Jiangmen Treasure Success was established in the PRC and is subject to an income tax rate of 25%.

Net income. Net income for fiscal 2021 was approximately $4.1 million, a 36% decrease from approximately $6.5 million for fiscal 2020. The decrease was mainly attributable to the decrease in sales revenue and the increase in cost of sales and selling and administration expenses discussed above.

Liquidity and Capital Resources

Jerash Holdings is a holding company incorporated in Delaware. As a holding company, we rely on dividends and other distributions from our Jordanian subsidiaries to satisfy our liquidity requirements. Current Jordanian regulations permit our Jordanian subsidiaries and VIE to pay dividends to us only out of their accumulated profits, if any, determined in accordance with Jordanian accounting standards and regulations. In addition, our Jordanian subsidiaries and VIE are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds. These reserves are not distributable as cash dividends. We have relied on direct payments of expenses by our subsidiaries and VIE (which generate revenue) to meet our obligations to date. To the extent payments are due in U.S. dollars, we have occasionally paid such amounts in JOD to an entity controlled by our management capable of paying such amounts in U.S. dollars. Such transactions have been made at prevailing exchange rates and have resulted in immaterial losses or gains on currency exchange but no other profit.

As of March 31, 2021, we had cash of approximately $21.1 million and restricted cash of approximately $1.7 million compared to cash of approximately $26.1 million and restricted cash of approximately $0.8 million as of March 31, 2020, which was mainly the security deposit supporting our duty-free import into Jordan at the customs and deposit supporting letter of credit to suppliers.

Our current assets as of March 31, 2021 were approximately $64.7 million, and our current liabilities were approximately $14.5 million, which resulted in a current ratio of approximately 4.5:1. Our current assets as of March 31, 2020 were approximately $59.0 million, and our current liabilities were approximately $10.9 million, which resulted in a current ratio of approximately 5.4:1. Total equity as of March 31, 2021 and 2020 was approximately $56.7 million and $54.8 million, respectively.

We had net working capital of $50.1 million and $48.1 million as of March 31, 2021 and 2020, respectively. Based on our current operating plan, we believe that cash on hand and cash generated from operation will be sufficient to support our working capital needs for the next 12 months after the date of this annual report.

We have funded our working capital needs from operations. Our working capital requirements are influenced by the level of our operations, the numerical and dollar volume of our sales contracts, the progress of execution on our customer contracts, and the timing of accounts receivable collections.

Credit Facilities

HSBC Facility

On May 29, 2017, our wholly owned subsidiary, Treasure Success, entered into a facility letter ("2017 Facility Letter") with HSBC to provide credit to us, which was first amended by an offer letter between HSBC, Treasure Success, and Jerash Garments dated June 19, 2018 ("2018 Facility Letter"), further amended on August 12, 2019 ("2019 Facility Letter"), and further amended pursuant to a letter agreement dated July 3, 2020 (the "2020 Facility Letter," and together with the 2017 Facility Letter, 2018 Facility Letter, and 2019 Facility Letter, the "HSBC Facility"). The 2020 Facility Letter extended the term of the HSBC Facility indefinitely, subject to review at any time by HSBC. Pursuant to the HSBC Facility, we have a total credit limit of $11,000,000.

The HSBC Facility currently provides us with various credit facilities for importing and settling payment for goods purchased from our suppliers. The available credit facilities as described in greater detail below includes an import facility, import facilities with loan against import, trust receipts, clean import loan, and advances to us against purchase orders. HSBC charges an interest rate of 1.5% per annum over LIBOR or HIBOR, as applicable, for credit related to the release of goods immediately on our documentary credit. LIBOR was 0.3% and HIBOR was 0.9% on June 24, 2020. HSBC charges a commission of: i) 0.25% for the first $50,000, ii) 0.125% for the balance in excess of $50,000 and up to $100,000, and iii) 0.0625% for balance in excess of $100,000 and an interest rate of 1.5% per annum over LIBOR or HIBOR, as applicable, for credit related to trust receipts whereby HSBC has title to the goods or merchandise released immediately to us. HSBC has approved certain of our suppliers that are eligible to use clean import loans. HSBC charges a commission of: i) 0.25% for the first $50,000, ii) 0.125% for the balance in excess of $50,000 and up to $100,000, and iii) 0.0625% for balance in excess of $100,000 and an interest of 1.5% per annum over LIBOR or HIBOR, as applicable, for credit services related to clean import loans or release of the goods or merchandise based on evidence of delivery or invoice. HSBC will advance up to 70% of the purchase order value in our favor. HSBC charges a handling fee of 0.25% and an interest rate of 1.5% per annum over LIBOR or HIBOR, as applicable, for credit services related to advances. Previously, the HSBC Facility was secured by collateral provided by us, Jerash Garments, Treasure Success, and the personal guarantees of Mr. Choi and Mr. Ng. The personal guarantees were released by HSBC in August 2019. Jerash Garments is also required to maintain an account at HSBC for receiving payments from VF Sourcing Asia S.A.R.L. and its related companies.

As of March 31, 2021, there was no amount outstanding under the HSBC Facility. Borrowings under the HSBC Facility are due upon demand by HSBC or within 120 days of each borrowing date.

HSBC Factoring Agreement

On June 5, 2017, Treasure Success entered into an Offer Letter—Invoice Discounting/Factoring Agreement, and on August 21, 2017, Treasure Success entered into the Invoice Discounting/Factoring Agreement (together, the "2017 Factoring Agreement") with HSBC for certain debt purchase services related to our accounts receivable. On June 14, 2018, Treasure Success and Jerash Garments entered into another Offer Letter—Invoice Discounting/Factoring Agreement with HSBC (the "2018 Factoring Agreement, and together with the 2017 Factoring Agreement, the "HSBC Factoring Agreement"), which amended the 2017 Factoring Agreement. The HSBC Factoring Agreement was effective through May 1, 2019. Under the current terms of the HSBC Factoring Agreement, we may borrow up to $12,000,000. In exchange for advances on eligible invoices from HSBC for our approved customers, HSBC charges a fee to advance such payments at a discounting charge of 1.5% per annum over 2-month LIBOR or HIBOR, as applicable. Such fee accrues on a daily basis on the amount of funds in use. HSBC has final determination of the percentage amount available for prepayment from each of our approved customers. We may not prepay an amount from a customer in excess of 85% of the funds available for borrowing.

HSBC also provides credit protection and debt services related to each of our preapproved customers. For any approved debts or collections assigned to HSBC, HSBC charges a flat fee of 0.35% on the face value of the invoice for such debt or collection. We may assign debtor payments that are to be paid to HSBC within 90 days, defined as the maximum terms of payment. We may receive advances on invoices that are due within 30 days of the delivery of our goods, defined as the maximum invoicing period.

The advances made by HSBC were secured by collateral provided by us, Jerash Garments, and Treasure Success, and the personal guarantees of Mr. Choi and Mr. Ng. If we fail to pay any sum due to HSBC, HSBC may charge a default interest at the rate of 8.5% per annum over the best lending rate quoted by HSBC on such defaulted amount. In addition, to secure the Factoring Agreement, we had granted HSBC a charge of $3,000,000 over our deposits. Following the effectiveness of the 2018 Factoring Agreement, the security collateral of $3,000,000 was released as of January 22, 2019. HSBC released the personal guarantees of Mr. Choi and Mr. Ng in August 2019.

The HSBC Factoring Agreement is subject to the review by HSBC at any time and HSBC has discretion on whether to renew the HSBC Factoring Agreement. Either party may terminate the agreement subject to a 30-day notice period. In fiscal 2021, Treasure Success had no transaction or balance in the invoice discounting/factoring facility granted by HSBC. In May 2021, Treasure Success received a letter from HSBC dated March 30, 2021 that the debts purchase services under the HSBC Factoring Agreement between Treasure Success and HSBC were terminated with immediate effect. We had no outstanding balance under the HSBC Factoring Agreement as of March 31, 2021.

SCBHK Facility Letter

Pursuant to the SCBHK facility letter dated June 15, 2018, and issued to Treasure Success by SCBHK, SCBHK offered to provide an import facility of up to $3.0 million to Treasure Success. The SCBHK facility covers import invoice financing and pre-shipment financing under export orders with a combined limit of $3 million. Borrowings under the SCBHK facility are due within 90 days of each invoice or financing date. SCBHK charges interest at 1.3% per annum over SCBHK's cost of funds. In consideration for arranging the SCBHK facility, Treasure Success paid SCBHK HKD50,000. We were informed by SCBHK on January 31, 2019 that the SCBHK facility had been activated. As of March 31, 2021, there was approximately $0.6 million outstanding under the SCBHK facility.

Fiscal Years ended March 31, 2021 and 2020

The following table sets forth a summary of our cash flows for the fiscal years ended March 31, 2021 and 2020.

(All amounts in thousands of U.S. dollars)

	For the fiscal years ended March 31, 2021	For the fiscal years ended March 31, 2020
Net cash (used in) provided by operating activities	$ (1,500)	$ 6,913
Net cash used in investing activities	(894)	(4,932)
Net cash used in financing activities	(1,653)	(2,913)
Effect of exchange rate changes on cash	(8)	15
Net decrease in cash	(4,055)	(917)
Cash and restricted cash, beginning of year	26,917	27,834
Cash and restricted cash, end of year	$ 22,862	$ 26,917
Supplemental disclosure information		
Cash paid for interest	$ -	$ 6
Income tax paid	$ 773	$ 1,484
Non-cash financing activities		
Right of use assets obtained in exchange for operating lease obligations	$ 1,352	$ 1,624

Operating Activities

Net cash used in operating activities was approximately $1.5 million in fiscal 2021, compared to net cash provided by operating activities of approximately $6.9 million in fiscal 2020. The increase in net cash used in operating activities was primarily attributable to the following factors:

- accounts receivable increased by approximately $6.7 million in fiscal 2021, compared to an increase of accounts receivable of approximately $1.3 million in fiscal 2020, due to more shipments shipped out in March 2021 and the extended credit terms to some major customers by 20 days to 30 days;
- inventory increased by approximately $2.4 million in fiscal 2021, compared to an increase of approximately $1.6 million in fiscal 2020, due to the preparation for additional sales in fiscal 2022; and
- accounts payable increased by approximately $1.5 million, compared to an increase of approximately $3.0 million in fiscal 2020;

Investing Activities

Net cash used in investing activities was approximately $0.9 million and $4.9 million for fiscal 2021 and 2020, respectively. The decrease in net cash used in investing activities was mainly attributable to the deferred investment in expansion due to the pandemic and short-term investment income.

Financing Activities

Net cash used in financing activities was approximately $1.7 million for fiscal 2021 compared to net cash used of $2.9 million in fiscal 2020. The net cash outflow in fiscal 2021 resulted from payments of dividend and partially offset by the proceeds from bank borrowings. Net cash used in fiscal 2020 was primarily for payments of dividend and repayment of bank borrowings.

Non-cash Financing Activities

There was approximately $1.4 million and $1.6 million of rights of use assets obtained in exchange for operating lease obligations in fiscal 2021 and 2020, respectively, pursuant to new financial reporting requirements.

Statutory Reserves

In accordance with the Corporate Law in Jordan, Jerash Holdings' subsidiaries and VIE in Jordan are required to make appropriations to certain reserve funds, based on net income determined in accordance with generally accepted accounting principles of Jordan. Appropriations to the statutory reserve are required to be 10% of net income until the reserve is equal to 100% of the entity's share capital. Jiangmen Treasure Success is required to set aside 10% of its net income as statutory surplus reserve until such reserve is equal to 50% of its registered capital. These reserves are not available for dividend distribution. The statutory reserve was $346,315 and $212,739 in fiscal 2021 and 2020, respectively.

The following table provides the amount of our statutory reserves, the amount of restricted net assets, consolidated net assets, and the amount of restricted net assets as a percentage of consolidated net assets, as of March 31, 2021 and 2020.

(All amounts, other than percentages, in thousands of U.S. dollars)

	As of March 31,	
	2021	**2020**
Statutory Reserves	$ 346	$ 213
Total Restricted Net Assets	$ 346	$ 213
Consolidated Net Assets	$ 56,693	$ 54,751
Restricted Net Assets as Percentage of Consolidated Net Assets	0.61%	0.39%

Total restricted net assets accounted for approximately 0.61% of our consolidated net assets as of March 31, 2021. As our subsidiaries and VIE in Jordan are only required to set aside 10% of net profits to fund the statutory reserves, it has reached the maximum amount. We believe the potential impact of such restricted net assets on our liquidity is limited.

Capital Expenditures

We had capital expenditures of approximately $1.0 million and $4.7 million in fiscal 2021 and 2020, respectively, for purchases of equipment in connection with our business activities and to increase capacity. Additions in plant and machinery amounted to approximately $0.8 million and $1.9 million in fiscal 2021 and 2020, respectively, and additions to leasehold improvements amounted to approximately $0.2 million and $1.1 million in fiscal 2021 and 2020, respectively. In fiscal 2020, we acquired two pieces of land for an aggregate purchase price of approximately $1.7 million.

In 2015, we commenced a project to build a 4,800 square foot workshop in the Tafilah Governorate of Jordan, which was initially intended to be used as a sewing workshop for Jerash Garments, but which we now intend to use as a dormitory. Construction has been temporarily suspended since March 2020 due to the COVID-19 pandemic. This dormitory is expected to be operational in fiscal 2022 to house management and supervisory staff for the 54,000 square foot workshop in Al-Hasa County. This project is expected to cost approximately $200,000 upon completion.

In 2018, we commenced another project to build a 54,000 square foot workshop in Al-Hasa County in the Tafilah Governorate of Jordan, which started operation in November 2019 with approximately 240 workers. Provided that we satisfy certain employment requirements over certain time periods, we do not anticipate incurring any significant costs for the project, which was constructed in conjunction with the Jordanian Ministry of Labor and the Jordanian Education and Training Department. In the event we breach our agreement with these government agencies, we will have to pay such agencies JOD250,000 or approximately $353,000. See “Item 2. Properties” above for more information regarding this workshop.

On December 11, 2018, we entered into an agreement through Jerash Garments to acquire all of the stock of Paramount, an existing garment manufacturing business, in order to operate our fourth manufacturing facility in Al Tajamouat Industrial City in Amman, Jordan. We paid approximately $980,000 as of the closing date of the transaction on June 18, 2019.

On August 7, 2019, we completed a transaction to acquire 12,340 square meters (approximately three acres) of land in Al Tajamouat Industrial City, Jordan, from a third party to construct a dormitory for our employees with aggregate purchase price JOD863,800 (approximately $1,218,303). Management has revised the plan to construct both dormitory and production facilities on the land in order to capture the increasing demand for our capacity. We are conducting engineering design and study on this project and we plan to begin construction in late 2021. On February 6, 2020, we completed a transaction to acquire 4,516 square meters (approximately 48,608 square feet) of land in Al Tajamouat Industrial City, Jordan, from a third party to construct a dormitory for our employee with aggregate purchase price JOD313,501 (approximately $442,162). We expect to spend approximately $8.2 million in capital expenditures to build the dormitory. Due to the ongoing COVID-19 pandemic, management decided to put on hold the construction project in fiscal 2021 to retain financial resources to support our operations, and also to wait and see how the global economy and customer demand recover after the outbreak. The preparation work resumed in early 2021 and construction work commenced in April 2021.

We projected that there will be an aggregate of approximately $27 million of capital expenditures in both the fiscal years ending March 31, 2022 and 2023 for further enhancement of production capacity to meet future sales growth. We expect that our capital expenditures will increase in the future as our business continues to develop and expand. We have used cash generated from operations of our subsidiaries and VIE to fund our capital commitments in the past and anticipate using such funds to fund capital expenditure commitments in the future.

Off-balance Sheet Commitments and Arrangements

We have not entered into any other financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our own shares and classified as stockholders' equity, or that are not reflected in our consolidated financial statements.

For Management's Discussion and Analysis of the fiscal years ended March 31, 2020 and 2019, please see our Annual Report on Form 10-K for the fiscal year ended March 31, 2020, filed with the SEC on June 29, 2020.

Critical Accounting Policies

We prepare our financial statements in conformity with U.S. GAAP, which require us to make judgments, estimates, and assumptions that affect our reported amount of assets, liabilities, revenue, costs and expenses, and any related disclosures. Although there were no material changes made to the accounting estimates and assumptions in the past two years, we continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience, and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates.

We believe that certain accounting policies involve a higher degree of judgment and complexity in their application and require us to make significant accounting estimates. The policies that we believe are the most critical to understanding and evaluating our consolidated financial condition and results of operations are summarized in "Note 2—Summary of Significant Accounting Policies" in the notes to our audited financial statements.

Recent Accounting Pronouncements

See "Note 3—Recent Accounting Pronouncements" in the notes to our audited financial statements for a discussion of recent accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 8. Financial Statements and Supplementary Data.

FRIEDMAN LLP®

ACCOUNTANTS AND ADVISORS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Jerash Holdings (US), Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Jerash Holdings (US), Inc. and Subsidiaries (collectively, the "Company") as of March 31, 2021 and 2020, and the related consolidated statements of income and comprehensive income, changes in equity and cash flows for each of the years in the two-year period ended March 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the two-year period ended March 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audits provide a reasonable basis for our opinion.

/s/ Friedman LLP

We have served as the Company's auditor since 2016.

New York, New York
June 23, 2021

JERASH HOLDINGS (US), INC.,
SUBSIDIARIES AND AFFILIATE
CONSOLIDATED BALANCE SHEETS

	March 31, 2021	March 31, 2020
ASSETS		
Current Assets:		
Cash	$ 21,126,090	$ 26,130,411
Restricted cash	714,844	-
Accounts receivable, net	12,033,268	5,335,748
Tax recoverable	379,719	-
Inventories	25,035,966	22,633,772
Prepaid expenses and other current assets	2,329,289	2,761,877
Advance to suppliers, net	3,036,693	2,116,367
Total Current Assets	64,655,869	58,978,175
Restricted cash - non-current	1,020,777	786,298
Long-term deposits	128,690	253,414
Deferred tax assets, net	148,663	139,895
Property, plant, and equipment, net	5,699,506	6,174,164
Right of use assets	1,596,600	1,147,090
Total Assets	**$ 73,250,105**	**$ 67,479,036**
LIABILITIES AND EQUITY		
Current Liabilities:		
Credit facilities	$ 612,703	$ 235
Accounts payable	7,922,839	6,376,320
Accrued expenses	2,332,867	2,245,402
Income tax payable - current	1,803,175	1,088,497
Other payables	1,455,208	929,783
Operating lease liabilities - current	400,043	210,081
Total Current Liabilities	14,526,835	10,850,318
Operating lease liabilities - non-current	935,773	649,935
Income tax payable - non-current	1,094,048	1,227,632
Total Liabilities	**16,556,656**	**12,727,885**
Commitments and Contingencies		
Equity		
Preferred stock, $0.001 par value; 500,000 shares authorized; none issued and outstanding	$ -	$ -
Common stock, $0.001 par value; 30,000,000 shares authorized; 11,332,974 and 11,325,000 shares issued and outstanding	11,333	11,325
Additional paid-in capital	15,301,268	15,235,025
Statutory reserve	346,315	212,739
Retained earnings	40,748,314	38,997,177
Accumulated other comprehensive loss	(15,901)	(8,324)
Total Jerash Holdings (US), Inc.'s Stockholder's Equity	56,391,329	54,447,942
Noncontrolling interest	302,120	303,209
Total Equity	56,693,449	54,751,151
Total Liabilities and Equity	**$ 73,250,105**	**$ 67,479,036**

JERASH HOLDINGS (US), INC.,
SUBSIDIARIES AND AFFILIATE
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	For the Fiscal Years Ended March 31, 2021	2020
Revenue, net	$ 90,213,361	$ 93,024,236
Cost of goods sold	74,213,993	75,040,597
Gross Profit	15,999,368	17,983,639
Selling, general and administrative expenses	10,547,356	10,039,995
Stock-based compensation expenses	66,251	278,258
Total Operating Expenses	10,613,607	10,318,253
Income from Operations	5,385,761	7,665,386
Other Income (Expense):		
Other income (expense), net	108,509	(21,120)
Total other income (expense), net	108,509	(21,120)
Net Income before provision for income taxes	5,494,270	7,644,266
Income tax expense	1,345,646	1,174,618
Net Income	4,148,624	6,469,648
Net loss attributable to noncontrolling interest	1,089	5,794
Net income attributable to Jerash Holdings (US), Inc.'s Common Stockholders	$ 4,149,713	$ 6,475,442
Net Income	$ 4,148,624	$ 6,469,648
Other Comprehensive Income:		
Foreign currency translation (loss) gain	(7,577)	6,116
Total Comprehensive Income	4,141,047	6,475,764
Comprehensive loss attributable to noncontrolling interest	-	-
Comprehensive Income Attributable to Jerash Holdings (US), Inc.'s Common Stockholders	$ 4,141,047	$ 6,475,764
Earnings Per Share Attributable to Common Stockholders:		
Basic and diluted	$ 0.37	$ 0.57
Weighted Average Number of Shares		
Basic	11,325,131	11,325,000
Diluted	11,325,311	11,443,364
Dividend per share	$ 0.20	$ 0.20

JERASH HOLDINGS (US), INC., SUBSIDIARIES AND AFFILIATE
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

	Preferred Stock		Common Stock		Additional Paid-in	Statutory	Retained	Accumulated Other Comprehensive	Noncontrolling	Total
	Shares	Amount	Shares	Amount	Capital	Reserve	Earnings	Gain (Loss)	Interest	Equity
Balance at March 31, 2019	-	$ -	11,325,000	$ 11,325	$ 14,956,767	$ 212,739	$ 34,786,735	$ (14,440)	$ 309,003	$50,262,129
Stock-based compensation expense for the stock options issued under stock incentive plan	-	-	-	-	278,258	-	-	-	-	278,258
Net income (loss)	-	-	-	-	-	-	6,475,442	-	(5,794)	6,469,648
Dividend payment	-	-	-	-	-	-	(2,265,000)	-	-	(2,265,000)
Foreign currency translation gain	-	-	-	-	-	-	-	6,116	-	6,116
Balance at March 31, 2020	-	$ -	11,325,000	$ 11,325	$ 15,235,025	$ 212,739	$ 38,997,177	$ (8,324)	$ 303,209	$54,751,151
Stock-based compensation expense for the stock options issued under stock incentive plan	-	$ -	-	$ -	$ 66,251	$ -	$ -	$ -	$ -	$ 66,251
Shared issued	-	-	7,974	8	(8)	-	-	-	-	-
Net income (loss)	-	-	-	-	-	-	4,149,713	-	(1,089)	4,148,624
Dividend payment	-	-	-	-	-	-	(2,265,000)	-	-	(2,265,000)
Statutory Reserve	-	-	-	-	-	133,576	(133,576)	-	-	-
Foreign currency translation loss	-	-	-	-	-	-	-	(7,577)	-	(7,577)
Balance at March 31, 2021	-	$ -	11,332,974	$ 11,333	$ 15,301,268	$ 346,315	$ 40,748,314	$ (15,901)	$ 302,120	$56,693,449

JERASH HOLDINGS (US), INC.,
SUBSIDIARIES AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Fiscal Years Ended March 31, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 4,148,624	$ 6,469,648
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,618,533	1,516,526
Stock-based compensation expense	66,251	278,258
Bad debt expense	-	6,641
Amortization of operating lease right-of-use assets	933,959	476,595
Short-term investment	(124,889)	-
Changes in operating assets:		
Accounts receivable	(6,697,520)	(1,315,286)
Inventories	(2,402,194)	(1,559,418)
Prepaid expenses and other current assets	432,585	(519,356)
Advances to suppliers	(920,326)	(1,672,853)
Deferred tax assets	(8,768)	(58,547)
Changes in operating liabilities:		
Accounts payable	1,546,519	2,997,850
Accrued expenses	87,464	706,205
Other payables	525,425	74,250
Operating lease liabilities	(907,669)	(237,504)
Income tax payable	201,566	(250,357)
Net cash (used in) provided by operating activities	(1,500,440)	6,912,652
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of short-term investment	(9,686,091)	-
Proceeds of short-term investment	9,810,980	-
Purchases of property, plant, and equipment	(890,462)	(4,678,249)
Payment for long-term deposits	(128,690)	(253,414)
Net cash used in investing activities	(894,263)	(4,931,663)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend payment	(2,265,000)	(2,265,000)
Repayment from short-term loan	(235)	(648,665)
Proceeds from short-term loan	612,703	235
Net cash used in financing activities	(1,652,532)	(2,913,430)
EFFECT OF EXCHANGE RATES CHANGES ON CASH	(7,763)	14,682
NET DECREASE IN CASH	(4,054,998)	(917,759)
CASH, AND RESTRICTED CASH, BEGINNING OF THE YEAR	26,916,709	27,834,468
CASH, AND RESTRICTED CASH, END OF THE YEAR	$ 22,861,711	$ 26,916,709
CASH, AND RESTRICTED CASH, END OF THE YEAR	$ 22,861,711	$ 26,916,709
LESS: RESTRICTED CASH	714,844	-
NON-CURRENT RESTRICTED CASH	1,020,777	786,298
CASH, END OF YEAR	$ 21,126,090	$ 26,130,411
Supplemental disclosure information:		
Cash paid for interest	$ -	$ 6,171
Income tax paid	$ 773,320	$ 1,483,523
Non-cash financing activities:		
Right of use assets obtained in exchange for operating lease obligations	$ 1,352,167	$ 1,623,685

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Jerash Holdings (US), Inc. ("Jerash Holdings") is a corporation incorporated under the laws of the State of Delaware on January 20, 2016. Jerash Holdings is a parent holding company with no operations. Jerash Holdings, and its subsidiaries and Variable Interest Entity ("VIE") are herein collectively referred to as the "Company."

Jerash Garments and Fashions Manufacturing Company Limited ("Jerash Garments") is a wholly owned subsidiary of Jerash Holdings and was established in Amman, the Hashemite Kingdom of Jordan ("Jordan"), as a limited liability company on November 26, 2000 with a declared capital of 150,000 Jordanian Dinar ("JOD") (approximately US$212,000) as of March 31, 2021.

Jerash for Industrial Embroidery Company ("Jerash Embroidery") and Chinese Garments and Fashions Manufacturing Company Limited ("Chinese Garments") were both incorporated in Amman, Jordan, as limited liability companies on March 11, 2013 and June 13, 2013, respectively, each with a declared capital of JOD 50,000 as of March 31, 2021. Jerash Embroidery and Chinese Garments are wholly owned subsidiaries of Jerash Garments.

Al-Mutafaweq Co. for Garments Manufacturing Ltd. ("Paramount") was a contract garment manufacturer that was incorporated in Amman, Jordan, as a limited liability company on October 24, 2004 with a declared capital of JOD 100,000. On December 11, 2018, Jerash Garments and the sole stockholder of Paramount entered into an agreement pursuant to which Jerash Garments acquired all of the outstanding shares of stock of Paramount. Jerash Garments assumed ownership of all of the machinery and equipment owned by Paramount. Paramount had no other significant assets or liabilities and no operating activities or employees at the time of this acquisition, so this transaction was accounted for as an asset acquisition. As of June 18, 2019, Paramount became a subsidiary of Jerash Garments.

Jerash The First for Medical Supplies Manufacturing Company Limited ("Jerash The First") was incorporated in Amman, Jordan, as limited liability company on July 6, 2020, with a registered capital of JOD 150,000. Jerash The First is engaged in the production of medical supplies in Jordan and is a wholly owned subsidiary of Jerash Garments.

Treasure Success International Limited ("Treasure Success") was incorporated on July 5, 2016 in Hong Kong, China, for the primary purpose of employing staff from China to support Jerash Garments' operations and is a wholly-owned subsidiary of Jerash Holdings.

Victory Apparel (Jordan) Manufacturing Company Limited ("Victory Apparel") was incorporated as a limited liability company in Amman, Jordan, on September 18, 2005 with a declared capital of JOD 50,000. Victory Apparel has no significant assets or liabilities or other operating activities of its own. Although Jerash Garments does not own the equity interest of Victory Apparel, the Company's president, director, and significant stockholder, Mr. Choi Lin Hung ("Mr. Choi"), is also a director of Victory Apparel and controls all decision-making for Victory Apparel along with another significant stockholder of Jerash Garments, Mr. Lee Kian Tjiauw ("Mr. Lee"), who has the ability to control Victory Apparel's financial affairs. In addition, Victory Apparel's equity at risk is not sufficient to permit it to operate without additional subordinated financial support from Jerash Garments. Based on these facts, the Company concluded that Jerash Garments has effective control over Victory Apparel due to Mr. Choi's roles at both organizations and therefore Victory Apparel is considered a VIE under Accounting Standards Codification ("ASC") 810-10-05-08A. Accordingly, Jerash Garments consolidates Victory Apparel's operating results, assets, and liabilities.

Jiangmen Treasure Success Business Consultancy Company Limited ("Jiangmen Treasure Success") was incorporated on August 28, 2019 under the laws of the People's Republic of China ("China") in Guangzhou City of Guangdong Province in China with a total registered capital of 15 million Hong Kong Dollars ("HKD") (approximately $1.9 million) to provide support in sales and marketing, sample development, merchandising, procurement, and other areas. Treasure Success owns 100% of the equity interests in Jiangmen Treasure Success.

Jerash Supplies, LLC ("Jerash Supplies") was formed under the laws of the State of Delaware on November 20, 2020. Jerash Supplies is engaged in the trading of personal protective equipment products and is a wholly owned subsidiary of Jerash Holdings.

The Company is engaged primarily in the manufacturing and exporting of customized, ready-made sport and outerwear and personal protective equipment ("PPE") produced in its facilities in Jordan and sold in the United States, Jordan, and other countries.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The Company's consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC").

Principles of Consolidation

The consolidated financial statements include the financial statements of Jerash Holdings, and its subsidiaries and VIE. All significant intercompany balances and transactions have been eliminated in consolidation.

In accordance with accounting standards regarding the consolidation of VIEs, VIEs are generally entities that lack sufficient equity to finance their activities without additional financial support from other parties or whose equity holders lack adequate decision making ability. All VIEs with which a company is involved must be evaluated to determine the primary beneficiary of the risks and rewards of the VIEs. The primary beneficiary is required to consolidate the VIE for financial reporting purposes.

As described in Note 1, management of the Company has concluded that Victory Apparel is a VIE, and that Jerash Garments is considered the primary beneficiary because Mr. Choi, the Company's president, director, and significant stockholder absorbs the risks and rewards of Victory Apparel; therefore, the Company consolidates Victory Apparel for financial reporting purposes. Noncontrolling interests result from the consolidation of Victory Apparel, which is 100% owned by Wealth Choice Limited.

The following table sets forth the carrying amounts of the assets and liabilities of the VIE, Victory Apparel, which was included in the Company's consolidated balance sheets:

	March 31, 2021	March 31, 2020
Current assets	$ 1,249	$ 1,280
Intercompany receivables*	301,929	303,692
Total assets	303,178	304,972
Third party current liabilities	1,058	1,763
Total liabilities	1,058	1,763
Net assets	$ 302,120	$ 303,209

* Receivables from Jerash Garments are eliminated upon consolidation.

Victory Apparel was inactive for the fiscal years ended March 31, 2021 and 2020.

Use of Estimates

The preparation of the consolidated financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. The Company's most significant estimates include allowance for doubtful accounts, valuation of inventory reserve, useful lives of buildings and other property, and the measurement of stock-based compensation expenses. Actual results could differ from these estimates.

Cash

The Company's cash consists of cash on hand and cash deposited in financial institutions. The Company considers all highly liquid investment instruments with an original maturity of three months or less from the original date of purchase to be cash equivalents. As of March 31, 2021 and 2020, the Company had no cash equivalents.

Restricted Cash

Restricted cash consists of cash used as security deposits to obtain credit facilities from a bank and to secure customs clearance under the requirements of local regulations. The Company is required to keep certain amounts on deposit that are subject to withdrawal restrictions. These security deposits at the bank are refundable only when the bank facilities are terminated. The restricted cash is classified as a current asset if the Company intends to terminate these bank facilities within one year, and as a non-current asset if otherwise.

Short-term Investments

From time to time, the Company purchased financial products that can be readily converted into cash and accounted for such financial products as short-term investments. The financial products include money market funds, bonds, and mutual funds. The carrying values of the Company's short-term investments approximate fair value because of their liquidity. The gain and interest earned are recognized in the consolidated statements of income over the contractual terms of these investments.

The Company had no short-term investments as of March 31, 2021 and 2020. The Company recorded a realized gain of $124,889 and $Nil for the fiscal years ended March 31, 2021 and 2020, respectively.

Accounts Receivable, Net

Accounts receivable are recognized and carried at original invoiced amount less an estimated allowance for uncollectible accounts. The Company usually grants extended payment terms to customers with good credit standing and determines the adequacy of reserves for doubtful accounts based on individual account analysis and historical collection trends. The Company establishes a provision for doubtful receivables when there is objective evidence that the Company may not be able to collect amounts due. The allowance is based on management's best estimates of specific losses on individual exposures, as well as a provision on historical trends of collections. The provision is recorded against accounts receivables balances, with a corresponding charge recorded in the consolidated statements of income and comprehensive income. Actual amounts received may differ from management's estimate of credit worthiness and the economic environment. Delinquent account balances are written off against the allowance for doubtful accounts after management has determined that the likelihood of collection is not probable.

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories include cost of raw materials, freight, direct labor and related production overhead. The cost of inventories is determined using the First in, First-out method. The Company periodically reviews its inventories for excess or slow-moving items and makes provisions as necessary to properly reflect inventory value.

Advance to Suppliers, Net

Advance to suppliers consists of balances paid to suppliers for services or materials purchased that have not been provided or received. Advance to suppliers for services and materials is short-term in nature. Advance to suppliers is reviewed periodically to determine whether its carrying value has become impaired. The Company considers the assets to be impaired if the performance by the suppliers becomes doubtful. The Company uses the aging method to estimate the allowance for the questionable balances. In addition, at each reporting date, the Company generally determines the adequacy of allowance for doubtful accounts by evaluating all available information, and then records specific allowances for those advances based on the specific facts and circumstances.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost, reduced by accumulated depreciation and amortization. Depreciation and amortization expense related to property, plant, and equipment is computed using the straight-line method based on estimated useful lives of the assets, or in the case of leasehold improvements, the shorter of the initial lease term or the estimated useful life of the improvements. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant, and equipment. The estimated useful lives of depreciation and amortization of the principal classes of assets are as follows:

	Useful life
Land	Infinite
Property and buildings	15 years
Equipment and machinery	3-5 years
Office and electronic equipment	3-5 years
Automobiles	5 years
Leasehold improvements	Lesser of useful life and lease term

Expenditures for maintenance and repairs, which do not materially extend the useful lives of the assets, are charged to expense as incurred. Expenditures for major renewals and betterments which substantially extend the useful life of assets are capitalized. The cost and related accumulated depreciation or amortization of assets retired or sold are removed from the respective accounts, and any gain or loss is recognized in the consolidated statements of income and comprehensive income.

Impairment of Long-Lived Assets

The Company assesses its long-lived assets, including property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Factors which may indicate potential impairment include a significant underperformance relative to the historical or projected future operating results or a significant negative industry or economic trend. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by that asset. If impairment is indicated, a loss is recognized for any excess of the carrying value over the estimated fair value of the asset. The fair value is estimated based on the discounted future cash flows or comparable market values, if available. The Company did not record any impairment loss during the fiscal years ended March 31, 2021 and 2020.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Substantially all of the Company's revenue is derived from product sales, which consist of sales of the Company's customized ready-made outerwear for large brand-name retailers and PPE. The Company considers purchase orders to be a contract with a customer. Contracts with customers are considered to be short term when the time between order confirmation and satisfaction of the performance obligations is equal to or less than one year. Virtually all of the Company's contracts are short term. The Company recognizes revenue for the transfer of promised goods to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company typically satisfies its performance obligations in contracts with customers upon shipment of the goods. Generally, payment is due from customers within seven to 150 days of the invoice date. The contracts do not have significant financing components. Shipping and handling costs associated with outbound freight are not an obligation of the Company. Returns and allowances are not a significant aspect of the revenue recognition process as historically they have been immaterial.

The Company also derives revenue rendering cutting and making services to other apparel vendors who subcontract order to the Company. Revenue is recognized when the service is rendered. All of the Company's contracts have a single performance obligation satisfied at a point in time and the transaction price is stated in the contract, usually as a price per unit. All estimates are based on the Company's historical experience, complete satisfaction of the performance obligation, and the Company's best judgment at the time the estimate is made. Historically, sales returns have not significantly impacted the Company's revenue.

The Company does not have any contract assets since the Company has an unconditional right to consideration when the Company has satisfied its performance obligation and payment from customers is not contingent on a future event. The Company did not have any contract liabilities as of March 31, 2021 and March 31, 2020. For the fiscal year ended March 31 2021 and 2020, there was no revenue recognized from performance obligations related to prior periods. As of March 31, 2021, there was no revenue expected to be recognized in any future periods related to remaining performance obligations.

The Company has one revenue generating reportable geographic segment under ASC Topic 280 "Segment Reporting" and derives its sales primarily from its sales of customized ready-made outerwear. The Company believes disaggregation of revenue by geographic region best depicts the nature, amount, timing, and uncertainty of its revenue and cash flows (see "Note 14—Segment Reporting").

Shipping and Handling

Proceeds collected from customers for shipping and handling costs are included in revenue. Shipping and handling costs are expensed as incurred and are included in operating expenses, as a part of selling, general and administrative expenses. Total shipping and handling expenses were $1,108,659 and $821,805 for the fiscal years ended March 31, 2021 and 2020, respectively.

Income and Sales Taxes

The Company is subject to income taxes on an entity basis on income arising in or derived from the tax jurisdiction in which each entity is domiciled. Jerash Holdings and Jerash Supplies are incorporated/formed in the State of Delaware and is subject to federal income tax in the United States of America. Treasure Success is registered in Hong Kong and has no operating profit. Jiangmen Treasure Success is incorporated in China and is subject to corporate income tax in China. Jerash Garments, Jerash Embroidery, Chinese Garments, Paramount, Jerash The First, and Victory Apparel are subject to income tax in Jordan, unless an exemption is granted. In accordance with Development Zone law, Jerash Garments and its subsidiaries and VIE were subject to corporate income tax in Jordan at a rate of 10% plus a 1% social contribution. The income tax rate increased to 14% plus a 1% social contribution from January 1, 2020. Effective January 1, 2021, income rate increased to 16% and plus a 1% social contribution.

Jerash Garments and its subsidiaries and VIE are subject to local sales tax of 16% on purchases. Jerash Garments was granted a sales tax exemption from the Jordanian Investment Commission for the period from June 1, 2015 to June 1, 2018 that allowed Jerash Garments to make purchases with no sales tax charge. The exemption has been extended to February 5, 2022.

The Company accounts for income taxes in accordance with ASC 740, "Income Taxes," which requires the Company to use the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between financial statement carrying amounts and the tax bases of existing assets and liabilities and operating loss and tax credit carry forwards. Under this accounting standard, the effect on deferred income taxes of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recognized if it is more likely than not that some portion, or all of, a deferred tax asset will not be realized.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income and Sales Taxes (Continued)

ASC 740 clarifies the accounting for uncertainty in tax positions. This interpretation requires that an entity recognize in its financial statements the impact of a tax position, if that position is more likely than not of being sustained upon examination, based on the technical merits of the position. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company has elected to classify interest and penalties related to unrecognized tax benefits, if and when required, as part of income tax expense in the consolidated statements of income and comprehensive income. No significant uncertainty in tax positions relating to income taxes were incurred during the fiscal years ended March 31, 2021 and 2020.

Foreign Currency Translation

The reporting currency of the Company is the U.S. dollar (“US$” or “$”). The Company uses JOD in Jordan companies, HKD in Treasure Success, and Chinese Yuan (“CNY”) in Jiangmen Treasure Success as functional currency of each abovementioned entity. The assets and liabilities of the Company have been translated into US$ using the exchange rates in effect at the balance sheet date, equity accounts have been translated at historical rates, and revenue and expenses have been translated into US$ using average exchange rates in effect during the reporting period. Cash flows are also translated at average translation rates for the periods. Therefore, amounts related to assets and liabilities reported on the consolidated statements of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheets. Translation adjustments arising from the use of different exchange rates from period to period are included as a separate component of accumulated other comprehensive income or loss. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

The value of JOD against US$ and other currencies may fluctuate and is affected by, among other things, changes in Jordan’s political and economic conditions. Any significant revaluation of JOD may materially affect the Company’s financial condition in terms of US$ reporting. The following table outlines the currency exchange rates that were used in creating the consolidated financial statements in this report:

	March 31, 2021	March 31, 2020
Period-end spot rate	US$1=JOD0.7090	US$1=JOD0.7090
	US$1=HKD7.7744	US$1=HKD7.7529
	US$1=CNY6.5565	US$1=CNY7.0896
Average rate	US$1=JOD0.7090	US$1=JOD0.7090
	US$1=HKD7.7527	US$1=HKD7.8163
	US$1=CNY6.7702	US$1=CNY6.9642

Stock-Based Compensation

The Company measures compensation expense for stock-based awards to non-employee contractors and directors based upon the awards’ initial grant-date fair value. The estimated grant-date fair value of the award is recognized as expense over the requisite service period using the straight-line method.

The Company estimates the fair value of stock options using a Black-Scholes model. This model is affected by the Company’s stock price on the date of the grant as well as assumptions regarding a number of highly complex and subjective variables. These variables include the expected term of the option, expected risk-free rates of return, the expected volatility of the Company’s common stock, and expected dividend yield, each of which is more fully described below. The assumptions for expected term and expected volatility are the two assumptions that significantly affect the grant date fair value.

- Expected Term: the expected term of a warrant or a stock option is the period of time that the warrant or a stock option is expected to be outstanding.

- Risk-free Interest Rate: the Company bases the risk-free interest rate used in the Black-Scholes model on the implied yield at the grant date of the U.S. Treasury zero-coupon issued with an equivalent term to the stock-based award being valued. Where the expected term of a stock-based award does not correspond with the term for which a zero-coupon interest rate is quoted, the Company uses the nearest interest rate from the available maturities.

- Expected Stock Price Volatility: the Company utilizes comparable public company volatility over the same period of time as the life of the warrant or stock option.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock-Based Compensation (continued)

- Dividend Yield: Stock-based compensation awards granted prior to November 2018 assumed no dividend yield, while any subsequent stock-based compensation awards will be valued using the anticipated dividend yield.

Earnings per Share

The Company computes earnings per share (“EPS”) in accordance with ASC 260, “Earnings per Share” (“ASC 260”). ASC 260 requires companies with complex capital structures to present basic and diluted EPS. Basic EPS is measured as net income divided by the weighted average common shares outstanding for the period. Diluted EPS is similar to basic EPS but presents the dilutive effect on a per share basis of potential common shares (e.g., convertible securities, options and warrants) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential common shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS (See “Note 13–Earnings per Share”).

Comprehensive Income

Comprehensive income consists of two components, net income and other comprehensive income. The foreign currency translation gain or loss resulting from translation of the financial statements expressed in JOD or HKD or CNY to US$ is reported in other comprehensive income in the consolidated statements of income and comprehensive income.

Fair Value of Financial Instruments

ASC 825-10 requires certain disclosures regarding the fair value of financial instruments. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level fair value hierarchy prioritizes the inputs used to measure fair value. The hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices in active markets for identical assets and liabilities.

- Level 2 - Quoted prices in active markets for similar assets and liabilities, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Company considers the recorded value of its financial assets and liabilities, which consist primarily of cash, including restricted cash, accounts receivable, other receivables, credit facilities, accounts payable, accrued expenses, income tax payables, other payables, and operating lease liabilities to approximate the fair value of the respective assets and liabilities at March 31, 2021 and 2020 based upon the short-term nature of these assets and liabilities.

Concentrations and Credit Risk

Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash. As of March 31, 2021, and 2020, respectively, $5,122,292 and $6,894,641 of the Company’s cash was on deposit at financial institutions in Jordan, where there currently is no rule or regulation requiring such financial institutions to maintain insurance to cover bank deposits in the event of bank failure. As of March 31, 2021, and 2020, respectively, $2,036,147 and $125,830 of the Company’s cash was on deposit at financial institutions in China. Cash maintained in banks within China of less than CNY0.5 million (equivalent to $76,260) per bank are covered by “deposit insurance regulation” promulgated by the State Council of the People’s Republic of China. As of March 31, 2021, and 2020, respectively, $15,622,051 and $19,847,852 of the Company’s cash was on deposit at financial institutions in Hong Kong, which are insured by the Hong Kong Deposit Protection Board subject to certain limitations. While management believes that these financial institutions are of high credit quality, it also continually monitors their credit worthiness. As of March 31, 2021, and 2020, respectively, $81,221 and $48,386 of the Company’s cash was on deposit in the United States and are insured by the Federal Deposit Insurance Corporation up to $250,000.

Accounts receivable are typically unsecured and derived from revenue earned from customers, and therefore are exposed to credit risk. The risk is mitigated by the Company’s assessment of its customers’ creditworthiness and its ongoing monitoring of outstanding balances.

Customer and vendor concentration risk

The Company’s sales are made primarily in the United States. Its operating results could be adversely affected by U.S. government policies on importing business, foreign exchange rate fluctuations, and change of local market conditions. The Company has a concentration of its revenue and purchases with specific customers and suppliers. For the fiscal year ended March 31, 2021, two end-customers accounted for 62% and 12% of the Company’s total revenue, respectively. For the fiscal year ended March 31, 2020, two end-customers accounted for 77% and 11% of the Company’s total revenue, respectively. As of March 31, 2021, two end-customers accounted of 68% and 24% of the Company’s total accounts receivable balance, respectively. As of March 31, 2020, four end-customers accounted for 42%, 20%, 20%, and 14% of the Company’s total accounts receivable balance, respectively.

For the fiscal year ended March 31, 2021, the Company purchased approximately 13% of its garments from one major supplier. For the fiscal year ended March 31, 2020, the Company purchased approximately 22%, 16%, and 11% of its raw materials from three major suppliers, respectively. As of March 31, 2021, accounts payable to the Company’s four major suppliers accounted for 19%, 11%, 11%, and 10% of the total accounts payable balance, respectively. As of March 31, 2020, accounts payable to the Company’s three major suppliers accounted for 39%, 16%, and 10% of the total accounts payable balance, respectively.

Risks and Uncertainties

The principal operations of the Company are located in Jordan. Accordingly, the Company’s business, financial condition, and results of operations may be influenced by political, economic, and legal environments in Jordan, as well as by the general state of the Jordanian economy. The Company’s operations in Jordan are subject to special considerations and significant risks not typically associated with companies in North America. These include risks associated with, among others, the political, economic and legal environment and foreign currency exchange. The Company’s results may be adversely affected by changes in the political, regulatory and social conditions in Jordan. Although the Company has not experienced losses from these situations and believes that it is in compliance with existing laws and regulations including its organization and structure disclosed in Note 1, this may not be indicative of future results.

The spread of COVID-19 around the world since March 2020 has caused significant volatility in U.S. and international markets. The Company’s operations during the fiscal year ended March 31, 2021 were impacted by the spread of COVID-19. The Company’s manufacturing facilities in Jordan was operating on limited capacity until June 1, 2020, the shipment of certain sales orders was delayed to the fourth fiscal quarter of 2021, and the Company postponed its construction plan of new housing facilities in Jordan.

There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies. The Company currently expects that its operation results for the fiscal year ending March 31, 2022 would not be significantly impacted by COVID-19. However, given the dynamic nature of these circumstances, should there be resurgence of the COVID-19 cases globally and that U.S. government or Jordan government implements new restrictions to contain the spread, it is expected the Company’s business will be negatively impacted.

NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS

The Company considers the applicability and impact of all accounting standards updates (“ASUs”). Management periodically reviews new accounting standards that are issued.

In September 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This ASU is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. This ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This ASU requires enhanced disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of the Company’s portfolio. These disclosures include qualitative and quantitative requirements that provide additional information about the amounts recorded in the financial statements. In November 2019, the FASB issued ASU 2019-10, which amended the effective dates of ASU 2016-13. For public business entities that meet the definition of an SEC filer, excluding entities eligible to be smaller reporting companies (“SRC”) as defined by the SEC, ASU 2016-13 will become effective for the fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For all other entities, ASU 2016-13 will become effective for the fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. As an SRC, the Company plans to adopt this ASU effective April 1, 2023. The Company is currently evaluating the impact of the adoption of ASU 2016-13 on its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740)—Simplifying the Accounting for Income Taxes. ASU 2019-12 is intended to simplify accounting for income taxes. It removes certain exceptions to the general principles in Topic 740 and amends existing guidance to improve consistent application. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years, with early adoption permitted. The Company does not expect adoption of the new ASU to have a significant impact on its consolidated financial statements.

In January 2021, the FASB issued ASU No. 2021-01, Reference Rate Reform (Topic 848). This ASU is intended to transition away from referencing the London Interbank Offered Rate and other interbank offered rates, and toward new reference rates that are more reliable and robust. The amendments in this ASU are effective immediately for all entities. An entity may elect to apply the amendments in this ASU on a full retrospective basis as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or on a prospective basis to new modifications from any date within an interim period that includes or is subsequent to the date of the issuance of a final ASU, up to the date that financial statements are available to be issued. The Company is evaluating the impact of adopting this new ASU and does not expect a significant impact on its consolidated financial statements.

NOTE 4 – ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following:

	As of March 31, 2021	As of March 31, 2020
Trade accounts receivable	$ 12,033,268	$ 5,340,389
Less: allowances for doubtful accounts	-	(4,641)
Accounts receivable, net	$ 12,033,268	$ 5,335,748

NOTE 5 – INVENTORIES

Inventories consisted of the following:

	As of March 31, 2021	As of March 31, 2020
Raw materials	$ 13,293,628	$ 12,499,301
Work-in-progress	2,057,986	1,541,716
Finished goods	9,684,352	8,592,755
Total inventory	$ 25,035,966	$ 22,633,772

NOTE 6 – ADVANCE TO SUPPLIERS, NET

Advance to suppliers consisted of the following:

	As of March 31, 2021	As of March 31, 2020
Advance to suppliers	$ 3,036,693	$ 2,118,367
Less: allowances for doubtful accounts	-	(2,000)
Advance to suppliers, net	$ 3,036,693	$ 2,116,367

NOTE 7 – LEASES

The Company has 44 operating leases for manufacturing facilities and offices. Some leases include one or more options to renew, which is typically at the Company's sole discretion. The Company regularly evaluates the renewal options, and, when it is reasonably certain of exercise, it will include the renewal period in its lease term. New lease modifications result in remeasurement of the right of use ("ROU") assets and lease liability. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Effective April 1, 2019, the Company adopted the new lease accounting standard using a modified retrospective transition method which allowed the Company not to recast comparative periods presented in its consolidated financial statements. In addition, the Company elected the package of practical expedients, which allowed the Company to not reassess whether any existing contracts contain a lease, to not reassess historical lease classification as operating or finance leases, and to not reassess initial direct costs. The Company has not elected the practical expedient to use hindsight to determine the lease term for its leases at transition. The Company combines the lease and non-lease components in determining the ROU assets and related lease obligation. Adoption of this standard resulted in the recording of operating lease ROU assets and corresponding operating lease liabilities as disclosed below and had no impact on retained earnings as of March 31, 2020. ROU assets and related lease obligations are recognized at commencement date based on the present value of remaining lease payments over the lease term.

All of the Company's leases are classified as operating leases and primarily include office space and manufacturing facilities.

Supplemental balance sheet information related to operating leases was as follows:

	March 31, 2021
Right-of-use assets	$ 1,596,600
Operating lease liabilities - current	$ 400,043
Operating lease liabilities - non-current	935,773
Total operating lease liabilities	$ 1,335,816

The weighted average remaining lease terms and discount rates for all of operating leases were as follows as of March 31, 2021:

Remaining lease term and discount rate:

Weighted average remaining lease term (years)	3.0
Weighted average discount rate	4.06%

During the fiscal years ended March 31, 2021 and 2020, the Company incurred total operating lease expenses of $2,140,894 and $1,963,831, respectively.

NOTE 7 – LEASES (continued)

The following is a schedule, by fiscal years, of maturities of lease liabilities as of March 31, 2021:

2022	$ 651,349
2023	526,933
2024	302,664
2025	121,599
2026	52,542
Thereafter	-
Total lease payments	1,655,087
Less: imputed interest	(58,489)
Less: prepayments	(260,782)
Present value of lease liabilities	$ 1,335,816

NOTE 8 – PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment, net consisted of the following:

	As of March 31, 2021	As of March 31, 2020
Land (1)	$ 1,831,192	$ 1,831,192
Property and buildings	432,562	432,562
Equipment and machinery (2)	8,532,813	7,630,255
Office and electric equipment	825,013	793,405
Automobiles	512,209	480,687
Leasehold improvements	2,943,797	2,765,610
Subtotal	15,077,586	13,933,711
Construction in progress (3)	194,752	194,752
Less: Accumulated depreciation and amortization	(9,572,832)	(7,954,299)
Property and equipment, net	$ 5,699,506	$ 6,174,164

(1) On August 7, 2019 and February 6, 2020, the Company, through Jerash Garments, purchased 12,340 square meters (approximately three acres) and 4,516 square meters (approximately 48,608 square feet) of land in Al Tajamouat Industrial City, Jordan (the "Jordan Properties"), from third parties to construct a factory and a dormitory for the Company's employees, respectively. The aggregate purchase price of the Jordan Properties was JOD1,177,301 (approximately US$1.7 million).

(2) On June 18, 2019, the Company acquired all of the outstanding shares of Paramount, a contract manufacturer based in Amman, Jordan. As a result, Paramount became a subsidiary of Jerash Garments, and the Company assumed ownership of all of the machinery and equipment owned by Paramount. Paramount had no other significant assets or liabilities and no operating activities or employees at the time of acquisition, so this transaction was accounted for as an asset acquisition. $980,000 was paid in cash to acquire all of the machinery and equipment from Paramount and the machinery and equipment were transferred to the Company.

(3) The construction in progress account represents costs incurred for constructing a dormitory, which was previously planned to be a sewing workshop. This dormitory is approximately 4,800 square feet in the Tafilah Governorate of Jordan. Construction has been temporarily suspended since March 2020 due to the COVID-19 pandemic. The dormitory is expected to be completed and ready for use in fiscal 2022.

NOTE 9 – EQUITY

Preferred Stock

The Company has 500,000 shares of preferred stock, par value of $0.001 per share, authorized; none were issued and outstanding as of March 31, 2021 and March 31, 2020. The preferred stock can be issued by the board of directors of Jerash Holdings (the "Board of Directors") in one or more classes or one or more series within any class, and such classes or series shall have such voting powers, full or limited, or no voting powers, and such designations, preferences, rights, qualifications, limitations or restrictions of such rights as the Board of Directors may determine from time to time.

Common Stock

The Company had 11,332,974 and 11,325,000 shares of common stock outstanding as of March 31, 2021 and 2020 respectively.

Statutory Reserve

In accordance with the Corporate Law in Jordan, Jerash Garments, Jerash Embroidery, Chinese Garments, Paramount, Jerash The First, and Victory Apparel are required to make appropriations to certain reserve funds, based on net income determined in accordance with generally accepted accounting principles of Jordan. Appropriations to the statutory reserve are required to be 10% of net income until the reserve is equal to 100% of the entity's share capital. This reserve is not available for dividend distribution. In addition, PRC companies are required to set aside at least 10% of their after-tax net profits each year, if any, to fund the statutory reserves until the balance of the reserves reaches 50% of their registered capital. The statutory reserves are not distributable in the form of cash dividends to the Company and can be used to make up cumulative prior year losses. The Company's subsidiaries and VIE have reserved the maximum amount required.

Dividends

During the fiscal year ended March 31, 2021, on February 5, 2021, November 2, 2020, August 5, 2020, and May 15, 2020, the Board of Directors declared a cash dividend of $0.05 per share of common stock, respectively. The cash dividends of $566,250 were paid in full on February 23, 2021, November 23, 2020, August 24, 2020, and June 2, 2020, respectively.

During the fiscal year ended March 31, 2020, on February 5, 2020, November 4, 2019, July 29, 2019, and May 17, 2019, the Board of Directors declared a cash dividend of $0.05 per share of common stock, respectively. The cash dividends of $566,250 were paid in full on February 26, 2020, November 26, 2019, August 19, 2019, and June 5, 2019, respectively.

NOTE 10 – STOCK-BASED COMPENSATION

Warrants issued for services

From time to time, the Company issues warrants to purchase its common stock. These warrants are valued using the Black-Scholes model and using the volatility, market price, exercise price, risk-free interest rate, and dividend yield appropriate at the date the warrants were issued.

Simultaneous with the closing of the IPO, the Company issued to the underwriter and its affiliates warrants to purchase 57,200 shares of common stock ("IPO Underwriter Warrants") at an exercise price of $8.75 per share with an expiration date of May 2, 2023. The shares underlying the IPO Underwriter Warrants were subject to a 180-day lock-up that expired on October 29, 2018.

The fair value of these warrants was estimated as of the grant date using the Black-Scholes model with the major assumptions that the expected term is five years; risk-free interest rate is 1.8% to 2.8%; and the expected volatility is 50.3% to 52.2%. In March 2021, 50,000 warrants were exercised. There were 214,410 and 264,410 warrants outstanding as of March 31, 2021 and March 31, 2020, respectively, with a weighted average exercise price of $6.67 and $6.35, respectively. All of the outstanding warrants were fully vested and exercisable as of March 31, 2021 and 2020.

All stock warrants activities are summarized as follows:

	Option to Acquire Shares	Weighted Average Exercise Price
Stock warrants outstanding at March 31, 2020	264,410	$ 6.35
Granted	-	-
Exercised	50,000	5.00
Stock warrants outstanding at March 31, 2021	214,410	$ 6.67

Stock Options

On March 21, 2018, the Board of Directors adopted the Jerash Holdings (US), Inc. 2018 Stock Incentive Plan (the "Plan"), pursuant to which the Company may grant various types of equity awards. 1,484,250 shares of common stock of the Company were reserved for issuance under the Plan. In addition, on July 19, 2019, the Board of Directors approved an amendment and restatement of the Plan, which was approved by the Company's stockholders at its annual meeting of stockholders on September 16, 2019. The amended and restated Plan increased the number of shares reserved for issuance under the Plan by 300,000, to 1,784,250, among other changes.

NOTE 10 – STOCK-BASED COMPENSATION (continued)

On April 9, 2018, the Board of Directors approved the issuance of 989,500 nonqualified stock options under the Plan to 13 executive officers and employees of the Company in accordance with the Plan at an exercise price of $7.00 per share, and a term of five years. The fair value of these options was estimated as of the grant date using the Black-Scholes model with the major assumptions that expected terms is five years; risk-free interest rate is 2.6%; and the expected volatility is 50.3%. All these outstanding options were fully vested and exercisable on issue date. 3,000 options were forfeited in November 2020.

On August 3, 2018, the Board of Directors granted the Company's then Chief Financial Officer and Head of U.S. Operations a total of 150,000 nonqualified stock options under the Plan in accordance with the Plan at an exercise price of $6.12 per share and a term of 10 years. The fair value of these options was estimated as of the grant date using the Black-Scholes model with the major assumptions that expected terms is 10 years; risk-free interest rate is 2.95%; and the expected volatility is 50.3%. All these outstanding options were fully vested. 50,000 options were forfeited in October 2020. The remaining 100,000 options became exercisable in August 2019.

On November 27, 2019, the Board of Directors granted the Company's Chief Financial Officer 50,000 nonqualified stock options under the amended and restated Plan in accordance with the amended and restated Plan at an exercise price of $6.50 per share and a term of 10 years. All these outstanding options became fully vested and exercisable in May 2020. The fair value of the options granted on November 27, 2019 was $126,454. It is estimated as of the grant date using the Black-Scholes model with the major assumptions that expected term of 10 years; risk-free interest rate of 1.77%; expected volatility of 48.59%; and dividend yield of 3.08%.

All stock option activities are summarized as follows:

	Option to Acquire Shares	Weighted Average Exercise Price
Stock options outstanding at March 31, 2020	1,189,500	$ 6.87
Granted	-	-
Exercised	-	-
Forfeited	53,000	6.17
Stock options outstanding at March 31, 2021	1,136,500	$ 6.90

Total expenses related to the stock options issued were $66,251 and $278,258 for fiscal years ended March 31, 2021 and 2020, respectively. As of March 31, 2021, there was $nil remaining amount to vest.

NOTE 11 – RELATED PARTY TRANSACTIONS

The relationship and the nature of related party transactions are summarized as follow:

Name of Related Party	Relationship to the Company	Nature of Transactions
Ford Glory International Limited ("FGIL")	Affiliate, subsidiary of Ford Glory Holdings ("FGH"), which is 49% indirectly owned by the Company's President, Chief Executive Officer, and Chairman, and a significant stockholder	Operating Lease
Yukwise Limited ("Yukwise")	Wholly owned by the Company's President, Chief Executive Officer, and Chairman, and a significant stockholder	Consulting Services
Multi-Glory Corporation Limited ("Multi-Glory")	Wholly owned by a significant stockholder	Consulting Services
Jiangmen V-Apparel Manufacturing Limited	Affiliate, subsidiary of FGH	Operating Lease

NOTE 11 – RELATED PARTY TRANSACTIONS (continued)

a. Related party lease and purchases agreement

On October 3, 2018, Treasure Success and FGIL entered into a lease agreement, pursuant to which Treasure Success leased its office space in Hong Kong from FGIL for a monthly rent in the amount of HKD 119,540 (approximately $15,253) and for a one-year term with an option to extend the term for an additional year at the same rent. On October 3, 2019, Treasure Success exercised the option to extend the lease for an additional year at the same rent. On December 15, 2020, Treasure Success and FGIL renewed the lease agreement with the same term and lease amount. On February 25, 2021, the lease agreement was terminated, and Ford Glory disposed of the property that was subject of the lease agreement between Treasure Success and Ford Glory.

On July 15, 2019, the Company, through Treasure Success, entered into an agreement to purchase office space together with certain parking spaces from FGIL for an aggregate purchase price of HKD 63,000,000 (approximately $8.1 million). Pursuant to the agreement, Treasure Success paid an initial deposit of HKD 6,300,000 (approximately $0.8 million) upon signing the agreement. On October 31, 2019, this agreement was terminated pursuant to its terms because the conditions precedent to closing under the agreement were not met. As a result of the termination, on November 7, 2019, FGIL repaid in full, without interest, the deposit Treasure Success paid at the time the agreement was signed.

On July 1, 2020, Jiangmen Treasure Success and Jiangmen V-Apparel Manufacturing Limited entered into a factory lease agreement, which was a replacement of a previous lease agreement between Treasure Success and Jiangmen V-Apparel Manufacturing Limited dated August 31, 2019, pursuant to which Treasure Success leased additional space for office and sample production purposes in Jiangmen, China from Jiangmen V-Apparel Manufacturing Limited for a monthly rent in the amount of CNY 28,300 (approximately $4,300). The lease had one-year term and might be renewed with a one-month notice. On April 30, 2021, the factory lease agreement between Jiangmen Treasure Success and Jiangmen V-apparel Manufacturing Limited was terminated.

b. Consulting agreements

On January 12, 2018, Treasure Success and Yukwise entered into a consulting agreement, pursuant to which Mr. Choi will serve as Chief Executive Officer and provide high-level advisory and general management services for $300,000 per annum. The agreement renews automatically for one-month terms. This agreement became effective as of January 1, 2018. Due to the COVID-19 pandemic, Yukwise's compensation was temporarily reduced to $20,000 per month from May 2020 to August 2020. Total consulting fees under this agreement were $280,000 and $300,000, respectively, for the fiscal years ended March 31, 2021 and 2020.

On January 16, 2018, Treasure Success and Multi-Glory entered into a consulting agreement, pursuant to which Multi-Glory will provide high-level advisory, marketing, and sales services to the Company for $300,000 per annum. The agreement renews automatically for one-month terms. The agreement became effective as of January 1, 2018. Due to the COVID-19 pandemic, Multi-Glory's compensation was temporarily reduced to $20,000 per month from May 2020 to August 2020. Total consulting fees under this agreement were $280,000 and $300,000, respectively, for the fiscal years ended March 31, 2021 and 2020.

NOTE 12 – CREDIT FACILITIES

Pursuant to a letter agreement dated May 29, 2017, Treasure Success entered into an initial $8,000,000 import credit facility with Hong Kong and Shanghai Banking Corporation ("HSBC") (the "2017 Facility Letter"), which was first amended pursuant to a letter agreement between HSBC, Treasure Success, and Jerash Garments dated June 19, 2018 (the "2018 Facility Letter"), further amended pursuant to a letter agreement dated August 12, 2019 (the "2019 Facility Letter"), and further amended pursuant to a letter agreement dated July 3, 2020 (the "2020 Facility Letter," and together with the 2017 Facility Letter, 2018 Facility Letter, and 2019 Facility Letter, the "HSBC Facility"). The 2020 Facility Letter extends the term of the HSBC Facility indefinitely. Pursuant to the HSBC Facility, the Company has a total credit limit of $11,000,000.

In addition, on June 5, 2017, Treasure Success entered into an Offer Letter - Invoice Discounting/Factoring Agreement, and on August 21, 2017, Treasure Success entered into an Invoice Discounting/Factoring Agreement (together, the "2017 Factoring Agreement") with HSBC for certain debt purchase services related to the Company's accounts receivable. On June 14, 2018, Treasure Success and Jerash Garments entered into another Offer Letter-Invoice Discounting/Factoring Agreement with HSBC, which amended the 2017 Factoring Agreement (the "2018 Factoring Agreement, and together with the 2017 Factoring Agreement, the "HSBC Factoring Agreement," and together with the HSBC Facility, the "HSBC Credit Facilities"). Pursuant to the HSBC Factoring Agreement, HSBC offered to provide Treasure Success with a $12,000,000 factoring facility for certain debt purchase services related to Treasure Success's accounts receivable.

The HSBC Credit Facilities were guaranteed by Jerash Holdings, Jerash Garments, and Treasure Success. In addition, the HSBC Credit Facilities required cash and other investment security collateral of $3,000,000 and were secured by the personal guarantees of Mr. Choi and Mr. Ng Tsze Lun ("Mr. Ng"). As of January 22, 2019, the security collateral of $3,000,000 had been released. HSBC also released the personal guarantees of Mr. Choi and Mr. Ng on August 12, 2019. The HSBC Credit Facilities provide that drawings under the HSBC Credit Facilities were charged interest at the Hong Kong Interbank Offered Rate plus 1.5% for drawings in HKD, and the London Interbank Offered Rate plus 1.5% for drawings in other currencies. In addition, the HSBC Credit Facilities also contained certain service charges and other commissions and fees.

Under the HSBC Factoring Agreement, HSBC also provided credit protection and debt services related to each of the Company's preapproved customers. For any approved debts or collections assigned to HSBC, HSBC charged a flat fee of 0.35% on the face value of the invoice for such debt or collection. The Company may assign debtor payments that are to be paid to HSBC within 90 days, defined as the maximum terms of payment. The Company may receive advances on invoices that are due within 30 days of the delivery of its goods, defined as the maximum invoicing period.

The HSBC Credit Facilities are subject to review at any time, and HSBC has discretion on whether to renew the HSBC Facility. Either party may terminate the HSBC Factoring Agreement subject to a 30-day notice period.

On March 30, 2021, HSBC informed Treasure Success that the debts purchase services under the HSBC Factoring Agreement were terminated with immediate effect. As of March 31, 2021 and 2020, the Company had made $nil and $235 in withdrawals under the HSBC Credit Facilities, which were due within 120 days of each borrowing date or upon demand by HSBC.

On January 31, 2019, Standard Chartered Bank (Hong Kong) Limited ("SCBHK") offered to provide an import facility of up to $3.0 million to Treasure Success pursuant to a facility letter dated June 15, 2018. Pursuant to the agreement, SCBHK agreed to finance import invoice financing and pre-shipment financing of export orders up to an aggregate of $3.0 million. The SCBHK facility bears interest at 1.3% per annum over SCBHK's cost of funds. As of March 31, 2021 and 2020, the Company had $612,703 and $nil outstanding amount, respectively, in import invoice financing under the SCBHK facility.

NOTE 13 – EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share for the fiscal years ended March 31, 2021 and 2020. As of March 31, 2021, 1,453,910 warrants and stock options were issued, 50,000 warrants were exercised, 53,000 options were forfeited, and 1,350,910 warrants and stock options were outstanding. For the fiscal years ended March 31, 2021 and 2020, 1,250,910 and 107,200 warrants and stock options were excluded from the EPS calculation, respectively, as they contained anti-dilution provisions.

	Fiscal Year Ended March 31, (in $000s except share and per share information)	
	2021	**2020**
Numerator:		
Net income attributable to Jerash Holdings (US), Inc.'s Common Stockholders	$ 4,150	$ 6,475
Denominator:		
Denominator for basic earnings per share (weighted-average shares)	11,325,131	11,325,000
Dilutive securities – unexercised warrants and options	180	118,364
Denominator for diluted earnings per share (adjusted weighted-average shares)	11,325,311	11,443,364
Basic and diluted earnings per share	$ 0.37	$ 0.57

NOTE 14 – SEGMENT REPORTING

ASC 280, "Segment Reporting," establishes standards for reporting information about operating segments on a basis consistent with the Company's internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements for details on the Company's business segments. The Company uses the "management approach" in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Company's chief operating decision maker for making operating decisions and assessing performance as the source for determining the Company's reportable segments. Management, including the chief operating decision maker, reviews operation results by the revenue of the Company's products. The Company's major product is outerwear. For the fiscal years ended March 31, 2021 and 2020, outerwear accounted for approximately 91.4% and 85.0% of total revenue. Based on management's assessment, the Company has determined that it has only one operating segment as defined by ASC 280.

The following table summarizes sales by geographic areas for the fiscal years ended March 31, 2021 and 2020, respectively.

	For the Fiscal Year Ended March 31,	
	2021	**2020**
United States	$ 79,190,558	$ 89,123,214
Jordan	5,702,774	3,737,608
Others	5,320,029	163,414
Total	$ 90,213,361	$ 93,024,236

96.0% of long-lived assets were located in Jordan as of March 31, 2021.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Commitments

On August 28, 2019, Jiangmen Treasure Success, was incorporated under the laws of the People's Republic of China in Jiangmen City, Guangdong Province, China, with a total registered capital of HKD 3 million (approximately $385,000). On December 9, 2020, shareholders of Jiangmen Treasure Success approved to increase its registered capital to HKD 15 million (approximately $1.9 million). The Company's subsidiary, Treasure Success, as a shareholder of Jiangmen Treasure Success, is required to contribute HKD 15 million (approximately $1.9 million) as paid-in capital in exchange for 100% ownership interest in Jiangmen Treasure Success. As of March 31, 2021, Treasure Success had made capital contribution of HKD 3 million (approximately $385,000). Pursuant to the articles of incorporation of Jiangmen Treasure Success, Treasure Success is required to complete the remaining capital contribution before December 31, 2029 as Treasure Success' available funds permit.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (continued)

Contingencies

From time to time, the Company is a party to various legal actions arising in the ordinary course of business. The Company accrues costs associated with these matters when they become probable and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. The Company's management does not expect any liability from the disposition of such claims and litigation individually or in the aggregate would not have a material adverse impact on the Company's consolidated financial position, results of operations, and cash flows.

NOTE 16 – INCOME TAX

Jerash Garments, Jerash Embroidery, Chinese Garments, Paramount, Jerash The First, and Victory Apparel are subject to the regulations of the Income Tax Department in Jordan. The corporate income tax rate is 16% for the industrial sector. In accordance with the Investment Encouragement Law, Jerash Garments' export sales to overseas customers were entitled to a 100% income tax exemption for a period of 10 years commencing on the first day of production. This exemption had been extended for five years until December 31, 2018. Effective January 1, 2019, the Jordanian government reclassified the area where Jerash Garments and its subsidiaries are to a Development Zone. In accordance with the Development Zone law, Jerash Garments and its subsidiaries and VIE began paying corporate income tax in Jordan at a rate of 10% plus a 1% social contribution. The income tax rate increased to 14% plus a 1% social contribution from January 1, 2020. Effective January 1, 2021, this rate increased to 16% plus a 1% social contribution.

On December 22, 2017, the U.S. Tax Cuts and Jobs Act (the "Tax Act") was enacted. The Tax Act imposed tax on previously untaxed accumulated earnings and profits ("E&P") of foreign subsidiaries (the "Toll Charge"). The Toll Charge is based in part of the amount of E&P held in cash and other specific assets as of December 31, 2017. The Toll Charge can be paid over an eight-year period, starting in 2018, and will not accrue interest. Additionally, under the provisions of the Tax Act, for taxable years beginning after December 31, 2017, the foreign earnings of Jerash Garments and its subsidiaries are subject to U.S. taxation at the Jerash Holdings level under the new Global Intangible Low-Taxed Income ("GILTI") regime.

Income tax payable consisted of the following:

	As of March 31, 2021	As of March 31, 2020
Income tax payable – current	$ 1,803,175	$ 1,088,497
Income tax payable – non-current	1,094,048	1,227,632
	$ 2,897,223	$ 2,316,129

The provision for income taxes consisted of the following:

	For the fiscal years ended March 31, 2021	For the fiscal years ended March 31, 2020
Domestic and foreign components of income (loss) before income taxes		
Domestic	$ (1,163,505)	$ (1,811,749)
Foreign	6,657,775	9,456,015
Total	$ 5,494,270	$ 7,644,266

	For the fiscal years ended March 31, 2021	For the fiscal years ended March 31, 2020
Provision (benefit) for income taxes		
Current tax:		
U.S. federal	$ 10,574	$ 4,002
U.S. state and local	1,550	50
Foreign	1,342,290	1,229,000
Total Current Tax	1,354,414	1,233,052
Deferred tax:		
U.S. federal	(8,768)	(58,434)
Total deferred tax	(8,768)	(58,434)
Total tax	$ 1,345,646	$ 1,174,618
Effective tax rates	24.5%	15.4%

NOTE 16 – INCOME TAX (continued)

A reconciliation of the effective tax rate was as follows:

	For the fiscal years ended March 31, 2021	For the fiscal years ended March 31, 2020
Tax at statutory rate	$ 1,158,858	$ 1,605,296
State tax, net of federal benefit	632	40
Non-deductible expenses	17	29
Non-taxable income	(564)	(10,151)
Global Intangible Low-Taxed Income	767,729	1,130,422
Tax Credits	(536,999)	(808,407)
Foreign tax rate differential	(58,304)	(804,026)
Valuation Allowance	3,026	57,413
Provision to return adjustments	11,251	4,002
Total	$ 1,345,646	$ 1,174,618

The Company's deferred tax assets and liabilities at March 31, 2021 and 2020 consisted of the following:

Deferred tax assets	As of March 31, 2021	As of March 31, 2020
Stock based compensation	$ 148,663	$ 139,895
Net operating losses carried forward	151,246	148,220
Less: valuation allowance	(151,246)	(148,220)
Deferred tax assets, net	$ 148,663	$ 139,895

Deferred tax assets are reduced by a valuation allowance when it is considered more likely than not that some portion or all of the deferred tax assets will not be realized. As of March 31, 2021 and 2020, the allowance for deferred tax assets was $151,246 and $148,220 respectively.

As of March 31, 2021, the Company had cumulative book-tax basis differences in its foreign subsidiaries of approximately $20.9 million. The Company has not recorded a U.S. deferred tax liability for the book-tax basis in its foreign subsidiaries as these amounts continue to be indefinitely reinvested in foreign operations. The reversal of this temporary difference would occur upon the sale or liquidation of the Company's foreign subsidiaries, and the estimated impact of the reversal of this temporary difference is approximately $4.4 million.

The Company files income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years prior to December 31, 2016.

NOTE 17 – SUBSEQUENT EVENTS

On April 19, 2021, the Company announced that it commenced the construction of a 189,000 square-foot housing facility for its multi-national workforce, situated on a 49,000 square-foot site owned by the Company, in Al Tajamouat Industrial City, Jordan. Completion and occupancy of the new building is anticipated by mid-2022.

On April 30, 2021, the factory lease agreement between Jiangmen Treasure Success and Jiangmen V-apparel Manufacturing Limited was terminated.

On May 11, 2021, Treasure Success entered into a three-year lease agreement with an independent third party, pursuant to which Treasure Success leased a staff quarter in Hong Kong for a monthly rent in the amount of HK $75,000 (approximately $9,615) for the first year and HKD $82,500 (approximately $10,577) starting from the second year. The staff quarter is occupied by Mr. Ng.

On May 14, 2021, the Board of Directors approved the payment of a dividend of $0.05 per share payable on June 2, 2021, to stockholders of record as of the close of business on May 25, 2021.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Exchange Act Rule 15d-15(e)) are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this report, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), based on their evaluation of our disclosure controls and procedures as of March 31, 2021, concluded that our disclosure controls and procedures were effective as of that date.

Internal Control Over Financial Reporting

Management's annual report on internal control over financial reporting. Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, with the participation of our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), has assessed the effectiveness of our internal control over financial reporting as of March 31, 2021. In making this assessment, management used the criteria set forth in the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control—Integrated Framework (2013)*.

Based on the assessment using those criteria, management concluded that, as of March 31, 2021, our internal control over financial reporting was effective.

Attestation report of the registered public accounting firm. This Annual Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Our management's report was not subject to attestation by our independent registered public accounting firm pursuant to the rules of the SEC that permit us to provide only management's report in this Annual Report.

Changes in internal control over financial reporting. There were no changes in our internal control over financial reporting (as the term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not Applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

In response to this Item, the information set forth in our Proxy Statement for our 2021 Annual Meeting of Stockholders (the "2021 Proxy Statement") to be filed within 120 days following the end of our fiscal year, under the headings "Proposal No. 1—Election of Directors," "Our Executive Officers," "Section 16(a) Compliance," and "Corporate Governance Practices and Policies" is incorporated herein by reference.

Item 11. Executive Compensation.

In response to this Item, the information set forth in the 2021 Proxy Statement under the headings "Executive Compensation" and "Corporate Governance Practices and Policies" is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table provides information regarding shares outstanding and available for issuance under our existing equity compensation plans.

Equity Compensation Plan Information

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	1,350,910	$ 6.85	594,750
Equity compensation plans not approved by security holders	-	$ -	-
Total	1,350,910	$ 6.85	594,750

For additional information concerning our equity compensation plans, see the discussion in "Note 10—Stock-Based Compensation."

The remainder of the information required by this Item is set forth in the 2021 Proxy Statement under the headings "Executive Compensation—Equity Compensation Plan Information" and "Security Ownership of Certain Beneficial Owners and Management" and is hereby incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

In response to this Item, the information set forth in the 2021 Proxy Statement under the headings "Certain Relationships and Related Party Transactions" and "Corporate Governance Practices and Policies—Board and Committee Independence" is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

In response to this Item, the information set forth in the 2021 Proxy Statement under the heading "Proposal No. 2—Ratification of Appointment of Independent Registered Public Accounting Firm—Matters Relating to the Independent Registered Public Accounting Firm" is incorporated herein by reference.

PART IV

Item 15. Exhibit and Financial Statement Schedules

(a) *Financial Statements*

We have filed the financial statements in Item 8. Financial Statements and Supplementary Data as a part of this Annual Report on Form 10-K.

(b) *Exhibits*

The following is a list of all exhibits filed or incorporated by reference as part of this Annual Report on Form 10-K.

Exhibit Number	Description	Location
3.1	Amended and Restated Certificate of Incorporation	Incorporated herein by reference to Exhibit 3.1 to the Post-Effective Amendment No. 1 to Form S-1, filed with the SEC on September 19, 2018
3.2	Amended and Restated Bylaws	Incorporated herein by reference to Exhibit 3.1 to the Form 8-K, filed with the SEC on July 24, 2019
4.1	Specimen Certificate for Common Stock	Incorporated herein by reference to Exhibit 4.1 to the Form S-1, filed with the SEC on June 27, 2017
4.2	Description of Securities	Incorporated herein by reference to Exhibit 4.1 to the Form 10-K, filed with the SEC on June 28, 2019
10.1	Form of Private Placement Warrant	Incorporated herein by reference to Exhibit 10.3 to the Form S-1, filed with the SEC on June 27, 2017
10.2	Letter Agreement for Banking Facilities, dated as of May 29, 2017, by and between The Hongkong and Shanghai Banking Corporation Limited and Treasure Success International Limited	Incorporated herein by reference to Exhibit 10.4 to the Form S-1, filed with the SEC on June 27, 2017
10.3	Letter Agreement for Banking Faculties, dated June 19, 2018, by and between The Hongkong and Shanghai Banking Corporation Limited, Treasure Success International Limited and Jerash Garments and Fashions Manufacturing Company Limited	Incorporated herein by reference to Exhibit 10.22 to the Form 10-K, filed with the SEC on June 28, 2019
10.4	Letter Agreement for Banking Facilities, dated August 12, 2019, by and between Hongkong and Shanghai Banking Corporation Limited, Treasure Success International Limited and Jerash Garments and Fashions Manufacturing Company Limited	Incorporated herein by reference to Exhibit 10.1 to the Form 8-K, filed with the SEC on August 26, 2019
10.5	Letter Agreement for Banking Facilities, dated July 3, 2020, by and between Hongkong and Shanghai Banking Corporation Limited, Treasure Success International Limited, and Jerash Garments and Fashions Manufacturing Company Limited	Incorporated herein by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q, filed with the SEC on November 12, 2020

10.6	Facility Letter, dated June 15, 2018, by and between Treasure Success International Limited and Standard Chartered Bank (Hong Kong) Limited	Incorporated herein by reference to Exhibit 10.2 to the Form 10-Q, filed with the SEC on February 13, 2019
10.7	Standard Chartered Global Master Credit Terms	Incorporated herein by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q, filed with the SEC on February 13, 2019
10.8	Standard Chartered Global Master Trade Terms	Incorporated herein by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q, filed with the SEC on February 13, 2019
10.9+	Unified Employment Agreement for Expatriate Staff in the Textile, Garment and Clothing Industry between Jerash Garments and Fashions Manufacturing Company Limited and Wei Yang dated as of May 1, 2020	Incorporated herein by reference to Exhibit 10.10 to the Quarterly Report on Form 10-Q, filed with the SEC on June 29, 2020
10.10+	Consulting Agreement, dated January 12, 2018, by and between Treasure Success International Limited and Yukwise Limited	Incorporated herein by reference to Exhibit 10.1 to the Form 8-K, filed with the SEC on January 16, 2018
10.11+	Consulting Agreement, dated January 16, 2018, by and between Treasure Success International Limited and Multi-Glory Corporation Ltd.	Incorporated herein by reference to Exhibit 10.18 to the Form S-1, filed with the SEC on January 18, 2018
10.12	Form of Underwriter's Warrant	Incorporated herein by reference to Exhibit 10.15 to Amendment No. 2 to the Form S-1, filed with the SEC on March 9, 2018
10.13+	Amended and Restated 2018 Stock Incentive Plan	Incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed with the SEC on September 19, 2019
10.14+	Form of Option Award Notice and Agreement (Employee)	Incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K, filed with the SEC on March 23, 2018
10.15+	Form of Option Award Notice and Agreement (Consultant)	Incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K, filed with the SEC on March 23, 2018
10.16+	Employment Agreement dated November 27, 2019 by and between Jerash Holdings and Gilbert K. Lee	Incorporated herein by reference to Exhibit 10.1 to the Form 8-K, filed with the SEC on December 2, 2019
10.17	Director Offer Letter dated June 15, 2020 by and between Jerash Holdings (US), Inc. and Bill Korn	Incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed with the SEC on June 15, 2020
10.18+	Option Award Agreement dated November 27, 2019 by and between Jerash Holdings and Gilbert K. Lee	Incorporated herein by reference to Exhibit 10.2 to the Form 8-K, filed with the SEC on December 2, 2019

10.19+	Form of Indemnification Agreement	Incorporated herein by reference to Exhibit 10.2 to the Form 8-K, filed with the SEC on June 15, 2020
10.20	Factory Lease Agreement between Jiangmen Treasure Success and Guangdong Huadian Technology Industry Co., Ltd. dated January 1, 2021	Filed herewith
10.21	Lease Agreement between Treasure Success and Ever Winland Limited dated February 26, 2021	Filed herewith
14.1	Code of Ethics	Incorporated herein by reference to Exhibit 14.1 to the Annual Report on Form 10-K, filed with the SEC on June 29, 2020
21.1	Subsidiaries of Jerash Holdings (US), Inc.	Filed herewith
23.1	Consent of Friedman LLP	Filed herewith
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
101.INS	XBRL Instance Document	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Linkbase	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	Filed herewith

+ Indicates a management contract or compensatory plan, contract, or arrangement.

* In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibits 32.1 and 32.2 herewith are deemed to accompany this Form 10-K and will not be deemed filed for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act or the Exchange Act.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

JERASH HOLDINGS (US), INC.

Date: June 23, 2021

By: /s/ Gilbert K. Lee
Name: Gilbert K. Lee
Title: Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated below on June 23, 2021.

Signature	Title
/s/ Choi Lin Hung Choi Lin Hung	Chairman, Chief Executive Officer, President and Treasurer (Principal Executive Officer)
/s/ Gilbert K. Lee Gilbert K. Lee	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
/s/ Wei Yang Wei Yang	Vice President, Secretary, and Director
/s/ Bill Korn Bill Korn	Director
/s/ Ibrahim H. Saif Ibrahim H. Saif	Director
/s/ Mak Chi Yan Mak Chi Yan	Director

Exhibit 10.20

Factory Lease Contract

Contract Number: [*]
Contract signed in: Xinhui District, Jiangmen City

Party A (lessor): Guangdong Huadian Technology Industry Co., Ltd.
Party B (lessee): Jiangmen Treasure Success Business Consultancy Co., Ltd.

Both Party A and Party B, in line with the principle of equality, integrity, mutual benefit for Party A to lease Party B certain factory area (the "Lease") and after discussion, agree to enter into this Contract.

1. BASIC CONDITIONS OF THE LEASE

1. Lease area address: Party A shall lease the factory area located in first floor workshop (west area), parts of second floor and third floor workshops, Block B, (Workshop #2), 3, Jin Hua Road, Huicheng, Xinhui District, Jiangmen City (The Property) (see Annex 1) to Party B for the operation and usage of Party B.

2. Lease Term: The Lease Term is 5 years from January 1, 2021 to December 31, 2025.

3. Lease area: Total area of the Lease is 4,100 m^2. Among that, 2,300m^2 is on the first floor, 1,700m^2 is on the second floor and 100m2 is on the third floor.

4. Lease payments: In the first year of the Lease, rental of the first floor is Rmb 13.13/square meter/month, rental of the second floor is Rmb 11.38/square meter/ month, rental of the third floor is Rmb 7.00/square meter/month. In the second year of the Lease, rental of the first floor is Rmb15.75/square meter/month, rental for the second floor is Rmb 13.65/square meter/month, rental of the third floor is Rmb 8.40/square meter/month. From the third year, the rentals shall increase by 5% annually. Property management fee is included in the rental above to cover public supporting expenses such as home or peripheral sanitation and greening.

5. Payment method: The rental is to be paid monthly, by Party B on or before the 12th day of each month by bank transfer to party A to settle rental of the month. Party A shall issue VAT invoice to Party B with appropriate tax rates.

6. Rental deposit: Both Party A and Party B agree that after signing this Contract, Party B shall pay a rental deposit of Rmb180,000.00 and a one-time payment of Rmb 30,000 as utility deposit to Party A within 5 days. Party A shall issue separate receipts to Party B after receiving the above deposits.

7. Other costs: Party B is responsible for paying the utilities, equipment installation (excluding installation of the master water meter and master electricity meter, transformer equipment which are to be borne by Party A) or cost of repair, maintenance, replacement and other related costs due to Party B's own business needs. The water charge is to be ascertained according to the water meter readings. Party B shall, on or before the 6th of every month, reply to confirm previous month's meter reading. Failing to reply will be considered consent. Party B shall, on or before the 12th day of each month to settle other costs of the previous month to Party A.

The water and electricity charges shall be ascertained in accordance with the unified charging standards of Huadian Science and Technology Park (further notice will be served in the event of an adjustment in electricity charges). VAT invoices on utilities with the applicable tax rate shall be issued to Party B. Electricity and water charges should be calculated as follows:

(1) Party B’s electricity = (according to the actual electricity usage in flat, low, peak hours X charging rates announced by the power supply bureau in flat, low, peak hours) plus a 3% of wastage of the total electricity consumption and a fee for increase of power supply for Party B (Rmb 23 X 400 units of electricity consumption = Rmb 9,200);

If Party B has production expansion later, and requires an increase in electricity supply, Party B can apply to Party A in advance in writing. The two Parties shall negotiate for the costs related to the increase.

(2) Party B’s water charges = Party B’s monthly water usage in tons X Rmb 3.80.

8. During the Lease term, Party A provides Party B with the right to use 5 parking spaces (Party A designated location). Party B is exempt from any rental fees for the 5 parking spaces. Party B should reasonably use the parking spaces and do not arbitrarily park inappropriate vehicles. Party A only provides parking spaces for party B to use, and is not responsible for the custody and management of Party B’s vehicles. If Party B needs to increase the parking spaces in the future, Party B should negotiate with Party A, and both Parties shall enter into a parking space rental Contract.

9. Party A’s account information is as follows:
Bank of Account: Xinhui Branch of Industrial and Commercial Bank of China Co., Ltd
Account Holder: Guangdong Huadian Technology Industry Co., Ltd
Bank Account Number: [*]

2. **PURPOSE OF LEASING**

Party B undertakes that Property shall be used as the <u>company's design, production, processing, sales, commerce, office and other purposes, and</u> Party B shall abide by the relevant provisions on the use and property management in accordance with the principle of who operates in the Property should also manage it, and conduct business in a civilized way. If Party B needs to increase the use of other projects or change the use of the Property, Party B must obtain written consent of Party A and approvals from other relevant regulatory bodies. Otherwise it could be a breach of the Contract and Party A has the right to terminate this Contract before its expiry.

3. **PARTY A’S RIGHTS AND OBLIGATIONS**

1. Party A shall pass the custody of the Property to Party B on January 1, 2021, and Party B shall sign the transfer of items on the day of admission.

2. During the Lease Term, if Party B, in the normal use of the Property, find that there is a structural damage or disorders in the building, Party B should promptly notify Party A to repair. Party A should, upon being notified by Party B, conduct the repair as soon as possible. If the damage and disorders are not caused by Party B, Party A shall be responsible for the costs of repairs.

3. PARTY B'S RIGHTS AND OBLIGATIONS

1. Party A shall pass the Property as it is (including simple decoration, cargo elevator and fire prevention facilities) to Party B for use. During the Lease Term, Party B shall bear the maintenance and repair costs of the cargo elevator and shall make reasonable use of and take care of the Property and its facilities. For any damage and malfunction of the Property and its ancillary facilities due to the use of Party B, Party B shall be responsible for maintenance and bear the cost. If Party B refuses to repair, Party A has the right to carry out the repair on behalf of Party B and the cost is to be borne by Party B.

2. During the Lease Term, Party B may, according to their own operating characteristics, renovate or install new living and production facilities (If the science and technology park's master water meter and master electricity meter are provided and installed by Party A, all the water and electricity branch installations are to be responsible by Party B). However, in principle, Party B cannot damage the original construction structure, the plan for the renovation and additions needs to be agreed by Party A and approved by the relevant government departments. Reporting to relevant government departments, on-site supervision inspection, completion and acceptance of the relevant work, and the related costs are to be responsible by Party B.

3. During the Lease Term, Party A has the right to urge Party B to do a good job in fire, safety, environmental protection, hygiene and other work. Party B shall strictly abide by the provisions of the Fire Protection Law of the People's Republic of China, the Environmental Protection Law of the People's Republic of China, the Production Safety Law of the People's Republic of China and other relevant requirements during the Lease Term, and actively do a good job in fire protection, environmental protection, etc. Otherwise, all responsibilities and losses caused by the breaches shall be borne by Party B.

4. During the Lease Term, Party B must strictly abide by the safety, fire, health provisions in the Science and Technology Park, as well as provisions on personnel, materials in and out. Party B is directly responsible for the associated safety, fire, hygiene of the Property. During the Lease Term, Party B shall be responsible in case of a fire, theft and other accidents. Party B shall ensure that production supplies meet environmental protection requirements, not to store flammable and explosive items, production and operation does not endanger human health or cause pollution of the environment.

5. If Party B needs to set up billboard(s) in the public area in the science and technology park, Party B shall apply to Party A in advance in writing, and submit the design. Party B can install the billboard after obtaining the consent of Party A. Party A will charge an appropriate rent depending on the size of the billboard.

6. During the Lease Term, Party B shall compensate Party A for damage, fire and loss of value caused by poor custody of the Property. In case of the above causing safety issues arisen from the damage of the Property, Party A has the right to terminate the Contract prior to its expiry and all the losses shall be borne by Party B;

7. Party B shall pay the rental to Party A on time, and after three years of the Lease, the rental shall increase by 5% per year, and the associated rental shall be as follows:

   First year: (January 1, 2021 to December 31, 2021) Rmb 50,245 per month (of which Rmb 30,147 is rental and Rmb 20,098 is charged for property management);

   Second year: (January 1, 2022 to December 31, 2022) Rmb 60,270 per month (of which Rmb 36,162 is rental and Rmb 24,108 is charged for property management);

   Third year: (January 1, 2023 to December 31, 2023) Rmb 63,284 per month (of which Rmb 37,970 is rental and Rmb 25,314 is charged for property management).

   Fourth year: (January 1, 2024 to December 31, 2024) Rmb 66,448 per month (of which rental is Rmb39,869 and Rmb 26,579 is charged for property management).

   Fifth year: (January 1, 2025 to December 31, 2025) Rmb 69,770 per month (of which Rmb 41,862 is rental and Rmb 27,908 is charged for property management).

5. RESPONSIBILITIES FOR BREACH OF CONTRACT

1. Late payment liability: Party B shall pay Party A according to the contract amount and date. In case of overdue, Party A shall have the right to charge Party B a late fee of one thousandth of the current rental amount on a daily basis. If Party B fails to settle overdue rental for 30 days, Party A shall have the right to terminate the Contract at any time and to recover the Property; Party B shall move out unconditionally, and make up the balance owed for the Property; and Party B shall pay Party A a default penalty equivalent to three month of the rental (with the rental for the last year of the Lease Term as the billing standard).

   If Party B fails to pay the utility bill within 10 days of the expiration of the due date, Party A shall have the right to deduct directly from the utility deposit. If the utility deposit is insufficient for the deduction, and Party B’s payment obligation is not fulfilled after party A's collection effort, Party A shall make a water and electricity outage until Party B pays all the outstanding expenses to Party A.

2. Party B cannot place more than 0.75 tons/square meter of weight for objects or production equipment in the Property. In violation of this provision, Party A has the right to request Party B to restore the damaged areas or to compensate for any losses caused.

3. If Party B changes the purpose of the Property, renovates the Property or installs additional structures without obtaining written consent of Party A or work beyond the scope of Party A's written consent, Party A has the right to terminate the Contract at any time, recover the Property; Party B shall unconditionally move out and compensate Party A for the loss.

4. If Party B sublet to a third party (including a subsidiary of Party B) without obtaining written consent from Party A, Party A has the right to terminate the Contract at any time, recover the Property and all facilities; Party B shall unconditionally move out and compensate Party A for the loss.

5. Party A and Party B agree that within the first 30 months of the Lease Period, Neither Party shall terminate the Contract. Otherwise, the Party who breaches this provision shall compensate for the losses of another Party. After the first 30 months of the Lease Period, if one Party withdraws the Lease, it shall notify the other party 3 months in advance of the termination. The other Party shall have the right to demand for compensation in accordance to the following: (the rental shall be based on the monthly rental fee for the last year of the Lease Term):

   (1) If the actual leased term ≥ 50 months of the Lease term, the Party in breach shall pay another Party compensation equals to one month of rental;
   (2) 30 months ≤ if the actual leased term < 50 months, the Party in breach shall pay another Party compensation equals to two-month of rental;

   If Party B withdraws the Lease before its expiry, Party A shall have the right to deduct any compensation mentioned above from the rental deposit. If the rental deposit is not sufficient to cover the compensation, Party B shall pay the balance of the compensation to Party A. Upon that, Party B shall return the original rental deposit receipt to Party A. If Party A requests for early termination and recovers the Property, Party A shall, in addition to the above compensation, returns the rental deposit and any balance of monthly rental to Party B.

6. CONDITIONS FOR THE TERMINATION OF THIS CONTRACT

1. Both Party A and Party B agree that during the Lease Term, if one of the following circumstances occurs, this Contract will automatically terminate, the two Parties shall not be liable to each other:

   (1) The land use right of the Property is withdrawn before expiry according to law;
   (2) The Property is requisitioned in accordance with the law in the public interest;
   (3) The Property is included in any of the relocation/demolition areas for town planning according to law;
   (4) The Property has been damaged, destroyed or identified as dangerous;
   (5) The occurrence of force majeure makes this contract unenforceable;
   (6) The Government has decided to expropriate the land where the Property is located and to demolish it.

2. Party A and Party B both agree that if one of the following circumstances occurs, one Party may notify the other Party in writing to terminate the contract. The Party in breach shall pay the other Party double of the monthly rental (based on the last year's monthly rental) as compensation and, if the above compensation is insufficient to compensate the loss of the other Party, the Party in breach shall also compensate for the loss:

(1) Party B has not obtained party A's consent to change the use of the Property and result in damage of the Property;
(2) The main structure of the Property is damaged and that is caused by Party B;
(3) Party B sublets the Property or to exchange the Property with another party without authorization from Party A
(4) Party A causes that Party B's production cannot be carried out normally and causes losses to Party B;
(5) The Project is subject to a pledge before the Lease, and is being enforced;
(6) This Contract shall be deemed irrevocable or not cancellable except for the achievement of the conditions for termination in this Contract;
(7) Party B shall abide by the Annex "Responsibility for Lease Penalty" and "Property Management of Huadian Science and Technology Park”. If Party B violates the rules in a serious manner, Party A reserves the right to terminate the Contract.

7. TERMINATION

1. The Lease expires. Party A has the right to recover the Property, and will inform Party B one month in advance, so that Party B to make arrangements in advance. Party B shall vacate for the delivery of the Property on time and ensure that its condition are in a good standard (including interior with normal wear-out), and settle the expenses to be borne by Party B and sign the confirmation of withdrawal. If Party B is required to continue to lease the Property, Party B shall submit a written request to Party A for renewal of the Lease and re-sign the Lease Contract with the consent of Party A three months before the expiration of the Lease Term. Upon expiry of the Lease Term, if Project A lease the Property, under equal conditions, Party B has the priority to lease the Property;

2. After the expiration of the Lease Term or the termination of the Contract between the two Parties, Party B can handle its own removable objects, but Party B cannot remove or damage anything built into the structure of the wall of the building (such as wall cabinets, wires, fire extinguishing facilities, etc.), and Party A shall not make any compensation to Party B. If Party B wants to remove those items, it shall obtain written consent from Party A. Otherwise, Party B shall be responsible for all relevant repair costs caused in the removal;

3. If any Party to the Contract breaches and the Contract cannot continue to be performed, the Parties shall determine a specific time for termination of the Contract and sign a contract on the termination. Party B must keep the receipt of the rental deposit and utility deposit. Party A shall, in accordance to the appropriate conditions, refund the rental deposit and utility deposit to Party B.

8. OTHER TERMS

1. For issues not covered in this Contract, if Party A and Party B both agree, they can conclude a supplementary Contract. The supplementary Contract and annexes to this Contract are an integral part of this Contract.

2. Party A and Party B both in signing this contract, clearly understand their respective rights, obligations and responsibilities, and are willing to follow the Contract strictly. If one Party breaches the Contract, the other Party has the right to act in accordance with these Provisions to demand for compensation. The Party in breach shall bear litigation fees, preservation fees, attorneys' fees and so on to recover the compensation.

3. In case of any disputes arising between Party A and Party B in the performance of this Contract, the disputes should be resolved through negotiation for a settlement. If the negotiation fails to resolve the dispute, both Parties may, in accordance with the law, file a lawsuit with the people's court where the Contract was signed.

4. This Contract shall have two copies, Party A and B each holds one. Both copies are equally effective.

Annex 1: Property sketches.
Annex 2: Responsibilities for safe production in leased premises.
Annex 3: General treaty for property management at Huadian Science and Technology Park.

Party A: /s/ Guangdong Huadian Technology Industry Co., Ltd.
Address: 3 Jin Hua Road, Xinhui District, Jiangmen City
Contact: 0750-6628219 Contact:
Date: Year Month Day
Party B: /s/ Jiangmen Treasure Success Business Consultancy Co., Ltd
Date: Year Month Day

Exhibit 10.21

THIS AGREEMENT is made on the 26th day of February, 2021

BETWEEN:-

(1) Ever Winland Limited whose registered office is situate at Unit 06, 3/F., Siu Wai Industrial Centre, 29-33 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong (the "Landlord"); and

(2) Treasure Success International Limited whose registered office is situate at Unit A, 19/F, Ford Glory Plaza, 37-39 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong (the "Tenant").

RECITAL

A. Pursuant to a lease agreement entered into by Ford Glory International Limited (Ford Glory) and the Tenant dated 15 December 2020 with a lease term expired on October 2, 2022 (the "Old Lease"), and a sales and purchase agreement entered into by Ford Glory and the Landlord in respect of sales and purchase of the property corresponding to the Property referred to in the Old Lease, the Landlord and the Tenant agreed to enter into this Lease Agreement with the terms below and the details in the First Schedule and the Second Schedule.

B. Upon execution of this Lease Agreement, the Old Lease is deemed to terminate on the date the term of this Lease Agreement starts per the First Schedule and Second Schedule.

WHEREBY IT IS AGREED as follows:-

1. The Landlord lets and the Tenant takes ALL THAT the premises more particularly described and set out in the First Schedule hereto (the "Property") which forms part of the building more particularly described in the First Schedule hereto (the "Building") TOGETHER with all rights easements and appurtenances thereto belonging or usually held and enjoyed therewith for the term (the "Term") and at the rent (the "Rent") more particularly set out in the Second Schedule hereto.

2. The Tenant to the intent that the obligations may continue throughout the Term hereby created agrees with the Landlord as follows:-

(a) To pay the Landlord the Rent at the time and in manner aforesaid, and to pay all charges for telephone in respect of the Property and to make all necessary deposits for the supply of the said services when required.

(b) If any defects or want of repair shall be found and if the Landlord shall give or leave a notice in writing at the Property requiring the Tenant to amend the same and if the Tenant shall not within 7 days after the service of such notice proceed diligently with the execution of such repairs then to permit the Landlord to enter upon the Property and execute such repairs and the cost thereof (the amount thereof in case of difference to be determined by the Landlord's agent) shall be borne by the Landlord.

(c) To use the Property for office/commercial purposes only.

(d) Not to do or permit to be done in or upon the Property or any part thereof anything which may be or become a nuisance, annoyance, damage or disturbance to the Landlord or the Tenant or occupiers of other property in the neighborhood or anywise against the law or regulations of Hong Kong.

(e) Not to keep or store or cause or permit or suffer to be kept or stored any arms ammunitions gun-powder saltpetres kerosene or hazardous goods in the Property or do or cause to be done or suffer or permit any act deed matter or thing whatsoever which shall amount to a breach or non-observance of the terms and conditions under which the Property is held from the Government.

(f) Not to use the Property or allow the same to be used for illegal or immoral purposes.

(g) Quietly to yield up the Property at the expiration or sooner determination of the tenancy in good clean and tenantable repair fair wear and tear excepted.

(h) To observe and perform and not to contravene any of the terms covenants and conditions contained in the Government Lease under which the Property is held from the Government.

(i) Not to place any box dust bins articles or cause obstruction in the corridor or passage way of the Building or in any place which is not hereby exclusively let to the Tenant.

(j) Not to do anything which may render the insurance of the Property or the Building void or voidable or which may render the premium for such insurance liable to increase and the Tenant shall make payment of any such increased premium.

3. The Landlord hereby agrees with the Tenant as follows:-

(a) That the Tenant paying the Rent hereby stipulated and observing and performing the several stipulation herein contained and on its part to be observed and performed shall peacefully hold and enjoy the Property during the Term without any interruption by the Landlord or any person lawfully claiming through under or in trust for him.

(b) To pay charges for water, gas and electricity in respect of the Property, costs of cleaning, maintenance and repair in respect of any part of the Property, any government assessments, management fees, property taxes or similar charges payable on the Property.

4. PROVIDED ALWAYS and IT IS HEREBY EXPRESSLY AGREED as follows:-

(a) If the Rent hereby stipulated or any part thereof shall remain unpaid for 15 days after becoming payable (whether legally demanded or not) or if the Tenant or other person in whom for the time being the term hereby created shall be vested shall failed to observe or perform any of the conditions herein in any material respect or shall become bankrupt or enter into any composition or arrangement with creditors or suffer any prosecution in respect of the non-payment of any money due to the Government then and in any of the said cases it shall be lawful for the Landlord at any time thereafter to re-enter upon the Property or any part thereof in the name of the whole and thereupon this Agreement shall absolutely determine but without prejudice to any right of action of the Landlord in respect of any breach of the Tenant’s terms and conditions herein contained and a written notices served by the Landlord on the Tenant or left at the Property to the effect that the Landlord exercise the power of re-entry hereinbefore contained shall be a full and sufficient exercise of such power notwithstanding any statutory or common law provisions to the contrary.

(b) Any notice required to be served hereunder shall be sufficiently served on the Tenant if delivered to it at its registered office by registered mail. A notice sent by registered mail shall be deemed to be given at the time sighed by the receiving party.

(c) For the purposes of this Agreement any act default or omission of the agents servants and customers of the Landlord or the Tenant shall be deemed to be the act default or omission of the Landlord or the Tenant.

5. Within seven (7) days from the date of this Agreement, the Tenant shall pay to the Landlord the Deposit as more particularly set out in the Second Schedule hereto to secure the due observance and performance by the Tenant of the agreements stipulations and conditions contained in this Agreement and on the part of the Tenant to be observed and performed. Upon mutual agreement of both the Landlord and the Tenant, the deposit paid by the Tenant for the Old Lease shall be deemed part of the deposit of this Lease Agreement per the First Schedule. The Deposit shall be retained by the Landlord throughout the Term and the currency of this Agreement without payment of any interest to the Tenant. In the event of any breach or non-observance or non-performance by the Tenant of any of the agreements, stipulations, terms or conditions of this Agreement in any material respect the Landlord shall be entitled (without prejudice to any other right or remedy hereunder) to terminate this Agreement and to deduct from the Deposit the amount of any loss reasonably incurred by the Landlord in consequence of the breach, non-observance or non-performance by the Tenant of this Agreement in which event the Tenant shall as a condition precedent to the continuation of the tenancy hereby created within seven (7) days' written notice by the Landlord or its agent deposit with the Landlord the amount so deducted and if the Tenant shall fail so to do the Landlord shall forthwith be entitled to re-enter on and upon the Property or any part thereof in the name of the whole and to determine this Agreement in which event the Deposit may be forfeited to the Landlord by way of liquidated damages without prejudice to any other right or remedy hereunder. If any deduction is made by the Landlord from the Deposit during the Term the Tenant shall within seven (7) days following demand by the Landlord make a further deposit equal to the amount deducted and failure by the Tenant so to do shall entitle the Landlord to re-enter the Property and to terminate this Agreement. Subject as aforesaid the Deposit shall be refunded to the Tenant by the Landlord without interest within thirty days after the expiration or termination of this Agreement and the delivery of vacant possession to the Landlord and after the settlement of the last outstanding claim by the Landlord against the Tenant in respect of any arrears of Rent and telephone charges and any material breach, non-observance or non-performance of any of the agreements, stipulations, terms and conditions herein contained and on the part of the Tenant to be observed and performed whichever shall be the later.

6. The stamp duty on this Agreement and its counterpart shall be borne by the Landlord and the Tenant in equal shares.

AS WITNESS the hands of the parties hereto the day and year first above written.

SIGNED by /s/ Nong Bing Luw	)
	)
	)
for and on behalf of the Landlord	)
SIGNED by the Tenant	)
Treasure Success International Limited	)

OR

SIGNED by /s/ Choi Lin Hung	)
	)
	)
for and on behalf of the Tenant	)

FIRST SCHEDULE

The Property:
Unit A, 19/F, Ford Glory Plaza, 37-39 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong

SECOND SCHEDULE

Term	:	2 years
Period	:	26 February 2021 to 25 February 2023
Rent	:	HK$119,540 per month (payable on the first day of each and every month, management fees, rates and government rent to be borne by Tenant) and without any set-off and/or deduction)
Deposit	:	HK$239,080

Exhibit 21.1

Subsidiaries of the Registrant

Subsidiaries	**Place of Incorporation**
Treasure Success International Limited	Hong Kong
Jerash Garments and Fashions Manufacturing Co., Ltd.	Jordan
Chinese Garments and Fashions Manufacturing Co., Ltd.	Jordan
Jerash for Industrial Embroidery Company Limited	Jordan
Al-Mutafaweq Co. for Garments Manufacturing Ltd.	Jordan
Jerash The First Medical Supplies Manufacturing Company Limited	Jordan
Jiangmen Treasure Success Business Consultancy Co., Ltd.	PRC
Jerash Supplies, LLC	Delaware

Variable Interest Entity	**Place of Incorporation**
Victory Apparel Jordan Company Limited	Jordan

FRIEDMAN LLP®

ACCOUNTANTS AND ADVISORS

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Amendment No.1 to the Registration Statement on Form S-3 (File No. 333-231395) and the Registration Statements on Form S-8 (File No. 333-223916 and File No. 333-255028) of our report dated June 23, 2021 relating to the consolidated financial statements of Jerash Holdings (US), Inc. for the years ended March 31, 2021 and 2020, which appears in the annual report on Form 10-K of Jerash Holdings (US) Inc. filed with the Securities and Exchange Commission on June 23, 2021.

/s/ Friedman LLP

New York, New York

June 23, 2021

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Choi Lin Hung, certify that:

1. I have reviewed this report on Form 10-K of Jerash Holdings (US), Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 23, 2021

/s/ Choi Lin Hung

Choi Lin Hung
Chairman of the Board of Directors, Chief Executive Officer,
President, and Treasurer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gilbert K. Lee, certify that:

1. I have reviewed this report on Form 10-K of Jerash Holdings (US), Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 23, 2021

/s/ Gilbert K. Lee

Gilbert K. Lee
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned hereby certifies, in his capacity as an officer of Jerash Holdings (US), Inc. (the “Company”), for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(1) The Annual Report of the Company on Form 10-K for the fiscal year ended March 31, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 23, 2021

/s/ Choi Lin Hung
Choi Lin Hung
Chairman of the Board of Directors, Chief Executive Officer,
President, and Treasurer
(Principal Executive Officer and Director)

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of a separate disclosure document.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned hereby certifies, in his capacity as an officer of Jerash Holdings (US), Inc. (the “Company”), for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(1) The Annual Report of the Company on Form 10-K for the fiscal year ended March 31, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 23, 2021

/s/ Gilbert K. Lee
Gilbert K. Lee
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of a separate disclosure document.