

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, 2022

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

(State or other jurisdiction of
incorporation or organization)

81-4701719

(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: (201) 285-7973

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, 2021 closing price reported by Nasdaq, was approximately \$49,785,113.

The number of the registrant's shares of common stock, \$0.001 par value per share, outstanding on June 24, 2022 was 12,334,318.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for its 2022 Annual Meeting of Stockholders are incorporated by reference in Part III of this Annual Report on Form 10-K.

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PART I

Item 1. Business.

Overview

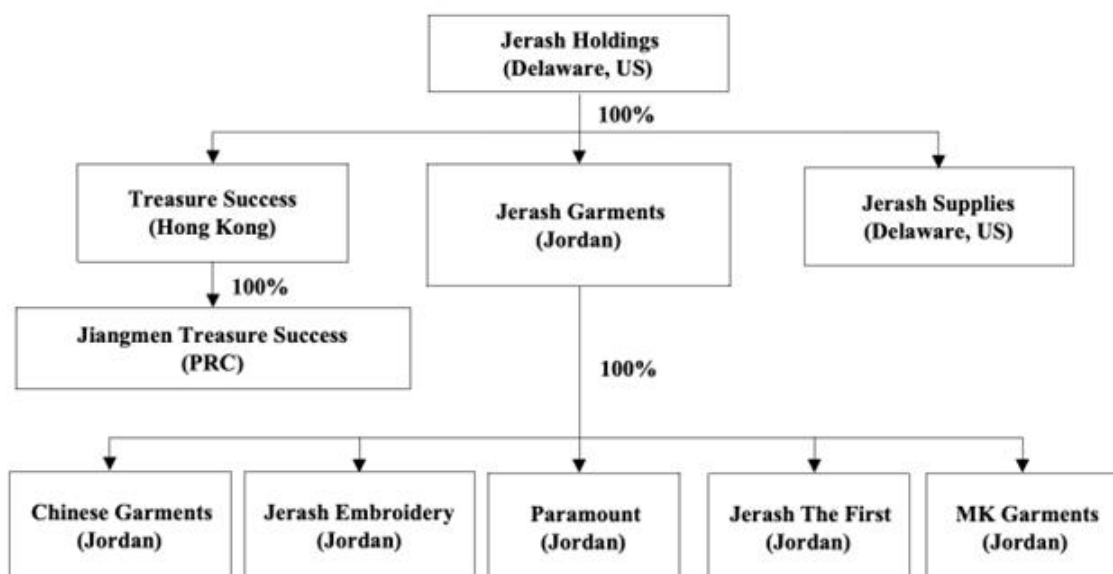
Jerash Holdings (US), Inc. (“Jerash Holdings”), through its wholly owned operating subsidiaries (together the “Group,” “we,” “us,” or “our”), is principally engaged in the manufacturing and exporting of customized, ready-made sportswear and outerwear from knitted fabric and personal protective equipment (“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 VF Corporation (which owns brands such as The North Face, Timberland, and Vans), New Balance, G-III (which owns brands such as Calvin Klein, Tommy Hilfiger, DKNY, and Guess), American Eagle, Walmart, and Costco. Our production facilities comprise six factories and four warehouses and we currently employ approximately 5,700 people. The total annual capacity at our facilities was approximately 14.0 million pieces (average for product categories including t-shirts, polo shirts, pants, shorts, and jackets, and excluding PPE) as of March 31, 2022.

Organizational Structure

Jerash Holdings is a holding company incorporated 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) Mustafa and Kamal Ashraf Trading Company (Jordan) for the Manufacture of Ready-Make Clothes LLC (“MK Garments”), an entity formed under the laws of Jordan and a wholly owned subsidiary of Jerash Garments; (vii) 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, (viii) 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 (ix) Jerash Supplies, LLC (“Jerash Supplies”), an entity formed under the laws of the State of Delaware.

This chart reflects our organizational structure as of the date of this annual report:



Jerash Garments was established in Jordan on November 26, 2000 and operates out of our factory 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 factory 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 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 in Al Tajamouat Industrial City. Jerash Embroidery's principal activities are to perform the cutting and embroidery for our products.

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

MK Garments was established in Jordan on January 23, 2003. On June 24, 2021, Jerash Garments and the sole shareholder of MK Garments entered into an agreement, pursuant to which Jerash Garments acquired all of the outstanding stock of MK Garments. As of October 7, 2021, MK Garments became a subsidiary of Jerash Garments. MK Garments operates out of our factory in Al Tajamouat Industrial City. MK Garments' 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.

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.

Jerash The First was established in Jordan on July 6, 2020 and operate out of our factory 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 sportswear and outerwear. Our sportswear 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, 2022 and 2021, approximately 35% and 25%, 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 had minimal contribution to our total revenue in the fiscal year ended March 31, 2022.

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 five factories 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 a 10% corporation income tax plus a 1% social contribution. Starting from January 1, 2020, the corporation income tax increased to 14% plus 1% social contribution. On January 1, 2021, the corporation income tax increased to 16%. Effective January 1, 2022, we have been subject to an 18% or 20% corporate income tax plus a 1% social contribution. Currently, the first factory, 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, which we lease, employs approximately 1,500 people. Its primary function is 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, which we lease, employs approximately 200 people. Its primary functions are to perform the cutting for our products. The fourth factory (under Paramount), which we lease, currently employs approximately 1,200 people. Its primary functions are to house additional production lines. The fifth factory (under MK Garments) currently employs approximately 700 people. Its primary function is to manufacture garments for orders from customers. On July 14, 2021, we executed a sale and purchase contract to acquire the land and building of the fifth factory, the closing of which deal has been postponed due to personal reasons of the seller in relation to health and quarantine requirements. We currently expect to complete this acquisition by the second quarter of fiscal 2023.

Our production facility in Al-Hasa County in the Tafilah Governorate of Jordan comprises a factory, which currently employs approximately 400 people and its primary functions are to manufacture garment products per customer orders. We commenced the construction of this factory in 2018 and we started operations 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 factory without paying rent until December 2022, after which we anticipate entering into a lease agreement for the factory with the Jordanian Ministry of Labor for market rent. See “Item 2. Properties” below for more information regarding this factory.

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 use as a dormitory to house management and supervisory staff who work at the factory in Al-Hasa County. Construction was temporarily suspended in March 2020 due to the COVID-19 pandemic and was subsequently completed and ready for use as of September 30, 2021.

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 in August 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 seventh factory and 1/3 for housing. We are closely monitoring market conditions and customer demands to optimize the construction plan.

Total annual capacity at our existing facilities was approximately 14 million pieces (average for product categories including t-shirts, polo shirts, pants, shorts, and jackets, and excluding PPE) as of March 31, 2022. Our production flow begins in the cutting department of our factory. 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, 2022, we had an aggregate of approximately 5,600 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, 2022 (“fiscal 2022”) and March 31, 2021 (“fiscal 2021”).

	Fiscal Year 2022		Fiscal Year 2021	
	Sales (USD, in thousands)	%	Sales (USD, in thousands)	%
VF Corporation ⁽¹⁾	\$ 96,450	67.3%	\$ 55,994	62.1%
New Balance	34,506	24.1%	11,050	12.3%
Jiangsu Guotai Huasheng Industrial Co (HK), Ltd	3,245	2.3%	2,982	3.3%
G-III	2,758	1.9%	2,875	3.2%
Dynamic	2,235	1.6%	6,347	7.0%
ARK Garments	829	0.6%	2,896	3.2%
Onset Time Limited	-	-%	1,672	1.9%
United Creations LLC	-	-%	1,665	1.8%
Dick’s Sporting Goods	-	-%	1,093	1.2%
Others	3,332	2.2%	3,639	4.0%
Total	\$ 143,355	100.0%	\$ 90,213	100.0%

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

In fiscal 2022 and fiscal 2021, we depended on a few key customers for our sales, and most of our sales in fiscal 2022 and 2021 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 67% and 62% of our sales in fiscal 2022 and 2021 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 2022, VF Corporation issued approximately 9,500 purchase orders to us in amounts ranging from approximately \$5 to \$684,000. For fiscal 2021, VF Corporation issued approximately 5,400 purchase orders to us in amounts ranging from approximately \$8 to \$596,000.

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 sportswear 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 April 4, 2020, we resumed operations of our main production facilities in Al Tajamout Industrial City under the condition that only migrant workers, living in dormitories in Al Tajamout 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 factory was also allowed to restart operation on April 26, 2020. Eventually, local employees were allowed to resume work on June 1, 2020. In fiscal 2022, our production facilities resumed full operation with additional medical and hygienic measures.

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 are located from a Free Zone to a Development Zone. Development Zones are industrial parks that house manufacturing operations in Jordan. In accordance with applicable law, Jerash Garments and its subsidiaries began paying corporate income tax in Jordan at a rate of 10% plus 1% social contribution. Starting from January 1, 2020, the corporate income tax rate in Jordan increased to 14% plus 1% social contribution. Effective January 1, 2021, this rate increased to 16% plus 1% social contribution. On January 1, 2022, this rate further increased to 18% or 20% plus 1% social contribution. For more information, see "Note 2—Summary of Significant Accounting Policies—Income and Sales Taxes."

In addition, Jerash Garments and its subsidiaries 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, 2023.

Government Regulation

Our manufacturing and other facilities in Jordan and our subsidiaries outside of Jordan are subject to various local regulations relating to the maintenance of safe working conditions and manufacturing practices. Management believes that we are 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 Vans), directly and indirectly, accounted for approximately 67% and 62% of our total sales in fiscal 2022 and fiscal 2021, respectively. From an accounting perspective, we are considered the principal 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, 2021 to March 31, 2022, VF Corporation issued approximately 9,500 purchase orders to us in amounts ranging from approximately \$5 to \$684,000.

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 name 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 these customers, these 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 in fiscal 2020 and 2021 were 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 factory 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 in fiscal 2021. In fiscal 2022, our production facilities resumed full operation with additional medical and hygienic measures in place.

The COVID-19 pandemic may also materially adversely affect our business operations and condition and operating results for fiscal 2023, 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.

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

As of March 31, 2022, we had cash and cash equivalents of approximately \$25.2 million and restricted cash of approximately \$1.4 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.

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, 2022, there was no outstanding amount under the SCBHK facility. In June 2022, we were informed by SCBHK that the facility was cancelled due to persistently low usage and zero loan outstanding.

Pursuant to the DBS facility letter dated January 12, 2022, DBS Bank (Hong Kong) Limited (“DBSHK”) provided a bank facility of up to \$5.0 million to Treasure Success. Pursuant to the agreement, DBSHK agreed to finance cargo receipt, trust receipt, account payable financing, and certain type of import invoice financing up to an aggregate of \$5.0 million. The DBSHK facility bears interest at 1.5% per annum over Hong Kong Interbank Offered Rate (“HIBOR”) for HKD bills and 1.3% per annum over DBSHK’s cost of funds for foreign currency bills. The facility is guaranteed by Jerash Holdings and became available to the Company on June 17, 2022.

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. 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 sportswear 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 sportswear 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 sportswear 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.

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

Exchange rate fluctuations between the U.S. dollar and Jordanian Dinar (“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, presumably indicating 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 52.6% of our outstanding common stock, as of June 24, 2022. 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 expired on May 15, 2022 with respect to 54,000 warrants, and will expire on 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 had an exercise price of \$5.00 per share and may be converted by means of a cashless exercise during the term of the warrant, which expired on 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 and 87,460 of the foregoing warrants have been exercised and expired, respectively, through the date of this annual report and there are currently 106,950 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.

We are currently operating in a period of economic uncertainty and capital market disruption, which has been significantly impacted by geopolitical instability due to the ongoing military conflict between Russia and Ukraine. Our business, financial condition, and results of operations could be materially adversely affected by any negative impact on the global economy and capital markets resulting from the conflict in Ukraine or any other geopolitical tensions.

U.S. and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the start of the military conflict between Russia and Ukraine. On February 24, 2022, a full-scale military invasion of Ukraine by Russian troops was reported. Although the length and impact of the ongoing military conflict is highly unpredictable, the conflict in Ukraine could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, and supply chain interruptions.

The recent military conflict in Ukraine has led to sanctions and other penalties being levied by the United States, European Union, and other countries against Russia. Additional potential sanctions and penalties have also been proposed and/or threatened. Russian military actions and the resulting sanctions could adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets, potentially making it more difficult for us to obtain additional funds. In addition, in managing an organization operating globally, we are subject to the risks and challenges related to the potential to subject our business to materially adverse consequences should the situation escalate beyond its current scope, including, among other potential impacts, the geographic proximity of the situation relative to the Middle East, where a material portion of our business is conducted.

Although our business has not been materially impacted by the ongoing military conflict between Russian and Ukraine to date, it is impossible to predict the extent to which our operations, or those of our suppliers and manufacturers, will be impacted in the short and long term, or the ways in which the conflict may impact our business. The extent and duration of the military action, sanctions, and resulting market disruptions are impossible to predict, but could be substantial. Any such disruptions may also magnify the impact of other risks described in this annual report.

We may be adversely affected by the effects of inflation and a potential recession.

Inflation has the potential to adversely affect our liquidity, business, financial condition, and results of operations by increasing our overall cost structure, particularly if we are unable to achieve commensurate increases in the prices we charge our customers. The existence of inflation in the economy has resulted in, and may continue to result in, higher interest rates and capital costs, shipping costs, supply shortages, increased costs of labor, weakening exchange rates, and other similar effects. As a result of inflation, we have experienced and may continue to experience, cost increases. In addition, poor economic and market conditions, including a potential recession, may negatively impact market sentiment, decreasing the demand for sportswear and outerwear, which would adversely affect our operating income and results of operations. If we are unable to take effective measures in a timely manner to mitigate the impact of the inflation as well as a potential recession, our business, financial condition, and results of operations could be adversely affected.

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 use as a dormitory to house management and supervisory staff who work at the factory in Al-Hasa County as discussed below. Construction was temporarily suspended in March 2020 due to the COVID-19 pandemic but subsequently completed and ready for use as of September 30, 2021.

In 2018, we commenced another project to build a 54,000 square-foot factory 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 (approximately \$159,000) for this project and agreed to employ at least 500 workers for the first 12 months following the completion of the project, which requirement we have complied with. The Ministry of Labor financed the building of the factory and the Employment and Training Department supported 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 factory without paying rent until December 2022, after which time we anticipate entering into a lease agreement for the factory with the Jordanian Ministry of Labor for market rent.

In April 2021, we commenced 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 in August 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 seventh factory and 1/3 for housing. We are closely monitoring economic condition and customer demands in formulating the construction plan.

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 \$4,500) 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 \$7,900) for the first year, CNY60,270 (approximately \$9,500) for the second year, and 5% further annual increments starting from the third year. On April 30, 2021, the factory lease agreement between Jiangmen Treasure Success and Jiangmen V-apparel Manufacturing Limited was terminated.

On June 24, 2021, we entered into an agreement through Jerash Garments to acquire all of the stock of an existing garment manufacturing business in order to operate our fifth manufacturing facility in Al Tajamouat Industrial City located in Amman, Jordan. This acquisition increased Jerash's annual capacity from 12 million pieces to 14 million pieces. The new facilities are an existing garment manufacturing operation adjacent to Jerash's four largest manufacturing centers. Jerash assumed ownership of all of the machinery and equipment owned by MK Garments through the acquisition.

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 24, 2022, there were 12,334,318 shares of common stock issued and outstanding held by approximately 37 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, 2022.

During the fiscal years ended March 31, 2022 and 2021, 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 2022 and 2021 and current 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, we are principally engaged in the manufacturing and exporting of customized, ready-made sportswear 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 Vans). Our production facilities are made up of six factories and four warehouses and currently employ approximately 5,700 people. The total annual capacity at our facilities is approximately 14.0 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 \$11.0 million as of March 31, 2022, out of which \$10.4 million had been received through June 23, 2022. Two major customers have offered early payment alternatives since May and July 2021, which have shortened payment terms to below 10 days from submission of documents. See “—Liquidity and Capital Resources” for more details.

Inventory. We had inventory of \$28.3 million as of March 31, 2022, substantially for orders scheduled to be shipped within fiscal 2023.

Investments. We acquired two pieces of land in fiscal 2020 for the construction of dormitory and production facilities. Due to the COVID-19 pandemic, management previously decided to hold off the construction to wait for a clearer picture on customer demand. As customer orders recovered to a satisfactory level, in April 2021, management decided to begin work for the dormitory construction, which is expected to be completed and ready for use in fiscal 2023. In June and July 2021, we entered into two Sale and Purchase Contracts to acquire a garment factory and the physical land and building that the factory was leasing. The acquisition of the garment factory was completed on October 7, 2021. We accounted for the acquisition under the acquisition method of accounting. The operating results of this garment factory since the completion of the acquisition and the assets of this garment factory are included in the consolidated financial statements as of and for the fiscal year ended March 31, 2022 included in elsewhere in this annual report. The acquisition of the land and building of the factory is expected to close in the second quarter of fiscal 2023 due to personal reasons of the seller in relation to health and quarantine requirements. See “Note 15—Commitments and Contingencies—Commitments.”

Revenue. For fiscal 2022, our sales were \$143.4 million, which represented an approximate 58.9% increase from \$90.2 million for fiscal 2021. We have been proactively communicating with our existing customers to reconfirm their orders and shipment schedules for fiscal 2023. However, our operating results are still subject to the economies in the U.S. and the EU that would have significant impact on both order fulfilment and delivery schedules and our operating results may be adversely affected by the negative impact on the global economy and capital markets resulting from the conflict in Ukraine or any other geopolitical tensions, inflation, and a potential recession.

Liquidity/Going Concern. As of March 31, 2022, we had approximately \$25.2 million of cash and net current assets of approximately \$69.9 million with a current ratio of 4.9 to 1. In addition, we had banking facilities with aggregate limits of \$3 million with \$nil outstanding as of March 31, 2022. Given the above, we believe that we will have sufficient financial resources to maintain as a going concern in fiscal 2023. On October 4, 2021, we completed the placement of one million new shares to independent investors with a net proceed of approximately \$6.3 million to further bolster our financial position for further growth.

Capital Expenditures. In fiscal 2021, management decided to put on hold the construction projects on the land acquired in fiscal 2020 to retain financial resources to support our operations, and also to wait and see how the global economy and customer demand recover after the COVID-19 pandemic. As customer orders recovered to a satisfactory level, management decided to restart the preparation work for the construction of the dormitory in April 2021. The dormitory is expected to be completed and ready for use in fiscal 2023. In fiscal 2022, the Company acquired five car parking spaces.

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 2022 and 2021 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)

Statement of Income Data:	Fiscal Years Ended March 31,				Year over Year	
	2022		2021			
	Amount	As % of Sales	Amount	As % of Sales	Amount	%
Revenue	\$ 143,355	100%	\$ 90,213	100%	\$ 53,142	59%
Cost of goods sold	116,023	81%	74,214	82%	41,809	56%
Gross profit	27,332	19%	15,999	18%	11,333	71%
Selling, general, and administrative expenses	16,843	12%	10,614	12%	6,229	59%
Other (expense) income, net	(45)	0%	109	0%	(154)	(141)%
Net income before taxation	\$ 10,444	7%	\$ 5,494	6%	\$ 4,950	90%
Income tax expense	2,524	2%	1,346	1%	1,178	88%
Net income	\$ 7,920	5%	\$ 4,148	5%	\$ 3,772	91%

Revenue. Revenue increased by approximately \$53.1 million, or 59%, to approximately \$143.4 million in fiscal 2022 from approximately \$90.2 million in fiscal 2021. The increase was mainly due to an increase in export sales to two of our major U.S. customers. Strong recovery in the U.S. markets along with our continued expansion of the cooperation with these two major customers generated substantial order increases. All factories, including MK Garments and Paramount (acquired in mid-2019), are fully booked until December 2022 and were operating at or near capacity during fiscal 2022.

The following table outlines the dollar amount and percentage of total sales to our customers for the fiscal years ended March 31, 2022 and 2021, respectively.

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

	Fiscal Year Ended March 31, 2022		Fiscal Year Ended March 31, 2021	
	Sales Amount	%	Sales Amount	%
	VF Corporation ⁽¹⁾	\$ 96,450	67.3%	\$ 55,994
New Balance	34,506	24.1%	11,050	12.3%
Jiangsu Guotai Huasheng Industrial Co (HK), Ltd	3,245	2.3%	2,982	3.3%
G-III	2,758	1.9%	2,875	3.2%
Dynamic Design Enterprise, Inc	2,235	1.6%	6,347	7.0%
Soriana	1,487	1.0%	-	-%
ARK Garments	829	0.6%	2,896	3.2%
Onset Time Limited	-	-	1,672	1.9%
Others	1,845	1.2%	6,397	7.0%
Total	\$ 143,355	100.0%	\$ 90,213	100.0%

(1) A large portion of our products are sold under The North Face brand that is owned by VF Corporation.

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

Region	Fiscal Years Ended March 31,					
	2022		2021		Year over Year	
	Amount	%	Amount	%	Amount	%
United States	\$ 136,068	95%	\$ 79,190	88%	\$ 56,878	72%
Jordan	1,950	1%	5,703	6%	(3,753)	(66)%
Others	5,337	4%	5,320	6%	17	0%
Total	\$ 143,355	100%	\$ 90,213	100%	\$ 53,142	59%

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.

The increase of approximately 72% in sales to the U.S. during fiscal year ended March 31, 2022 was mainly attributable to the increase in the export sales to two of our major customers in the U.S.

During the fiscal year ended March 31, 2022, aggregate sales to Jordan and other locations, such as Hong Kong and China, decreased by 34% from approximately \$11.0 million to \$7.3 million during the fiscal year ended March 31, 2022 as more production capacity was allocated to export orders, which typically have a higher profit margin.

Cost of goods sold. Following the increase in sales revenue, our cost of goods sold increased by approximately \$41.8 million, or 56%, to approximately \$116.0 million in fiscal 2022 from approximately \$74.2 million in fiscal 2021. As a percentage of revenue, the cost of goods sold decreased by approximately 1% points to 81% in fiscal 2022 from 82% in fiscal 2021. The decrease in cost of goods sold as a percentage of revenue was primarily attributable to a full resumption of production and a higher proportion of export orders in fiscal 2022.

For the fiscal year ended March 31, 2022, we purchased approximately 20% and 11% of our garments and raw materials from two major suppliers, respectively. For the fiscal year ended March 31, 2021, we purchased approximately 13% of our garments from one major supplier.

Gross profit margin. Gross profit margin was approximately 19% in fiscal 2022, which increased by approximately 1% points from 18% in fiscal 2021. The increase in gross profit margin was primarily driven by higher proportion of export orders that typically have higher margin.

Selling, general, and administrative expenses. Selling, general, and administrative expenses increased by approximately 59% from approximately \$10.6 million in fiscal 2021 to approximately \$16.8 million in fiscal 2022. The increase was mainly attributable to (i) increased costs for employing additional migrant workers, (ii) the inclusion of approximately \$0.9 million of stock-based compensation expenses, (iii) an increase in headcounts from the completion of acquisition of MK Garment in October 2021, and (iv) an increase in export expenses in proportion to growth in sales in fiscal 2022.

Other (expenses)/income, net. Other expenses, net were approximately \$45,000 in fiscal 2022 and other income, net was approximately \$109,000 in fiscal 2021. The increase in other expenses was primarily due to the absence of a realized gain from short-term investments in the current period, compare with a \$124,889 realized gain from short-term investments in the corresponding period of fiscal 2021.

Taxation. Income tax expenses for the fiscal 2022 were approximately \$2.5 million compared to income tax expenses of approximately \$1.3 million for fiscal 2021. The effective tax rate was slightly down to 24.2% for fiscal 2022, compared to 24.5% for the fiscal 2021 as Treasure Success started to report profit and the tax rate in Hong Kong is 16.5%, which is lower than 18% to 20% of Jordan.

Net income. Net income for fiscal 2022 was approximately \$7.9 million, a 91% increase from approximately \$4.1 million for fiscal 2021. The increase was mainly attributable to the increase in sales and the improvement in the gross profit margin 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 and Hong Kong subsidiaries to satisfy our liquidity requirements. Current Jordanian regulations permit our Jordanian subsidiaries 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 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 (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, 2022, we had cash of approximately \$25.2 million and restricted cash of approximately \$1.4 million compared to cash of approximately \$21.1 million and restricted cash of approximately \$1.7 million as of March 31, 2021. The increase in total cash was mainly a result of (i) the completion of a placement in October 2021 that resulted in net proceeds of approximately \$6.3 million, and (ii) the introduction of supply chain finance programs by two of our major customers that reduce payment terms from 60 to 90 days to within 10 days from shipments, offsetting approximately \$8.7 million used for the MK Garments acquisition, purchases of property, plant, and machinery, and payments for dormitory construction.

Our current assets as of March 31, 2022 were approximately \$69.9 million, and our current liabilities were approximately \$14.1 million, which resulted in a current ratio of approximately 4.9:1. Our current assets as of March 31, 2021 were approximately \$64.7 million, and our current liabilities were approximately \$14.8 million, which resulted in a current ratio of approximately 4.4:1. The primary drivers in the increase in current assets were the increase in cash as a result of a share placement completed in October 2021 and the increase in operating profit in the year. The primary driver in the decrease in current liabilities was the decrease in accounts payable due to the earlier payments to newly appointed suppliers, particularly for new customers introduced in recent years, and the repayment of short-term bank loans in light of the strong cash position. Total equity as of March 31, 2022 was approximately \$69.3 million, compared to \$56.4 million as of March 31, 2021.

We had net working capital of \$55.7 million and \$49.8 million as of March 31, 2022 and 2021, 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 from the date of this Annually Report.

Since May and October 2021, we have participated in supply chain financing programs of two of our major customers, respectively. The programs allow us to receive early payments for approved sales invoices submitted by us through the bank the customer cooperates with. For any early payments received, we are subject to an early payment charge imposed by the customer's bank, for which the rate is London Interbank Offered Rate ("LIBOR") plus a spread. The arrangement allows us to have better liquidity without the need to incur administrative charges and handling fees as in bank financing.

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

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, 2022, there was no amount outstanding under the SCBHK facility. In June 2022, we were informed by SCBHK that the facility was cancelled due to persistently low usage and zero loan outstanding.

DBS Facility Letter

Pursuant to the DBS facility letter dated January 12, 2022, DBSHK provided a bank facility of up to \$5.0 million to Treasure Success. Pursuant to the agreement, DBSHK agreed to finance cargo receipt, trust receipt, account payable financing, and certain type of import invoice financing up to an aggregate of \$5.0 million. The DBSHK facility bears interest at 1.5% per annum over Hong Kong Interbank Offered Rate ("HIBOR") for HKD bills and 1.3% per annum over DBSHK's cost of funds for foreign currency bills. The facility is guaranteed by Jerash Holdings and became available to the Company on June 17, 2022.

Fiscal Years ended March 31, 2022 and 2021

The following table sets forth a summary of our cash flows for the fiscal years ended March 31, 2022 and 2021.

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

	For the fiscal years ended March 31,	
	2022	2021
Net cash provided by (used in) operating activities	\$ 8,963	\$ (1,499)
Net cash used in investing activities	(8,673)	(894)
Net cash provided by (used in) financing activities	3,289	(1,654)
Effect of exchange rate changes on cash	144	(8)
Net increase (decrease) in cash	3,723	(4,055)
Cash and restricted cash, beginning of year	22,860	26,915
Cash and restricted cash, end of year	\$ 26,583	\$ 22,860
Cash paid for interest	211	-
Income tax paid	1,762	773
Non-cash financing activities		
Right of use assets obtained in exchange for operating lease obligations	\$ 1,022	\$ 1,352

Operating Activities

Net cash provided by operating activities was approximately \$9.0 million in fiscal 2022, compared to net cash used in operating activities of approximately \$1.5 million in fiscal 2021. The increase in net cash provided by operating activities was primarily attributable to the following factors:

- an increase in inventory of \$3.2 million during fiscal 2022, compared to an increase of \$2.4 million during fiscal 2021;
- a decrease in accounts receivable of \$0.8 million during fiscal 2022, compared to an increase of \$6.7 million in fiscal 2021;
- an increase in prepaid expenses and other current assets of \$0.9 million, compared to a decrease of \$0.4 million in fiscal 2021;
- a decrease in advance to suppliers of \$1.7 million, compared to an increase of \$0.9 million in fiscal 2021;
- a decrease in accounts payable of \$3.1 million during fiscal 2022, compared to an increase of \$1.5 million in fiscal 2021; and
- an increase of net income to \$7.9 million during fiscal 2022 from a net income of \$4.1 million in fiscal 2021.

Investing Activities

Net cash used in investing activities was approximately \$8.7 million and \$0.9 million for fiscal 2022 and 2021, respectively. The increase in net cash used in investing activities was mainly attributable to \$3.0 million used in the acquisition of property, plant and machinery, \$2.1 million for payments for the construction of a dormitory, and \$2.7 million for the acquisition of all the share capital of MK Garments.

Financing Activities

Net cash provided by financing activities was approximately \$3.3 million for fiscal 2022, from the net proceeds of \$6.3 million in a placement completed in October 2021 and outflows of dividend payments of approximately \$2.4 million and repayments of short-term loans of approximately \$0.6 million. There was a net cash outflow of \$1.7 million in fiscal 2021 resulting from dividend payments and proceeds from short-term loans.

Statutory Reserves

In accordance with the corporate Law in Jordan, Jerash Holdings' subsidiaries 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 \$379,323 and \$346,315 as of March 31, 2022 and 2021, 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, 2022 and 2021.

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

	As of March 31,	
	2022	2021
Statutory Reserves	\$ 379	\$ 346
Total Restricted Net Assets	\$ 379	\$ 346
Consolidated Net Assets	\$ 69,304	\$ 56,391
Restricted Net Assets as Percentage of Consolidated Net Assets	0.55%	0.61%

Total restricted net assets accounted for approximately 0.55% of our consolidated net assets as of March 31, 2022. As our subsidiaries in Jordan are only required to set aside 10% of net profits to fund the statutory reserves, we believe the potential impact of such restricted net assets on our liquidity is limited.

Capital Expenditures

We had capital expenditures of approximately \$8.7 million and \$1.0 million in fiscal 2022 and 2021, respectively, for property, plant, and machinery, the construction of a dormitory, and the acquisition of MK Garment. Additions in property, plant, and machinery amounted to approximately \$3.0 million and \$0.8 million in fiscal 2022 and 2021, respectively. Payments for construction of a dormitory and factory expansion amounted to \$2.1 million in fiscal 2022, and payment made for the acquisition of all the share capital of MK Garment was \$2.7 million in fiscal 2022.

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 use as a dormitory to house management and supervisory staff for the 54,000 square-foot workshop in Al-Hasa County. Construction was temporarily suspended in March 2020 due to the COVID-19 pandemic but subsequently completed, and the building was ready for use as of September 30, 2021.

In 2018, we commenced another project to build a 54,000 square-foot factory in Al-Hasa County in the Tafilah Governorate of Jordan, which started operation in November 2019 with approximately 240 workers. This project was constructed in conjunction with the Jordanian Ministry of Labor and the Jordanian Education and Training Department.

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 early 2022. 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. The dormitory is expected to be completed and ready for use in fiscal 2023.

We project that there will be an aggregate of approximately \$16 million and \$0.5 million of capital expenditures in the fiscal years ending March 31, 2023 and 2024, respectively, 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 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, 2021 and 2020, please see our Annual Report on Form 10-K for the fiscal year ended March 31, 2021, filed with the SEC on June 23, 2021.

Critical Accounting Policies

We prepare our financial statements in conformity with accounting principles generally accepted by the United States of America, 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.

**JERASH HOLDINGS (US), INC.
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Jerash Holdings (US), Inc. and Subsidiaries (collectively, the “Company”) as of March 31, 2022 and 2021, and the related 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, 2022, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the two-year period ended March 31, 2022, 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 audit to obtain reasonable assurance about whether the 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 statements. 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 27, 2022

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

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 25,176,120	\$ 21,124,842
Restricted cash	-	714,844
Accounts receivable, net	11,049,069	12,033,268
Tax recoverable	374,377	379,719
Inventories	28,255,179	25,035,966
Prepaid expenses and other current assets	3,233,592	2,329,289
Investment deposits	500,000	-
Advance to suppliers, net	1,284,601	3,036,693
Total Current Assets	69,872,938	64,654,621
Restricted cash - non-current	1,407,368	1,020,777
Long-term deposits	419,597	128,690
Deferred tax assets, net	352,590	148,663
Property, plant and equipment, net	10,933,147	5,699,506
Goodwill	499,282	-
Right of use assets	1,826,062	1,596,600
Total Assets	\$ 85,310,984	\$ 73,248,857
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current Liabilities:		
Credit facilities	\$ -	\$ 612,703
Accounts payable	4,840,225	7,922,839
Accrued expenses	3,115,953	2,331,809
Income tax payable - current	2,861,272	1,803,175
Other payables	2,278,816	1,455,208
Amount due to a related party	300,166	301,930
Operating lease liabilities - current	739,101	400,043
Total Current Liabilities	14,135,533	14,827,707
Operating lease liabilities - non-current	869,313	935,773
Income tax payable - non-current	1,001,880	1,094,048
Total Liabilities	16,006,726	16,857,528
Commitments and Contingencies		
Stockholders' 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; 12,334,318 and 11,332,974 shares issued and outstanding respectively	12,334	11,333
Additional paid-in capital	22,517,346	15,301,268
Statutory reserve	379,323	346,315
Retained earnings	46,268,110	40,748,314
Accumulated other comprehensive gain (loss)	127,145	(15,901)
Total Jerash Holdings (US), Inc.'s Stockholders' Equity	69,304,258	56,391,329
Total Liabilities and Stockholders' Equity	\$ 85,310,984	\$ 73,248,857

The accompanying notes are an integral part of these consolidated financial statements.

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

	For the Fiscal Years Ended March 31,	
	2022	2021
Revenue, net	\$ 143,354,902	\$ 90,213,361
Cost of goods sold	116,023,267	74,213,993
Gross Profit	<u>27,331,635</u>	<u>15,999,368</u>
Selling, general, and administrative expenses	15,895,998	10,546,267
Stock-based compensation expenses	947,079	66,251
Total Operating Expenses	<u>16,843,077</u>	<u>10,612,518</u>
Income from Operations	<u>10,488,558</u>	<u>5,386,850</u>
Other (Expense) Income:		
Other (expense) income, net	(44,683)	108,509
Total other (expense) income, net	<u>(44,683)</u>	<u>108,509</u>
Net income before provision for income taxes	<u>10,443,875</u>	<u>5,495,359</u>
Income tax expense	2,524,275	1,345,646
Net Income	<u>\$ 7,919,600</u>	<u>\$ 4,149,713</u>
Other Comprehensive Income:		
Foreign currency translation gain (loss)	143,046	(7,577)
Comprehensive Income Attributable to Jerash Holdings (US), Inc.'s Common Stockholders	<u>\$ 8,062,646</u>	<u>\$ 4,142,136</u>
Earnings Per Share Attributable to Common Stockholders:		
Basic and diluted	<u>\$ 0.67</u>	<u>\$ 0.37</u>
Weighted Average Number of Shares		
Basic	<u>11,821,779</u>	<u>11,325,131</u>
Diluted	<u>11,897,717</u>	<u>11,325,311</u>
Dividend per share	<u>\$ 0.20</u>	<u>\$ 0.20</u>

The accompanying notes are an integral part of these consolidated financial statements.

**JERASH HOLDINGS (US), INC.,
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021**

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Statutory Reserve</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Gain (Loss)</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>					
Balance at March 31, 2020	-	\$ -	11,325,000	\$ 11,325	\$ 15,235,025	\$ 212,739	\$ 38,997,177	\$ (8,324)	\$ 54,447,942
Stock-based compensation expense for the stock options issued under stock incentive plan	-	-	-	-	66,251	-	-	-	66,251
Share issued	-	-	7,974	8	(8)	-	-	-	-
Net income	-	-	-	-	-	-	4,149,713	-	4,149,713
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	<u>-</u>	<u>\$ -</u>	<u>11,332,974</u>	<u>\$ 11,333</u>	<u>\$ 15,301,268</u>	<u>\$ 346,315</u>	<u>\$ 40,748,314</u>	<u>\$ (15,901)</u>	<u>\$ 56,391,329</u>
Balance at March 31, 2021	-	\$ -	11,332,974	\$ 11,333	\$ 15,301,268	\$ 346,315	\$ 40,748,314	\$ (15,901)	\$ 56,391,329
Stock-based compensation expense for the restricted stock units issued under stock incentive plan	-	-	-	-	947,079	-	-	-	947,079
Cashless exercise of warrants	-	-	1,344	1	(1)	-	-	-	-
Common stock issued net of stock issuance costs of \$730,000	-	-	1,000,000	1,000	6,269,000	-	-	-	6,270,000
Net income	-	-	-	-	-	-	7,919,600	-	7,919,600
Dividend payment	-	-	-	-	-	-	(2,366,796)	-	(2,366,796)
Statutory Reserve	-	-	-	-	-	33,008	(33,008)	-	-
Foreign currency translation gain	-	-	-	-	-	-	-	143,046	143,046
Balance at March 31, 2022	<u>-</u>	<u>\$ -</u>	<u>12,334,318</u>	<u>\$ 12,334</u>	<u>\$ 22,517,346</u>	<u>\$ 379,323</u>	<u>\$ 46,268,110</u>	<u>\$ 127,145</u>	<u>\$ 69,304,258</u>

The accompanying notes are an integral part of these consolidated financial statements.

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

	For the Fiscal Years Ended March 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 7,919,600	\$ 4,149,713
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,149,419	1,618,533
Stock-based compensation expenses	947,079	66,251
Bad debt expense	221,584	-
Amortization of operating lease right-of-use assets	803,056	933,959
Gain from sales of short-term investments	-	(124,889)
Changes in operating assets:		
Accounts receivable	762,614	(6,697,520)
Inventories	(3,219,213)	(2,402,194)
Prepaid expenses and other current assets	(904,305)	432,585
Advance to suppliers	1,752,091	(920,326)
Deferred tax assets	(203,928)	(8,768)
Changes in operating liabilities:		
Accounts payable	(3,082,614)	1,546,519
Accrued expenses	783,087	88,170
Other payables	823,608	525,425
Operating lease liabilities	(759,919)	(907,669)
Income tax payable	971,386	201,566
Net cash provided by (used in) operating activities	8,963,545	(1,498,645)
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	(2,955,328)	(890,462)
Payments for construction of properties	(2,098,323)	-
Acquisition of MK Garments	(2,700,000)	-
Acquisition deposit	(500,000)	-
Payment for long-term deposits	(419,597)	(128,690)
Net cash used in investing activities	(8,673,248)	(894,263)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend payment	(2,366,796)	(2,265,000)
Repayment from short-term loan	(612,703)	(235)
Repayment of advance from a related party	(1,763)	(1,763)
Proceeds from short-term loan	-	612,703
Net proceeds from issuance of common stock	6,270,000	-
Net cash provided by (used in) financing activities	3,288,738	(1,654,295)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	143,990	(7,763)
NET INCREASE (DECREASE) IN CASH	3,723,025	(4,054,966)
CASH, AND RESTRICTED CASH, BEGINNING OF THE YEAR	22,860,463	26,915,429
CASH, AND RESTRICTED CASH, END OF THE YEAR	\$ 26,583,488	\$ 22,860,463
CASH AND RESTRICTED CASH, END OF YEAR	26,583,488	22,860,463
LESS: RESTRICTED CASH	-	714,844
NON-CURRENT RESTRICTED CASH	1,407,368	1,020,777
CASH, END OF YEAR	\$ 25,176,120	\$ 21,124,842
Supplemental disclosure information:		
Cash paid for interest	\$ 210,576	\$ -
Income tax paid	\$ 1,762,254	\$ 773,320
Non-cash financing activities		
Right of use assets obtained in exchange for operating lease obligations	\$ 1,022,172	\$ 1,352,167

The accompanying notes are an integral part of these consolidated financial statements.

JERASH HOLDINGS (US), INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Jerash Holdings (US), Inc. (“Jerash Holdings”) was incorporated under the laws of the State of Delaware on January 20, 2016. Jerash Holdings is a holding company with no operations. Jerash Holdings and its subsidiaries 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).

Jerash for Industrial Embroidery Company (“Jerash Embroidery”) and Chinese Garments and Fashions Manufacturing Company Limited (“Chinese Garments”) were both established in Amman, Jordan, as limited liability companies on March 11, 2013 and June 13, 2013, respectively, each with a declared capital of JOD50,000. Jerash Embroidery and Chinese Garments are wholly owned subsidiaries of Jerash Garments.

Al-Mutafaweq Co. for Garments Manufacturing Ltd. (“Paramount”) is a contract garment manufacturer that was established in Amman, Jordan, as a limited liability company on October 24, 2004 with a declared capital of JOD100,000. On December 11, 2018, Jerash Garments and the sole shareholder 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. On June 18, 2019, Paramount became a subsidiary of Jerash Garments.

Jerash The First for Medical Supplies Manufacturing Company Limited (“Jerash The First”) was established in Amman, Jordan, as limited liability company on July 6, 2020, with a registered capital of JOD150,000. Jerash The First is engaged in the production of medical supplies in Jordan and is a wholly owned subsidiary of Jerash Garments.

Mustafa and Kamal Ashraf Trading Company (Jordan) for the Manufacture of Ready-Make Clothes LLC (“MK Garments”) is a garment manufacturer that was established in Amman, Jordan, as a limited liability company on January 23, 2003 with a declared capital of JOD100,000. On June 24, 2021, Jerash Garments and the sole shareholder of MK Garments entered into an agreement, pursuant to which Jerash Garments acquired all of the outstanding stock of MK Garments. On October 7, 2021, MK Garments became a subsidiary of Jerash Garments.

Treasure Success International Limited (“Treasure Success”) was organized on July 5, 2016 in Hong Kong, the People’s Republic of China (“China”), as a limited liability company for the primary purpose of employing staff from China to support Jerash Garments’ operations and is a wholly-owned subsidiary of Jerash Holdings.

Jiangmen Treasure Success Business Consultancy Company Limited (“Jiangmen Treasure Success”) was organized on August 28, 2019 under the laws of 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 sportswear 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").

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

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, 2022 and 2021, 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 comprehensive income over the contractual terms of these investments.

The Company had no short-term investments as of March 31, 2022 and 2021. The Company recorded a realized gain of \$nil and \$124,889 for the fiscal years ended March 31, 2022 and 2021, 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 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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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, 2022 and 2021.

Goodwill

Goodwill represents the excess purchase price paid over the fair value of the net assets of acquired companies. Goodwill is not amortized. As of March 31, 2022 and 2021, the carrying amount of goodwill was \$499,282 and \$nil, respectively. Goodwill is tested for impairment on an annual basis, or in interim periods if indicators of potential impairment exist, based on the one reporting unit. The Company has the option to perform a qualitative assessment to determine whether it is necessary to perform the quantitative goodwill impairment test. When performing the quantitative impairment test, the Company compares the fair value of its only reporting unit with the carrying amounts. The Company would recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The Company concluded that no impairment of its goodwill occurred for the year ended March 31, 2022.

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 ten 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, 2022 and 2021. For the fiscal year ended March 31 2022 and 2021, there was no revenue recognized from performance obligations related to prior periods. As of March 31, 2022, 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 \$1,864,202 and \$1,108,659 for the fiscal years ended March 31, 2022 and 2021, 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 in the State of Delaware and are subject to federal income tax in the United States of America. Treasure Success is registered in Hong Kong and is subject to profits tax in Hong Kong. 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 MK Garments are subject to income tax in Jordan, unless an exemption is granted. In accordance with Development Zone law, Jerash Garments and its subsidiaries were subject to corporate income tax in Jordan at a rate of 14% plus a 1% social contribution as of January 1, 2020. The income tax rate increased to 16% plus a 1% social contribution starting from January 1, 2021. Effective January 1, 2022, income rate increased to 18% or 20%, plus a 1% social contribution.

Jerash Garments and its subsidiaries 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, 2023.

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 comprehensive income. No significant uncertainty in tax positions relating to income taxes were incurred during the fiscal years ended March 31, 2022 and 2021.

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 statement of comprehensive income as incurred.

The value of JOD and other currencies against US\$ may fluctuate and is affected by, among other things, changes in Jordan’s political and economic conditions. Any significant revaluation of JOD, HKD, and CNY 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, 2022	March 31, 2021
Period-end spot rate	US\$1=JOD0.7090	US\$1=JOD0.7090
	US\$1=HKD7.8325	US\$1=HKD7.7744
	US\$1=CNY6.3393	US\$1=CNY6.5565
Average rate	US\$1=JOD0.7090	US\$1=JOD0.7090
	US\$1=HKD7.7844	US\$1=HKD7.7527
	US\$1=CNY6.4180	US\$1=CNY6.7702

Stock-Based Compensation

The Company measures compensation expense for stock-based awards 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 its own stock volatility over the same period of time as the life of the warrant or stock option. When the Company’s own stock volatility information is unavailable for such period of time, the Company utilizes comparable public company volatility.

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 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 current assets, credit facilities, accounts payable, accrued expenses, income tax payables, other payables, amount due to a related party and operating lease liabilities to approximate the fair value of the respective assets and liabilities at March 31, 2022 and 2021 based upon the short-term nature of these assets and liabilities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022 and 2021, respectively, \$12,735,486 and \$5,121,044 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, 2022 and 2021, respectively, \$351,255 and \$2,036,147 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 \$78,873) per bank are covered by "deposit insurance regulation" promulgated by the State Council of the People's Republic of China. As of March 31, 2022 and 2021, respectively, \$13,311,340 and \$15,622,051 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, 2022 and 2021, respectively, \$37,342 and \$81,221 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 changes in 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, 2022, two end-customers accounted for 67% and 24% of the Company's total revenue, respectively. For the fiscal year ended March 31, 2021, two end-customers accounted for 62% and 12% of the Company's total revenue, respectively. As of March 31, 2022, one end-customer accounted for 89% of the Company's total accounts receivable balance. As of March 31, 2021, two end-customers accounted for 68% and 24% of the Company's total accounts receivable balance, respectively.

For the fiscal year ended March 31, 2022, the Company purchased approximately 20% and 11% of its garments and raw materials from two major suppliers, respectively. For the fiscal year ended March 31, 2021, the Company purchased approximately 13% of its garments from one major supplier. As of March 31, 2022, accounts payable to the Company's three major suppliers accounted for 11%, 11%, and 10% of the total accounts payable balance, 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.

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 were negatively impacted during the first three quarters of the fiscal year ended March 31, 2021 due to COVID-19 related shutdowns, global logistics disruptions, and order cancellations and shipment delays. However, sales growth resumed in the fourth quarter of the prior fiscal year and has extended well into the current fiscal year. In fiscal 2022, the Company's production facilities resumed full operation with additional medical and hygienic measures in place.

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, 2023 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 so that the U.S. government or the Jordan government implements new restrictions to contain the spread, it is expected the Company's business will be negatively impacted.

Reclassification

Certain prior period amounts have been reclassified to conform to the current period presentation. As of March 31, 2021, the Company overstated noncontrolling interest by \$302,120 and understated amount due to a related party by \$301,930. The misstatement was due to the Company erroneously concluding that it was the primary beneficiary of a variable interest entity, Victory Apparel (Jordan) Manufacturing Company Limited ("Victory Apparel"), which is an inactive related party to the Company, and consolidating the financial statements of Victory Apparel in the Company's consolidated financial statements as of and for the year ended March 31, 2021. The error has been corrected in the accompanying consolidated financial statements as of March 31, 2022 and 2021 and for each of the two years ended March 31, 2022. Such reclassifications had no effect on net income or cash flows as previously reported.

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 adopted this new ASU in April 2021 and the adoption of the new ASU did not have a significant impact on its consolidated financial statements.

NOTE 4 – ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following:

	As of March 31, 2022	As of March 31, 2021
Trade accounts receivable	\$ 11,270,652	\$ 12,033,268
Less: allowances for doubtful accounts	221,583	-
Accounts receivable, net	<u>\$ 11,049,069</u>	<u>\$ 12,033,268</u>

NOTE 5 – INVENTORIES

Inventories consisted of the following:

	As of March 31, 2022	As of March 31, 2021
Raw materials	\$ 17,714,578	\$ 13,293,628
Work-in-progress	2,010,417	2,057,986
Finished goods	8,530,184	9,684,352
Total inventory	<u>\$ 28,255,179</u>	<u>\$ 25,035,966</u>

NOTE 6 – ADVANCE TO SUPPLIERS, NET

Advance to suppliers consisted of the following:

	As of March 31, 2022	As of March 31, 2021
Advance to suppliers	\$ 1,284,601	\$ 3,036,693
Less: allowances for doubtful accounts	-	-
Advance to suppliers, net	<u>\$ 1,284,601</u>	<u>\$ 3,036,693</u>

NOTE 7 – LEASES

The Company has 47 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 measurement 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. 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, 2022
ROU assets	<u>\$ 1,826,062</u>
Operating lease liabilities - current	\$ 739,101
Operating lease liabilities - non-current	869,313
Total operating lease liabilities	<u>\$ 1,608,414</u>

The weighted average remaining lease terms and discount rates for all of operating leases were as follows as of March 31, 2022:

Remaining lease term and discount rate:

Weighted average remaining lease term (years)	2.2
Weighted average discount rate	4.06%

During the fiscal years ended March 31, 2022 and 2021, the Company incurred total operating lease expenses of \$2,542,431 and \$2,140,894, respectively.

NOTE 7 – LEASES (CONTINUED)

The following is a schedule, by fiscal years, of maturities of lease liabilities as of March 31, 2022:

2023	\$ 977,574
2024	643,132
2025	197,165
2026	97,698
2027	—
Thereafter	—
Total lease payments	<u>1,915,569</u>
Less: imputed interest	(89,508)
Less: prepayments	<u>(217,647)</u>
Present value of lease liabilities	<u>\$ 1,608,414</u>

NOTE 8 – PROPERTY, PLANT, AND EQUIPMENT, NET

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

	As of March 31, 2022	As of March 31, 2021
Land	\$ 1,831,192	\$ 1,831,192
Property and buildings	1,911,818	432,562
Equipment and machinery	11,091,566	8,532,813
Office and electric equipment	915,686	825,013
Automobiles	802,399	512,209
Leasehold improvements	4,002,833	2,943,797
Subtotal	<u>20,555,494</u>	<u>15,077,586</u>
Construction in progress ⁽¹⁾⁽²⁾⁽³⁾	2,098,323	194,752
Less: Accumulated depreciation and amortization	<u>(11,720,670)</u>	<u>(9,572,832)</u>
Property and equipment, net	<u>\$ 10,933,147</u>	<u>\$ 5,699,506</u>

- (1) The construction in progress in March 2021 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 was temporarily suspended in March 2020 due to the COVID-19 pandemic but was subsequently completed, and the dormitory was ready for use as of September 30, 2021 and the balance has been transferred to property and buildings.
- (2) In January 2022, the Company commenced a construction project of an expansion of the Company-own premises in Al Tajamouat Industrial City, Jordan. Through March 31, 2022, the Company had paid approximately JOD 270,000 (approximately US \$381,000) and the entire \$381,000 was recorded as construction in progress. The estimated construction cost is JOD 342,000 (approximately US \$483,000). The project is expected to be completed and ready to use in fiscal 2023.
- (3) In January 2022, the Company commenced a construction project to build a dormitory for employee. The construction is built on a land of 12,340 square meters (approximately three acres) in Al Tajamouat Industrial City, Jordan, which was acquired by the Company in 2019. The dormitory is expected to cost \$8.2 million. Through March 31, 2022, the Company had spent approximately JOD 1.2 million (approximately US \$1.7 million) for the construction. The dormitory is expected to be completed and ready for use in fiscal 2023.

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, 2022 and 2021. 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 12,334,318 and 11,332,974 shares of common stock outstanding as of March 31, 2022 and 2021, respectively.

On October 4, 2021, the Company completed its public offering of 1,400,000 shares of its common stock at a public offering price of \$7.00 per share (the “Offering”). 1,000,000 of the shares were issued and sold by the Company and 400,000 were sold by a selling stockholder. The Company received net proceeds of approximately \$6.27 million from the Offering, after deducting the underwriting discount and offering expenses payable by the Company. On October 7, 2021, the underwriters exercised their over-allotment option and purchased 210,000 additional shares of the Company’s common stock from the selling stockholder. The Company did not receive any of the proceeds from the sale of shares of its common stock by the selling stockholder.

Statutory Reserve

In accordance with the Corporate Law in Jordan, Jerash Garments, Jerash Embroidery, Chinese Garments, Paramount, Jerash The First, and MK Garments 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.

Dividends

During the fiscal year ended March 31, 2022, on February 4, 2022, November 2, 2021, August 5, 2021, and May 14, 2021, the Board of Directors declared a cash dividend of \$0.05 per share of common stock, respectively. The cash dividends of \$616,715, \$616,716, \$566,716, and \$566,649 were paid in full on February 22, 2022, November 29, August 24, 2021, and June 2, 2021, respectively.

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.

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. The major assumptions used in the Black Scholes model included the followings: 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%. For the fiscal year 2022, 20,000 warrants were exercised on a cashless basis. There were 194,410 warrants outstanding as of March 31, 2022 with a weighted average exercise price of \$6.71. All of the outstanding warrants were fully vested and exercisable as of March 31, 2022 and 2021.

All stock warrants activities are summarized as follows:

	Option to Acquire Shares	Weighted Average Exercise Price
Stock warrants outstanding at March 31, 2021	214,410	\$ 6.67
Granted	—	—
Exercised	20,000	6.25
Stock warrants outstanding at March 31, 2022	194,410	\$ 6.71

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, 2021	1,136,500	\$ 6.90
Granted	—	—
Exercised	—	—
Forfeited	—	—
Stock options outstanding at March 31, 2022	1,136,500	\$ 6.90

On June 24, 2021, the Board of Directors approved the grant of 200,000 Restricted Stock Units ("RSUs") under the Plan to 32 executive officers and employees of the Company, with a one-year vesting period. The fair value of these RSUs on June 24, 2021 was \$1,266,000, based on the market price of the Company's common stock as of the date of the grant. As of March 31, 2022, there were \$294,822 unrecognized stock-based compensation expenses to be recognized in the future.

Total stock-based expenses were \$947,079 and \$66,251 for the year ended March 31, 2022 and 2021, respectively.

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
Victory Apparel (Jordan) Manufacturing Company Limited ("Victory Apparel")	Affiliate, controlled by the Company's President, Chief Executive Officer, Chairman and a significant stockholder and another significant stockholder	Borrowings

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 HKD119,540 (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 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 CNY28,300 (approximately \$4,500). The lease had one-year term and could 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 \$300,000 and \$280,000, respectively, for the fiscal years ended March 31, 2022 and 2021.

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 \$300,000 and \$280,000, respectively, for the fiscal years ended March 31, 2022 and 2021.

c. Borrowings from a related party

As of March 31, 2022 and 2021, the Company had outstanding balances due to Victory Apparel of \$300,166 and \$302,120, respectively. These advances are non-interest bearing and due on demand. The outstanding balance as of March 31, 2022 is expected to be repaid in the first quarter of fiscal 2023.

NOTE 12 – CREDIT FACILITIES

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, 2022 and 2021, the Company had \$nil and \$612,703 outstanding amount, respectively, in import invoice financing under the SCBHK facility. In June 2022, the Company was informed by SCBHK that the facility was cancelled due to persistently low usage and zero loan outstanding.

Starting from May and July 2021, the Company has participated in a financing program with two customers, in which the Company may receive early payments for approved sales invoices submitted by the Company through the bank the customer cooperates with. For any early payments received, the Company is subject to an early payment charge imposed by the customer’s bank, for which the rate is based on London Interbank Offered Rate (“LIBOR”) plus a spread. In certain scenarios, the Company submits the sales invoice and receives payments prior to the shipment of the relative products. In that case, instead of recording the cash receipts as a reduction to accounts receivables, the Company records the cash receipts as receipts in advance from a customer until products are entitled to transfer. The Company records the early payment charge in interest expenses consolidated statements of income and comprehensive income. For the year ended March 31, 2022, the early payment charge was \$210,576. As of March 31, 2022 and 2021, there was \$nil receipts in advance from a customer.

On January 12, 2022, DBS Bank (Hong Kong) Limited (“DBSHK”) offered to provide a banking facility of up to \$5.0 million to Treasure Success pursuant to a facility letter dated January 12, 2022. Pursuant to the agreement, DBSHK agreed to finance cargo receipt, trust receipt, account payable financing, and certain type of import invoice financing up to an aggregate of \$5.0 million. The DBSHK facility bears interest at 1.5% per annum over Hong Kong Interbank Offered Rate (“HIBOR”) for HKD bills and 1.3% per annum over DBSHK’s cost of funds for foreign currency bills. The facility is guaranteed by Jerash Holdings and became available to the Company on June 17, 2022. As of March 31, 2022 and 2021, the Company had \$nil outstanding amount under the DBSHK 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, 2022 and 2021. As of March 31, 2022, 1,530,910 RSUs, warrants, and stock options were outstanding. For the fiscal years ended March 31, 2022 and 2021, 1,043,700 and 1,250,910 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)	
	2022	2021
Numerator:		
Net income attributable to Jerash Holdings (US), Inc.’s Common Stockholders	\$ 7,920	\$ 4,150
Denominator:		
Denominator for basic earnings per share (weighted-average shares)	11,821,779	11,325,131
Dilutive securities – unexercised warrants and options	75,938	180
Denominator for diluted earnings per share (adjusted weighted-average shares)	11,897,717	11,325,311
Basic and diluted earnings per share	\$ 0.67	\$ 0.37

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, 2022 and 2021, outerwear accounted for approximately 93.4% and 91.4% 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, 2022 and 2021, respectively.

	For the Fiscal Year Ended March 31,	
	2022	2021
United States	\$ 136,067,702	\$ 79,190,558
Jordan	1,950,408	5,702,774
Others	5,336,792	5,320,029
Total	<u>\$ 143,354,902</u>	<u>\$ 90,213,361</u>

83.6% and 13.3% of long-lived assets were located in Jordan and Hong Kong, respectively, as of March 31, 2022.

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 HKD3 million (approximately \$385,000). On December 9, 2020, shareholders of Jiangmen Treasure Success approved to increase its registered capital to HKD15 million (approximately \$1.9 million). The Company’s subsidiary, Treasure Success, as a shareholder of Jiangmen Treasure Success, is required to contribute HKD15 million (approximately \$1.9 million) as paid-in capital in exchange for 100% ownership interest in Jiangmen Treasure Success. As of March 31, 2022, Treasure Success had made capital contribution of HKD6 million (approximately \$770,000). 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.

On July 14, 2021, the Company through its wholly owned subsidiary Jerash Garments, entered into a Sale and Purchase Contract (the “Kawkab Agreement”) with Kawkab Venus Dowalyah Lisenat Albesah (the “Seller”). Pursuant to the Kawkab Agreement, the Seller agreed to sell, and Jerash Garments agreed to purchase, 100% ownership interests in Kawkab Venus Al Dowalyah for Garment Manufacturing LLC for a consideration of \$2.7 million. Kawkab Venus Al Dowalyah for Garment Manufacturing LLC holds a land with factory premises, which it leases to MK Garments. The Kawkab Agreement contains customary representations and warranties of Jerash Garments and the Seller, customary conditions to closing, other obligations and rights of the parties, and termination provisions. The Company expects to complete this acquisition in the second quarter of fiscal 2023 due to personal reasons of the seller in relation to health and quarantine requirements. As of March 31, 2022, the Company paid \$500,000. The Company will pay the remaining \$2.2 million upon the acquisition closing.

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, MK Garments, and Jerash The First are subject to the regulations of the Income Tax Department in Jordan. The corporate income tax rate is 18% or 20% 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 began paying corporate income tax in Jordan at a rate of 10% plus a 1% social contribution. The income tax rate increased to 16% plus a 1% social contribution from January 1, 2021. Effective January 1, 2022, this rate increased to 18% or 20% 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, 2022	As of March 31, 2021
Income tax payable – current	\$ 2,861,272	\$ 1,803,175
Income tax payable – non-current	1,001,880	1,094,048
	<u>\$ 3,863,152</u>	<u>\$ 2,897,223</u>

The provision for income taxes consisted of the following:

	For the fiscal years ended March 31,	
	2022	2021
Domestic and foreign components of income (loss) before income taxes		
Domestic	\$ (2,508,655)	\$ (1,163,505)
Foreign	12,952,530	6,658,864
Total	<u>\$ 10,443,875</u>	<u>\$ 5,495,359</u>
	For the fiscal years ended March 31,	
	2022	2021
Provision (benefit) for income taxes		
Current tax:		
U.S. federal	\$ (147)	\$ 10,574
U.S. state and local	700	1,550
Foreign	2,727,650	1,342,290
Total Current Tax	2,728,203	1,354,414
Deferred tax:		
U.S. federal	(203,928)	(8,768)
Total deferred tax	(203,928)	(8,768)
Total tax	<u>\$ 2,524,275</u>	<u>\$ 1,345,646</u>
Effective tax rates	<u>24.2%</u>	<u>24.5%</u>

NOTE 16 – INCOME TAX (CONTINUED)

A reconciliation of the effective tax rate was as follows:

	For the fiscal years ended March 31,	
	2022	2021
Tax at statutory rate	\$ 2,193,499	\$ 1,158,858
State tax, net of federal benefit	593	632
Non-deductible expenses	431	17
Non-taxable income	(474)	(564)
Global Intangible Low-Taxed Income	1,783,313	767,729
Tax Credits	(1,455,812)	(536,999)
Foreign tax rate differential	159,053	(58,304)
Valuation Allowance	(151,246)	3,026
Provision to return adjustments	(5,082)	11,251
Total	\$ 2,524,275	\$ 1,345,646

The Company's deferred tax assets and liabilities as of March 31, 2022 and 2021 consisted of the following:

	As of March 31, 2022	As of March 31, 2021
Deferred tax assets		
Stock-based compensation	\$ 352,590	\$ 148,663
Net operating losses carried forward	—	151,246
Less: valuation allowance	—	(151,246)
Deferred tax assets, net	\$ 352,590	\$ 148,663

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, 2022 and 2021, the allowance for deferred tax assets was \$nil and \$151,246, respectively.

As of March 31, 2022, the Company had cumulative book-tax basis differences in its foreign subsidiaries of approximately \$18.4 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 \$3.8 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 May 16, 2022, the Board of Directors approved the payment of a dividend of \$0.05 per share, payable on June 3, 2022, to stockholders of record as of the close of business on May 27, 2022.

On June 13, 2022, the Board of Directors authorized a share repurchase program, under which the Company may repurchase up to \$3.0 million of its outstanding shares of common stock. The share repurchase program will be in effect through March 31, 2023.

On June 22, 2022, Treasure Success entered into a Sale and Purchase Agreement with Wong Bing Lun and Chow Lai Ming (the "Sellers"). Pursuant to the agreement, the Sellers agreed to sell, and Treasure Success agreed to purchase, 100% of the ownership interests and the Sellers' benefit of the shareholder/director loans in Ever Winland Limited, a Hong Kong company, for a consideration of HKD39.6 million. The agreement contains customary representations and warranties of Treasure Success and the Sellers, customary conditions to closing, other obligations and rights of the parties, and termination provisions.

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, 2022, 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, 2022. 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, 2022, 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, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

On June 22, 2022, Treasure Success entered into a Sale and Purchase Agreement with Wong Bing Lun and Chow Lai Ming (the "Sellers"). Pursuant to the agreement, the Sellers agreed to sell, and Treasure Success agreed to purchase, 100% of the ownership interests and the Sellers' benefit of the shareholder/director loans in Ever Winland Limited, a Hong Kong company, for a consideration of HKD39.6 million. The agreement contains customary representations and warranties of Treasure Success and the Sellers, customary conditions to closing, other obligations and rights of the parties, and termination provisions. We currently expect to close this transaction in the second quarter of fiscal 2023.

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 2022 Annual Meeting of Stockholders (the “2022 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 2022 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)	(b)	(c)
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	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	1,243,450	\$ 6.95	394,750
Equity compensation plans not approved by security holders	-	-	-
Total	1,243,450	\$ 6.95	394,750

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 2022 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 2022 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 2022 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+	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 Annual Report on Form 10-K, filed with the SEC on June 29, 2020

10.3+	<u>Consulting Agreement, dated January 12, 2018, by and between Treasure Success and Yukwise Limited</u>	Incorporated herein by reference to Exhibit 10.1 to the Form 8-K, filed with the SEC on January 16, 2018
10.4+	<u>Consulting Agreement, dated January 16, 2018, by and between Treasure Success and Multi-Glory Corporation Ltd.</u>	Incorporated herein by reference to Exhibit 10.18 to the Form S-1, filed with the SEC on January 18, 2018
10.5	<u>Form of Underwriter's Warrant</u>	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
10.6+	<u>Amended and Restated 2018 Stock Incentive Plan</u>	Incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed with the SEC on September 19, 2019
10.7+	<u>Form of Option Award Notice and Agreement (Employee)</u>	Incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K, filed with the SEC on March 23, 2018
10.8+	<u>Form of Option Award Notice and Agreement (Consultant)</u>	Incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K, filed with the SEC on March 23, 2018
10.9+	<u>Employment Agreement dated November 27, 2019 by and between Jerash Holdings and Gilbert K. Lee</u>	Incorporated herein by reference to Exhibit 10.1 to the Form 8-K, filed with the SEC on December 2, 2019
10.10	<u>Director Offer Letter dated June 15, 2020 by and between Jerash Holdings and Bill Korn</u>	Incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed with the SEC on June 15, 2020
10.11+	<u>Option Award Agreement dated November 27, 2019 by and between Jerash Holdings and Gilbert K. Lee</u>	Incorporated herein by reference to Exhibit 10.2 to the Form 8-K, filed with the SEC on December 2, 2019
10.12+	<u>Form of Indemnification Agreement</u>	Incorporated herein by reference to Exhibit 10.2 to the Form 8-K, filed with the SEC on June 15, 2020
10.13	<u>Factory Lease Agreement dated January 1, 2021 between Jiangmen Treasure Success and Guangdong Huadian Technology Industry Co., Ltd.</u>	Incorporated herein by reference to Exhibit 10.20 to the Annual Report on Form 10-K, filed with the SEC on June 23, 2021
10.14	<u>Lease Agreement dated February 26, 2021 between Treasure Success and Ever Winland Limited</u>	Incorporated herein by reference to Exhibit 10.21 to the Annual Report on Form 10-K, filed with the SEC on June 23, 2021
10.15	<u>Sale and Purchase Contract dated June 24, 2021, by and between Jerash Garments and Kawkab Venus Al Dowalyah Lisenact Albesah</u>	Incorporated herein by reference to Exhibit 10.1 to the Form 8-K, filed with the SEC on July 20, 2021
10.16+	<u>Letter of Employment dated April 22, 2022 between Treasure Success and Choi Lin Hung</u>	Incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed with the SEC on April 28, 2022
10.17+	<u>Letter of Employment dated April 22, 2022 between Treasure Success and Ng Tsze Lun</u>	Incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K, filed with the SEC on April 28, 2022
10.18	<u>Facility Letter dated January 12, 2022 by and between Treasure Success and DBS Bank (Hong Kong) Limited</u>	Filed herewith
10.19	<u>Purchase and Sale Agreement dated June 22, 2022 by and between Treasure Success and Wong Bing Lun and Chow Lai Ming</u>	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	The following financial statements from the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2022, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income and Comprehensive Income, (iii) Consolidated Statements of Changes in Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags	Filed herewith
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	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 27, 2022

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 27, 2022.

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



Date: 12 January 2022

Our ref: 111133/2555200/D4

Treasure Success International Limited
 Unit A, 19/F
 Ford Glory Plaza
 37-39 Wing Hong Street
 Cheung Sha Wan, Kowloon

Dear Sirs,

BANKING FACILITIES

DBS Bank (Hong Kong) Limited (the "Bank", which expression shall include its successors and assigns) is pleased to advise that it is prepared to consider making available or continuing to make available the banking facilities detailed below (each a "Facility" and together the "Facilities") to the Borrower described below, subject to the provisions of this letter and the attached "Standard Terms and Conditions Governing Facilities and Services" ("Standard Conditions").

A. BORROWER:

Treasure Success International Limited

B. FACILITY LIMITS:

Type(s) of Facility		Facility Limit(s)
1.	Letter of Credit	USD5,000,000.-
2.	Letter of Credit (Cargo Receipt)	USD5,000,000.-
3.	Trust Receipt	USD5,000,000.-
4.	Account Payable Financing	USD5,000,000.-
5.	Documents against Acceptance ("D/A") Bills Purchased and Documents against Payment ("D/P") Bills Purchased	USD5,000,000.-

Important Condition(s) Governing Facility Limits:-

- The aggregate outstanding of Facilities 1 to 5 shall not at any time exceed USD5,000,000.-.

Treasure Success International Limited

Our ref: 111133/2555200/D4

C. PRICING AND CONDITIONS:

Unless otherwise provided herein, interest and commission(s) on the Facilities will be charged at the Bank's standard rate that may be varied from time to time at the Bank's discretion.

Letter of Credit ("L/C")	<u>Validity</u> : 6 months.
Letter of Credit (Cargo Receipt)	<u>Tenor</u> : At sight or usance up to 120 days.
Trust Receipt ("T/R")	<p>Maximum Tenor: 120 days.</p> <p>Maximum Tenor (T/R plus Acceptance): 120 days.</p> <p><u>Interest</u>: (i) 1.5% per annum over HIBOR for HKD bills; and (ii) 1.3% per annum over Bank's Cost of Funds for foreign currency bills, on the outstanding amount from drawdown until repayment in full, as conclusively calculated by the Bank.</p>
Account Payable Financing	<p><u>Financing percentage</u>: 100% of invoice value against original or copy of supplier's invoice duly certified as a true copy by the Borrower.</p> <p><u>Maximum Tenor</u>: 120 days, less: (i) supplier's credit period (if any); and (ii) in case payment is made to the supplier after the payment due date, the period already lapsed.</p> <p><u>Interest</u>: (i) 1.5% per annum over HIBOR for HKD bills; and (ii) 1.3% per annum over Bank's Cost of Funds for foreign currency bills, on the outstanding amount from drawdown until repayment in full, as conclusively calculated by the Bank.</p> <p>The suppliers and each of the individual facility limits are subject to the Bank's approval on a case-by-case basis. The Bank may from time to time carry out at the Borrower's expense updated searches of the said suppliers and all related costs and fees may be debited to the Borrower's account.</p>
Documents against Acceptance Bills Purchased ("D/A") and Documents against Payment Bills Purchased ("D/P")	<p>D/A:</p> <p><u>Financing percentage</u>: 100% of bill amount.</p> <p>Maximum Tenor: 120 days.</p> <p>DIP:</p> <p><u>Financing percentage</u>: 100% of bill amount.</p> <p>Maximum Tenor: At sight.</p> <p><u>Interest</u>: (i) 1.5% per annum over HIBOR for HKD bills; and (ii) 1.3% per annum over Bank's Cost of Funds for foreign currency bills, on the outstanding amount from drawdown until repayment in full, as conclusively calculated by the Bank.</p>

Note:

For the avoidance of doubt and without prejudice to any other provisions herein, where the Interbank Offer Rate (“IBOR”) is expressed as the base rate for calculation of the interest rate for a currency and the Bank is unable to determine the applicable interest rate for such currency or the respective interest rate is not available or is zero or negative, the Bank can at its absolute discretion to replace the IBOR with its Cost of Funds.

Commission for Trade Facilities	1st USD50,000.-	1/4%
	USD50,001.- to USD1 00,000.-	1/8%
	Balance	1/16%
Set Up Fee	HKD40,000.-	

D. SECURITY AND CONDITIONS PRECEDENT:

Unless otherwise approved by the Bank, the Facilities will be made available or continue to be made available to the Borrower provided that the Bank has received each of the following, in a form and substance satisfactory to the Bank:

1. This letter duly executed by the Borrower.
2. General Commercial Agreement duly executed by the Borrower.
3. Guarantee and Indemnity for an unlimited amount duly executed by Jerash Holdings (US), Inc..
4. Letter of Undertaking duly executed by Jerash Holdings (US), Inc..
5. Legal opinion will be obtained to confirm the validity, legality and enforceability of items (3) and (4) mentioned above. The legal costs and expenses in relation thereto will be payable by the Borrower. The Borrower hereby authorizes the Bank to debit the above fees and expenses from any of the accounts of the Borrower with the Bank.
6. Evidence on acceptance of appointment as process agent for Jerash Holdings (US), Inc. in respect of service of legal process under the documents to which it is a party.
7. All documents and/or other requirements (including but not limited to copy of identification document of all authorized signers) for complying with Customer Acceptance Policies or similar requirements imposed by governing authorities and/or the Bank.
8. Original or Certified copies of all necessary consents, approvals and other authorizations (including but not limited to those required by relevant governing authorities and/or the resolutions of the directors and shareholders of the Borrower and/or any security provider(s)) in connection with the execution, delivery, performance and enforcement of this letter and all other documents mentioned above, if applicable.
9. Original or Certified copies of all necessary registrations and filings as may be required by relevant governing authorities in connection with the execution, delivery, performance and enforcement of this letter and all other documents mentioned above, if applicable.
10. Such other documents, items or evidence that the Bank may request from time to time.

E. COVENANTS AND UNDERTAKINGS:

Without prejudice to the remaining undertakings under A.1.(b) of the “Standard Conditions”- “Furnishing of Information”, in relation to the submission of semi-annual financial statements in particular, the Borrower will deliver to the Bank (iia) where applicable, certified true copies of each Obligor’s semi-annual financial statements as soon as the same are available, but not later than 4 months after the first half of such Obligor’s financial year or such other dates as may otherwise be mutually agreed by the Borrower and the Bank and at any time requested by the Bank; (iib) where applicable, certified true copies of Jerash Holdings (US), Inc.’s semi-annual financial statements for the financial year ended March and September with the due date on June and December each year respectively.

In addition to the undertakings specified in the “Standard Conditions”, the Borrower undertakes to the Bank that it will:

- maintain its sales proceed channel to the Bank at not less than 50% of its annual sales turnover.
- Maintain its tangible net worth of not less than USD5,000,000.- on group level.
- ensure Choi Lin Hung to remain as key management and controlling shareholder of the group.
- Inform the Bank for any change of group structure with one month prior notification.
- ensure that all consents, licences, approvals, registrations and filings (as appropriate) in connection with the Facilities, guarantee or securities as may be provided in relation to the Facilities granted hereunder are duly obtained, completed and will remain in full effect throughout the period if any amount is or may become outstanding under the Facilities.
- promptly submit to the Bank:
 - a) with reasonable promptness, details of any litigation, arbitration or administrative proceeding current or, to its knowledge, threatened or commenced against it; and
 - b) other information that the Bank may request from time to time.
- immediately inform the Bank of:
 - a) any change of the Borrower’s directors or beneficial shareholders (except where the Borrower is a listed company).
 - b) any factor which may inhibit, impair or delay performance by the B01Tower or the security provider(s), if any, of the obligations under any loan and security documents to which they are a party.
 - c) the failure to continue to obtain consents, licences, approvals, registrations and filings (as appropriate) in connection with the granting of the Facilities and/or the provision of securities (including without limitation guarantee(s)) in relation to the Facilities granted hereunder throughout the period when there is outstanding under the Facilities.

F. OTHER TERMS AND CONDITIONS

The Facilities are available at the sole discretion of the Bank and are in all respects uncommitted. The Bank may at any time immediately modify, terminate, cancel or suspend the Facilities or any part of it, or otherwise vary the Facilities or any part of it, without the consent of the Borrower or any other person. Unless the changes are not within the Bank's control, the Bank shall give reasonable notice to the Borrower for any variation to the Facilities affecting the interest, fees and charges and the liabilities or obligations of the Borrower, and such variation shall take effect after the expiration of such notice which may be given by the Bank by such means as the Bank may at its discretion see fit.

Notwithstanding any provisions stated in this letter, the Facilities are repayable on demand by the Bank. The Bank has the overriding right at any time to require immediate payment of all principal, interest, fees and other amounts outstanding under this letter or any part thereof and/or to require cash collateralisation of all or any sums actually or contingently owing to it under the Facilities.

Payment by the Borrower to the Bank shall be in the currency of the relevant liability. The Borrower hereby authorizes the Bank to debit any sum which may be required to meet the payment of principal, interest, default interest, handling fee, commissions, fire insurance premium and other fees and charges in relation to (i) the Facilities or (ii) such other loan(s) into which the Facilities may from time to time be converted, consolidated and /or replaced from (unless otherwise specified by the Borrower) any of the current account(s) / savings account(s) maintained by the Borrower with the Bank and in case such account(s) is/are not in the same currency as the liability, the Borrower hereby authorizes the Bank to perform relevant foreign exchange based on the prevailing exchange rate of the Bank in order to settle the relevant payment in the currency of the liability.

The "Standard Conditions" attached and/or referred to in this letter form an integral part of this letter and the Borrower agrees to observe and be bound by them. In the event of any conflict or inconsistency between the "Standard Conditions" and the provisions of this letter, this letter shall prevail. The Bank may, at its absolute discretion vary, amend or supplement any of the terms of the "Standard Conditions". Such variation, amendment or supplement shall take effect not less than 30 days after the date of the notice to the Borrower setting out details of such variation, amendment or supplement or, if later, the date specified in the notice. The Borrower agrees to be bound by any such amended or revised "Standard Conditions".

This letter and the Facilities shall be governed by the laws of the Hong Kong Special Administrative Region and the parties hereto hereby submit to the non-exclusive jurisdiction of the Hong Kong Courts.

The Bank recognises that banks have an important role to play in promoting responsible environmental, social and governance ("ESG") behaviour of our customers and is committed to practising responsible financing. We trust that the information, including ESG information based on publicly available information as well as any information provided by your company representatives, to be true and accurate and is covered by the Undertakings given by you to us in the "Standard Conditions" and any other agreements relating to banking facilities granted by us to you.

Please signify your understanding and acceptance of this offer by signing and returning to us the duplicate copy of this letter and provide each of the items under the section headed "Security And Conditions Precedent" above, for the attention of Mr. Kenny Lai ("Designated Relationship Manager"), within one month from the date of this letter, otherwise the offer will lapse at the discretion of the Bank. By accepting this offer, you are deemed to have confirmed to the Bank that you are not a Connected Person as set out in clause 18 of the "Standard Conditions".

We enclose a set of documents which should also be completed and returned to us. If you have any queries, please contact the Designated Relationship Manager at telephone number 3668-6461.

We are pleased to be of service to you.

Yours faithfully,
For and on behalf of
DBS Bank (Hong Kong) Limited

(signature unrecognizable)

Authorized Signatories

YW/cc
Encl.

IMPORTANT NOTE

Interest rates which are used as “benchmarks”, including LIBOR, EURIBOR or SIBOR, are the subject of recent international regulatory guidance and proposals for reform. These reforms may cause such benchmarks to perform differently than in the past or to discontinue entirely, or have other consequences which cannot be predicted. As at the date hereof, the discontinuation of various benchmarks and their replacement(s) and other knock-on impact are all still being considered by the relevant authorities and industry.

The elimination, or changes in the manner of administration, of any such benchmarks, could require an adjustment to the terms and conditions, or result in other consequences, in respect of this Facility(ies) if it is linked to or references such benchmarks.

Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations in respect of benchmarks, could have an adverse effect on the cost of borrowing if it is linked to or references such benchmarks.

We have verbally confirmed with the Bank upon the Facility application that this Facility application from us was not referred by third party (means all kinds of engagement including having the facility application referred by and/or channeled through and/or acted through third party), and hereby repeat and declare the same in writing.

We hereby confirm our understanding and acceptance of all the terms and conditions set out in (i) this letter and (ii) the “Standard Conditions” attached to this letter and our agreement to be bound by all of them.

Signed for and on behalf of
Treasure Success International Limited

(signature unrecognizable)

Authorized signor(s) Signature of Witness:

(signature unrecognizable)

Name of Witness:

Hong Kong Identification/ Passport No:

Governing Facilities and Services Granted by
DBS Bank (Hong Kong) Limited 星展銀行(香港)有限公司 (the“Bank”)
(“Standard Conditions”)

A. GENERAL TERMS AND CONDITIONS

1. Undertakings So long as any monies are owing or are to be advanced under the Facility Documents:

- (a) Obligations to rank *pari passu*: The Borrower must ensure that its obligations under the Facility Letter are unconditional and unsubordinated and will at all times rank at least *pari passu* with all its other unsecured and unsubordinated obligations (except for such obligations mandatorily preferred by law).
- (b) Furnishing of Information: The Borrower will deliver to the Bank (i) where applicable, certified true copies of each Obligor’s audited and (if applicable) consolidated financial statements for each of such Obligor’s financial year as soon as the same are available but not later than 180 days after the end of such Obligor’s financial year or such other dates as may otherwise be mutually agreed by the Borrower and the Bank and at any other time requested by the Bank; (ii) where applicable, certified true copies of each Obligor’s semi-annual financial statements as soon as the same are available, but not later than 4 months after the first half of such Obligor’s financial year or such other dates as may otherwise be mutually agreed by the Borrower and the Bank and at any time requested by the Bank; and (iii) promptly, any other information and/or documents as the Bank may require. For any properties charged to the Bank, the Bank may from time to time require a valuation report in form and substance acceptable to it. All the valuation fees are for the account of the Borrower.
- (c) Nature of business/ Changes in Articles of Association or equivalent constitutional documents: The Borrower must not substantially alter the nature of its business or amend any provision in its constitutional documents (if applicable) relating to its principal business activities or its power to borrow, secure or guarantee and supply the Bank certified true copies of any updated constitutional documents.
- (d) Change of Management: The Borrower must, and must procure that each other Obligor must, ensure that there will be no change in its management without the prior written consent of the Bank.
- (e) Notice of default: The Borrower will notify the Bank promptly upon occurrence of any potential or actual breach of the terms by any Obligor under any Facility Document or any other event which might affect any of Obligor’s ability to perform its obligations under or in connection with the Facility Documents.
- (f) Re-organisation: The Borrower must not undertake or agree to undertake any re-organisation, amalgamation, reconstruction, merger, take-over or any other schemes of compromise or arrangement affecting its present constitution without the prior written consent of the Bank.
- (g) Indemnity/costs and expenses/break funding:
 - (1) **The Borrower shall on demand indemnify the Bank against all costs, expenses, Taxes, claims, demands, actions, damages, losses and liabilities whatsoever (including legal fees on a full indemnity basis) which may reasonably be incurred by the Bank In connection with:**
 - (I) **the execution, delivery, performance, perfection, enforcement, preservation of rights or attempted enforcement or preservation of rights under the Facility Documents. For the avoidance of doubt, the fees, costs and expenses are payable by the Borrower notwithstanding that the Facilities are cancelled, modified or withdrawn at any time before completion of the relevant transaction;**
 - (ii) **breakfunding and other costs for any advances prepaid, any advances requested for but not made, unwinding costs for foreign exchange, or any derivative transactions terminated before the contracted maturity date; and**
 - (III) **any breach by any Obligor under any Facility Document or any enquiry, investigation, subpoena (or similar order), litigation, arbitration or administrative proceedings with respect to an Obligor and/or any Affiliates of the Borrower or with respect to the transactions contemplated under the Facility Documents.**

(2) If the Bank receives any sum in a currency (the “**Relevant Currency**”) other than the currency in which such sum is due (the “**Currency of Account**”) and that amount, when converted into the Currency of Account at the Bank’s rate of exchange on the date of receipt or recovery, is less than the amount in the Currency of Account due to the Bank, the Borrower shall indemnify the Bank on demand against any cost and loss sustained by it as a result of such conversion.

(h) Anti-money laundering/sanctions: The Borrower will, and will procure that each of its Affiliates will, at all times comply with all applicable anti-money laundering, anti-bribery, anti-corruption, counter-terrorism financing, and economic or trade sanctions laws and regulations.

(i) Compliance with laws: The Borrower will, and will procure that each of its Affiliates will, at all times: (i) comply in all respects with all applicable laws and regulations. Including all Environmental Law; and (ii) obtain and maintain any Environmental Permit applicable to it.

“**Environmental Law**” means any law or regulation concerning:

(i) the protection of health and safety;

(ii) the environment; or

(iii) any emission or substance which is capable of causing harm to any living organism or the environment;

“**Environmental Permit**” means any authorization required by an Environmental Law;

(j) No misleading information: The Borrower warrants to the Bank that all information provided by it or its Affiliates for the purposes of the Facility Documents is true and accurate in all material respects as at the date it was provided and is not misleading in any respect.

2. Application of Advance Notwithstanding any other provision of the Facility Documents, if on any date an amount (“**First Amount**”) is to be advanced by the Bank and an amount (“**Second Amount**”) is due from the Borrower to the Bank, the Bank shall apply the First Amount in payment of the Second Amount. The Bank shall advance any excess (or, as the case may be, the Borrower shall pay any shortfall) in accordance with the Facility Documents.

3. Interest All Interest (including default Interest) under the Facility Documents shall accrue on a daily basis and shall be calculated based on the actual number of days elapsed, with monthly rests or such other periodic rests as the Bank may prescribe and based on a 365-day year (if the Interest is in Singapore Dollars, British Pounds Sterling, Hong Kong Dollars, Malaysian Ringgit or any other currency as the Bank may notify the Borrower (collectively, the “**Specified Currencies**”)), and based on a 360-day year (if the interest is in any other foreign currency which is not a Specified Currency).

4. Market Disruption and Alternative Interest Rates If, for any interest period, the Bank is unable to determine the applicable interest rate or the same in place of the Borrower and the Bank; (3) references in the Facility Documents to the Bank shall be construed accordingly as references to the transferee lender or the Bank, as relevant; and (4) all agreements, representations and warranties made in the Facility Documents shall survive any assignments or transfers made pursuant to this clause and shall inure to the benefit of the transferee lender as well as the Bank. The Bank may at any time grant one or more participations in its rights and/or obligations under the Facility Documents but the Borrower shall not be concerned in any way with any participation so granted.

DBS Bank (Hong Kong) Limited

- 13. Change affecting Foreign Currency** If the Bank determines that currency requested by the Borrower under the Facilities is unavailable, the Borrower's request shall be deemed to be withdrawn.
- 14. Severability** The illegality, invalidity or unenforceability of any provision or part of the Facility Documents under the law of any jurisdiction shall not affect or impair the validity, legality and enforceability of any other provision or part of the provision and the remaining provisions of the Facility Documents shall be construed as if such invalid, unlawful or unenforceable provision or part had never been contained in the Facility Documents.

15. Consent to Disclosure

(a) Borrower's Consent

The Borrower consents and acknowledges that the Bank may provide the Borrower's information to any proposed or actual guarantor or other security provider (or their solicitors) in respect of any credit facilities extended or to be extended to the Borrower, including (without limitation)

- (i) any financial information concerning the Borrower;
- (ii) a copy of the contract evidencing the obligations to be guaranteed or secured or a summary of such contract;
- (iii) a copy of any formal demand for overdue payment which may be sent to the Borrower after ii has failed to settle an overdue amount; and
- (iv) from time to time on request by the proposed or actual guarantor or security provider, a copy of the Borrower's latest statement of account or other information showing the financial status of the Borrower and/or credit facilities extended to the Borrower.

(b) Data Policy

The Borrower agrees that the applicable data policies and other communications to customers concerning their data ("**Data Policy Notice**") from time to time issued by the Bank (a member of the DBS Group) shall apply. The Borrower acknowledges that the Bank has given a copy of the Bank's current Data Policy Notice to it. The Borrower further acknowledges that it can obtain a copy of the Data Policy Notice which applies from time to time at any branches of the Bank or from the Bank's website. The Borrower agrees that all information provided or that the Bank obtains from any other sources or that arises from the Borrower's relationship with the Bank (or any other DBS Group company) will be subject to the Data Policy Notice (as may be varied from time to time).

The Borrower confirms that each individual whose personal data the Borrower gives the Bank has provided the Borrower with their consent to the Bank's receiving, holding and processing those personal data in accordance with the Data Policy Notice.

16. Further Act or Assurance/Authorization

- (a) The Borrower shall at its own expense, immediately execute such documents or take such steps, as the Bank may reasonably require.
- (b) The Borrower hereby authorizes the Bank to appoint any other person (including correspondent, agent or third party contractor) in relation to the Facilities and services and the Bank may delegate any of its powers in the Facility Documents to such person.

17. **Statement/Certificate** A statement or certificate issued by the Bank on a rate or amount under or in connection with the Facilities or the Facility Documents shall (in the absence of manifest or computational error) be final and conclusive against the Borrower.
18. **Relationship with Directors/Employees etc** As a licensed bank, the Bank is subject to certain limitations on advances to persons related to the directors, employees, controllers or minority shareholder controllers of the Bank, its subsidiaries or Affiliates (“**Connected Persons**”). The Borrower hereby confirms to the Bank that it is not a Connected Person. The Borrower undertakes to immediately advise the Bank in writing upon becoming a Connected Person at any time while the loan or other indebtedness to the Bank is outstanding.
- For the purpose of this clause, “controllers” and “minority shareholder controllers” shall have the meanings used within the relevant rules relating to exposures to connected parties under the Banking (Exposure Limits) Rules of the Banking Ordinance (Cap 155 of the Laws of Hong Kong); and “subsidiary” shall have the meaning ascribed to it in the Companies Ordinance (Cap 622 of the Laws of Hong Kong).
19. **Limitation on Liability** The Bank, Its agent and correspondent shall not be liable to the Borrower for any action taken or not taken by them unless directly caused by their negligence or wilful misconduct.
20. **Partnership**
- (a) Where the Borrower is a partnership or otherwise consists of two or more persons, references to the Borrower, where the context admits, are references to the persons who constitute the Borrower for the time being, and each of these persons shall be jointly and severally liable for the Borrower’s obligations and liabilities to the Bank.
- (b) Any document executed and signed by the Borrower to the Bank shall continue to bind the partnership notwithstanding any change in the constitution, name or membership of the partnership by reason of death, bankruptcy, retirement, disability, or admission of new partners or the occurrence of any other event which may dissolve the partnership or otherwise affect its obligations to the Bank. In the case of the death or retirement of a partner, the liability of the partner or his estate to the Bank shall cease only with regard to transactions made with the Bank subsequent to the receipt by the Bank of written notice of the retirement or death of the deceased partner.
21. **Third Parties** A person who is not a party to the Facility Letter may not enforce any of its terms under the Contracts (Rights of Third Parties) Ordinance (Cap 623 of the Laws of Hong Kong).
22. **Governing Law and Jurisdiction** The Facility Letter is governed by and shall be construed in accordance with the laws of Hong Kong. The Borrower submits to the non-exclusive jurisdiction of the courts of Hong Kong in respect of any dispute arising out of or in connection with the Facility Letter. The Borrower agrees that the courts of Hong Kong are the most appropriate and convenient forum and will not argue to the contrary. Nothing in this paragraph shall limit the right of the Bank to take proceedings against the Borrower in any other court nor shall the taking of proceedings in one or more jurisdictions preclude the Bank from taking proceedings in any other jurisdiction, whether concurrently or not. The Borrower irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets, all immunity on the grounds of sovereignty or other similar grounds from suit, jurisdiction of any court, injunction or order for specific performance or recovery of property, attachment of its assets, and execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any proceedings.
23. **Notices** Unless otherwise agreed, all communications to the Borrower shall be sent by post or left at the Borrower’s registered office or principal place of business in the records of the Bank, or if sent by fax, to the numbers in the records of the Bank, and shall be deemed to have been received by the Borrower on the second or seventh Business Day following such posting to an address in Hong Kong or overseas respectively, or on the day when it was so left, or upon despatch of such fax. Any notice by the Borrower to the Bank shall be in writing and shall be deemed to have been given only on actual receipt.

Dated the 22nd day of June 2022

WONG BING LUN (黃炳倫) &
CHOW LAI MING (周麗明)
("the Sellers")

And

WONG BING LUN (黃炳倫) &
CHOW LAI MING (周麗明)
("the Guarantor")

and

TREASURE SUCCESS INTERNATIONAL LIMITED
(寶陞國際有限公司)
("the Purchaser")

AGREEMENT

relating to the sale and purchase of
the entire issued share capital of and the
Shareholder's and/or Director's Loan to
EVER WINLAND LIMITED
(永綸有限公司)

AUGUSTINE C.Y. TONG & CO.,
SOLICITORS,
ROOMS 909-911, 9TH FLOOR,
FAR EAST CONSORTIUM BUILDING,
NO.121 DES VOEUX ROAD CENTRAL,
HONG KONG.

(Ref : AT/51601/W/22)

THIS AGREEMENT is dated the 22nd day of June 2022 and made between:

(1) (a) WONG BING LUN (黃炳倫) (Holder of Hong Kong Identity Card No.[*] of House 12, Custom Pass 18, Fei Ngo Sha Road, Sai Kung New Territories, Hong Kong (the “1st Seller”)); and

(b) CHOW LAI MING (周麗明) (Holder of Hong Kong Identity Card No. [*] of the same address above (the “2nd Seller”).

(the 1st Seller and 2nd Seller are hereinafter collectively referred to the “Sellers” and each “Seller”)

(2) WONG BING LUN (黃炳倫) and CHOW LAI MING (周麗明) both of the same address above (the “Guarantor”); and

(3) TREASURE SUCCESS INTERNATIONAL LIMITED (寶陞國際有限公司) whose registered office is situate at Unit A, 19th Floor, Ford Glory Plaza, 37-39 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong (the “Purchaser”).

BY WHICH IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Defined Terms

In this Agreement unless the context requires otherwise:

“**Accounts**” means the audited accounts of the Company comprising a profit and loss account for the period of 12 months ended on the Accounts Date covering at least the post 7 years from the date of this Agreement and a balance sheet as at the Accounts Date;

“**Accounts Date**” means 30th June 2021;

“**Assignments of Shareholder Loan**” means an assignment of the Shareholder/Director Loan in the agreed form set out in Schedule 7 to be entered into between the relevant Seller(s) and the Purchaser upon Completion;

“**Assignment of Director Loan**” means an assignment of the relevant Director(s) Loan in agreed form set out in Schedule 7 to be entered into between the Director of the Company/Guarantor and the Purchaser Upon Completion;

“**Authority**” means any ministry, department or agency of any government or any body exercising similar functions in Hong Kong;

“**Business Day**” means a day (other than a Saturday or Sunday), on which licensed banks are open in Hong Kong to the general public for business;

“**Companies Ordinance**” means the Companies Ordinance (Cap. 622, of the Laws of Hong Kong);

“**Company**” means EVER WINLAND LIMITED (永綸有限公司), a company under the laws of Hong Kong, particulars of which are set out in Schedule 1;

“**Completion**” means completion of the sale and purchase of the Sale Shares and the benefit of the Shareholder Loan and/or the Director Loan in accordance with Clause 4;

“**Completion Accounts**” means the income statement for the period from the day following the Accounts Date to the Completion Date and a statement of financial position as at the close of business on the Completion Date for the Company prepared in accordance with Clause 3.4 and Schedule 6;

“**Completion Date**” means the date on which Completion takes place;

“**Consideration**” means the aggregate consideration payable by the Purchaser to the Sellers for the Sale Shares and the benefit of the Shareholder Loan and/or Director Loan as specified in Clause 3.1;

“**CPO**” means the Conveyancing and Property Ordinance (Cap 219, of the laws of Hong Kong);

“**Deposits**” means collectively, the Initial Deposit, the Further Deposit and/or the Second Further Deposit (if any) in accordance with Clause 3.3;

“**Encumbrance**” means a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect and any agreement or obligation to create or grant any of the aforesaid;

“**Existing Encumbrances**” means a Legal Charge/Mortgage and a Deed of Assignment of Rental Income made in favour of OCBC WING HANG BANK LIMITED, details of which are: a Legal Charge dated 19th April 2021 and registered in the Land Registry by Memorial No.21042200470200 and a Deed of Assignment of Rental Income dated 19th April 2021 registered in the Land Registry by Memorial No.21042200470217;

“**Existing Loans**” means the loan due and owing by the Company and secured by the Existing Encumbrances;

“**HK\$**” or “**Hong Kong Dollar(s)**” means the lawful currency of Hong Kong;

“**Parties**” means the Sellers and the Purchaser;

“**Property**” means all the properties briefly described under Schedule 2;

“**Rates**” means the rates payable in respect of the Property.

“**Relevant Percentage**” means, in relation to a Seller, the percentage specified against the name of that Seller as below: -

Seller	Relevant Percentage
the 1 st Seller	50%
the 2 nd Seller	50%

“**Sale Shares**” means collectively the 1st Sale Shares and the 2nd Sale Share being all the issued shares in the capital of the Company held by the Sellers and “**Sale Share(s)**” means any of them;

“**1st Sale Shares**” means 50 issued Share to be sold by the 1st Seller to the Purchaser pursuant to this Agreement;

“**2nd Sale Share**” means 50 issued Shares to be sold by the 2nd Seller to the Purchaser pursuant to this Agreement;

“**Sale Share(s)**” means being all the issued share in the capital of the Company held by the each Seller;

“**Scheduled Completion Date**” means within 60 days from the date of this Agreement or such other date as the Sellers and the Purchaser may agree in writing on which Completion takes place;

“**Seller Solicitors**” means Messrs. Augustine C.Y. Tong & Co., Solicitors;

“**Shareholder Loans**” means collectively the 1st Shareholder Loan and the 2nd Shareholder Loan and “**Shareholder Loan**” means any of them;

“**1st Shareholder Loan**” means the loan owing by the Company to the 1st Seller as at the Completion Date including for the avoidance of doubt any loan to be advanced by the 1st Seller to the Company on or before Completion for the purpose of redeeming the Existing Encumbrances of the Property;

“**2nd Shareholder Loan**” means the loan owing by the Company to the 2nd Seller as at the Completion Date including for the avoidance of doubt any loan to be advanced by the 2nd Seller to the Company on or before Completion for the purpose of redeeming the Existing Encumbrances of the Property;

“**Shareholder Loan**” means the loan owing by the Company to the Sellers as at the Completion Date including for the avoidance of doubt any loan to be advanced by the Seller to the Company on or before Completion for the purpose of redeeming the Existing Encumbrances of the Property;

“**Director Loan**” means the loan owing by the Company to the Director as at the Completion Date including for avoidance of doubt any loan to be advanced by the Director to the Company on or before Completion;

“**Shares**” means ordinary shares of HK\$100.00 each in the capital of the Company;

“**Stamp Duty Ordinance**” means the Stamp Duty Ordinance (Chapter 117, of the Laws of Hong Kong);

“**Taxation**” have the meaning given to them in the Tax Deed;

“**Tax Authority**” has the meaning given in the Tax Deed;

“**Tax Deed**” means the tax deed in the agreed form set out in Schedule 8 to be entered into between the Sellers and the Purchaser upon Completion;

“**Warranties**” means the representations, warranties and undertakings set out in Schedule 3.

1.2 Construction of References

In this Agreement, unless the context requires otherwise, any reference:

- (a) to a Clause or Schedule is a reference to a Clause or a Schedule to this Agreement;
- (b) to this Agreement, any other document or any provision of this Agreement or that document is a reference to this Agreement, that document or that provision as in force for the time being or from time to time amended in accordance with the terms of this Agreement or that document;
- (c) to a person includes an individual, a body corporate, a partnership, any other unincorporated body or association of persons and any state or state agency;
- (d) to any document expressed to be “**in the agreed form**” means a document approved by the Parties to this Agreement and, if not entered into contemporaneously with this Agreement, initialed by or on behalf of the Sellers and the Purchaser for the purposes of identification;
- (e) to a time of day is a reference to the time in Hong Kong, unless expressly indicated otherwise;
- (f) to an enactment includes that enactment as it may be amended, replaced or re-enacted at any time, whether before or after the date of this Agreement, and any subordinate legislation made under it;

- (g) to an “**agreement**” includes any document or deed, an arrangement and any other kind of commitment;
- (h) to a “**right**” includes a power, a remedy and discretion; and
- (i) to a “subsidiary” or “holding company” is to be constructed in accordance with Section 2 of the Companies Ordinance.

1.3 **Interpretation**

In this Agreement, unless the context otherwise requires:

- (a) words importing the plural include the singular and vice versa;
- (b) words importing a gender include every gender; and
- (c) the words “**other**”, “**including**” and “**in particular**” do not limit the generality of any preceding words and are not to be construed as being limited to the same class as the preceding words where a wider construction is possible.

1.4 **Headings and Contents**

The headings and the tables of contents in this Agreement do not affect its interpretation.

1.5 **Schedules**

This Agreement includes its Schedules and any reference to a paragraph is a reference to the paragraph of the relevant Schedule.

1.6 **Joint and Several Liability**

All undertakings, obligations and other liabilities of the Sellers under this Agreement are joint and several and, if a Seller ceases to be bound in any respect, that will not affect the liability of the other Seller.

2. **SALE AND PURCHASE**

2.1 **Sale and Purchase**

(a) The 1st Seller, as legal and beneficial owner, shall sell the 1st Sale Shares and the benefit of the 1st Shareholder Loan free from all Encumbrances and with all rights and benefits now attached or accruing to them at or after Completion including the right to receive all dividends and other distributions declared, made or paid on or after Completion, and the Purchaser relying on the representations, warranties, undertakings and indemnities of the 1st Seller and the Director contained or referred to in this Agreement shall purchase the 1st Sale Shares and the benefit of the 1st Shareholder Loan/Director Loan with effect from Completion;

(b) The 2nd Seller, as legal and beneficial owner, shall sell the 2nd Sale Share and the benefit of the 2nd Shareholder Loan free from all Encumbrances and with all rights and benefits now attached or accruing to them at or after Completion including the right to receive all dividends and other distributions declared, made or paid on or after Completion, and the Purchaser relying on the representations, warranties, undertakings and indemnities of the 2nd Seller and the Director contained or referred to this Agreement shall purchase the 2nd Sale Share and benefit of the 2nd Shareholder Loan/Director Loan with effect from Completion; and

(c) The Sellers, as legal and beneficial owners, shall sell the Sale Share(s) and the benefit of the Shareholders Loans free from all Encumbrances and with all rights and benefits now attached or accruing to them at or after Completion including the right to receive all dividends and other distributions declared, made or paid on or after Completion, and the Purchaser relying on the representations, warranties, undertakings and indemnities of the Sellers contained or referred in this Agreement shall purchase the Sale Share(s) and benefit of the Shareholders Loans with effect from Completion.

2.2 **Pre-emption Rights**

Each Seller waives, and will procure that any other person waives, any right of pre-emption which each may have in respect of its Sale Share(s), whether pursuant to the Articles of Association of the Company or otherwise howsoever arising.

2.3 **Simultaneous Completion**

The Purchaser shall not be obliged to complete the purchase of any Sale Share(s) or any Shareholder Loan/Director Loan unless the purchase of all Sale Share(s) and the assignment of Shareholder Loan/Director Loan (where applicable) are completed simultaneously.

3. **Consideration**

3.1 **(a) Amount of Consideration is Hong Kong Dollars THIRTY-NINE MILLION AND SIX HUNDRED THOUSAND only (HK\$39,600,000.00); and**

(b) For the purpose of apportionment, (i) the consideration for each Seller's Sale Shares and Shareholder Loans shall be its Relevant Percentage of the Consideration (the "**Relevant Consideration**"); (ii) the consideration for the Shareholder Loan of such Seller shall be an amount equal to the total amount owing by the Company to such Seller as shown in the Pro-Forma Completion Accounts (the "**Relevant Debt Consideration**"); and (iii) the consideration for the Sale Shares of such Seller shall be the sum equivalent to an amount calculated by deducting the Relevant Debt Consideration from the Relevant Consideration.

3.2 **Receipt by Seller's Solicitors**

Receipt by the Seller's Solicitors of any monies or completed documentation to be provided by the Purchaser in satisfaction of any of the obligations of the Purchaser under this Agreement shall be accepted by the Sellers as a full and complete discharge of that obligation.

3.3 **Payment of Consideration**

the Purchaser shall pay the Sellers the Consideration as follows:

- (a) A deposit in the amount of **HK\$9,900,000.00** (“**the Deposit**”) shall be paid by the Purchaser to the Sellers’ Solicitors as part payment of the consideration upon signing of this Agreement, and shall represent part payment of the Consideration upon Completion;
- (b) HK\$29,700,000.00 being amount of the balance of the Consideration shall be paid by the Purchaser at Completion to the Sellers;
- (c) The Deposit mentioned in above 3.3(a) shall be held by the Sellers’ Solicitors as stakeholders, who shall not release the same to the Sellers until and upon confirmation of satisfactory by the Purchaser to their due diligence and investigation on the financial and corporate matters of the Company and the same will be only using for repayment of the Existing Encumbrances.

3.4 **Completion Accounts**

- (a) The Sellers will, on or before 5 Business Days prior to (but excluding) the Completion Date, deliver to the Purchaser the Pro-Forma Completion Accounts in accordance with paragraph 2 of Schedule 6.
- (b) The Sellers shall at its/his/her/their own costs have to provide audited Completion Accounts to the Purchaser within 30 days after Completion and the relevant Resignation of Letter/Notice of Resignation of the Auditor duly signed.

3.5 **Form of Payment**

Any payment to be made under this Clause 3 will be made by cashier order(s) and/or made by cheque(s) drawn by a firm of solicitors on a bank in Hong Kong or by such other method as the Purchaser and the Sellers may agree in writing.

4. **COMPLETION**

4.1 **Completion**

Completion of this Agreement is conditional upon:-

- (a) the Purchaser being reasonably satisfied upon the Purchaser’s due diligence review and investigation on the financial, legal and corporate matters of the Company as set out in this Agreement, including without limitation that there is no material adverse change in the financial position of the Company from the Accounts Date to the Completion Date and the Sellers having provided such access, assistance and documents as reasonably requested by the Purchaser or its solicitors and/or accountant so as to enable the Purchaser to conduct such due diligence review and investigation;

- (b) the Sellers having shown and proved good title of the Property to the Purchaser's and the Purchaser's Solicitors' satisfaction in accordance with Section 13 of the CPO and having given good title to the Property in accordance with Section 13A of the CPO at the Sellers' sole costs and expenses from all incumbrances of all descriptions;
- (c) The Sellers having settle and paid all Taxation which the Company is liable to pay prior to the Completion.
- (d) Completion will take place at the office of the Vendor's Solicitors, Messrs. Augustine C.Y. Tong & Co., Solicitors (or at such other place as the Sellers and the Purchaser may agree in writing) at or before 2:30 p.m. on the Scheduled Completion Date, or such other date as the Sellers and the Purchaser may agree in writing. At Completion, the business set out in Schedule 4 will be transacted.
- (e) all the representations, undertakings and Warranties given by the Sellers hereunder remaining true, correct and accurate in all respects as at Completion;
- (f) there having been no breach of the Warranties from the date of this Agreement up to and inclusive of the Completion Date;

4.2 **Effect of Non-Compliance With Completion Obligations**

No party is obliged to complete this Agreement or perform any obligations under this Agreement unless the other party complies fully with the requirements of Clause 4.1 and Schedule 4. If the respective obligations of the parties under Clause 4.1 and Schedule 4 are not complied with on the Completion Date, the Purchaser may by notice to the Sellers (in the event that the Seller or any of them is unable or unwilling to comply with its obligations under this Agreement) or the Sellers may by notice to the Purchaser (in the event that the Purchaser is unable or unwilling to comply with her obligations under this Agreement):

- (a) postpone Completion to a date (being a Business Day) falling not more than 10 Business Days after the Completion Date in which event the provisions of this Agreement will apply as if the date set for Completion in Clause 4.1 is the date to which Completion is so postponed;
- (b) proceed to Completion as far as practicable (without limiting their respective rights under this Agreement); or
- (c) terminate this Agreement in which case the provisions of Clause 8 shall apply.

4.3 Specific Performance

The provisions of this Agreement shall not preclude either party from obtaining an order against the defaulting parties for specific performance and it is hereby acknowledged and agreed by the Party that an order for damages would not be a fair or adequate remedy to the other party where the defaulting party shall have failed to perform and complete the transfer of all the Sale Shares and Shareholder Loan and/or Director Loan (if applicable) in accordance with this Agreement.

4.4 Due Diligence Investigation

- (a) To facilitate the carrying out of the due diligence investigation by the Purchaser's solicitors, the Sellers hereby undertake to deliver to the Purchaser or the Purchaser's solicitors, within 30 days from the date of this Agreement, all documents relating to the Company, including but not limited to the audited accounts of the Company covering at least the past 7 years from the date of this Agreement. From the date of receipt of all the documents relating to the Company, the Purchaser's solicitors shall be entitled to have 21 Business Days for carrying out the due diligence investigation before Completion.
- (b) If the Purchaser discovered during the due diligence investigation that there is any material irregularity, the Sellers shall rectify the same and notified the Purchaser of the rectification at least 14 days before the Completion. If the Sellers is unable to rectify the material irregularity, the Purchaser shall be entitled by giving written notice to the Sellers to cancel the transaction under this Agreement whereupon the Sellers shall return all the deposit(s) to the Purchaser in full forthwith without any interest or compensation and the Sellers and the Purchaser shall at their own costs and expenses enter into a cancellation agreement.

5. PROPERTY MATTERS

5.1 Property

The Sellers shall at their own cost procure the Company to give good title to the Property in accordance with Sections 13 and 13A of the CPO respectively as if the Company is selling the Property to the Purchaser.

- 5.2 The Sellers shall be entitled to rents and profits and shall discharge all outgoings of the Property up to and inclusive of the actual day of completion and as from but exclusive of that day, the Purchaser shall be entitled to possession and the rents and profits and shall discharge all outgoings discharge of the Property. All such rents profits and outgoings shall if necessary be apportioned between the Sellers and the Purchaser and paid by way of an apportionment account herein;

- 5.3 Upon Completion, subject to the production of the relevant apportionment account and the relevant receipt(s) or supporting document(s) to the Purchaser before Completion Date, the Purchaser hereby agrees to refund to the Sellers (subject to such deduction which the Purchaser is transferred under the said apportionment account) the management fee deposits and other deposits or funds paid (if any) the Manager of the Building wherein the Property forms part provided that the same having been confirmed by the Manager that they are subsisting and transferable.
- 5.4 The Sellers agree to permit the Purchaser to inspect the Property once by the Purchaser prior to the completion for verification of vacant possession of the Property on such date and at such time to be arranged by the parties hereto.
- 5.5 The Sellers hereby declare that they have no knowledge of any illegal or unauthorised structure or alteration of and in the Property and they have not received and are not aware of there being any notice or order from the Government or any competent authority or the Manager of the Building of which the Property forms part requiring the Sellers to demolish or reinstate any part of the Property. If it should be discovered that such notice or order shall be issued or served before completion, the Sellers shall at their own costs and expense to comply with such notice or order.
- 5.6 The Sellers further declare that they have not received and are not aware of there being any notice or order from the Government or any competent authority or the Manager of the Building of which the Property forms part requiring the Sellers as one of the co-owners to effect repair to any common part of the Building. If it should be discovered that any such notice or order shall be issued or served before completion, the Sellers shall bear their due proportion of the cost of such repair.
- 5.7 The Sellers hereby declare that the Sellers have not received any notice from any Government or other competent authority under the Lands Resumption Ordinance (Cap.124) or the Mass Transit Railway (Land Resumption and Related Provisions) Ordinance (Cap.276) or the Buildings Ordinance (Cap.123) or any other form of notice of a similar nature the implementation of which would materially affect the occupation or enjoyment of or the redevelopment potential of the Property. The Sellers gives no warranty whatsoever whether the Property is included in any lay-out plans (draft or approved) under the Town Planning Ordinance (Cap.131). If it shall be ascertained before completion of the purchase that the Property is affected by any of the said Ordinances, the Purchaser may by notice in writing to the Sellers rescind this Agreement in which event the Deposits paid hereunder shall be forthwith returned by the Sellers to the Purchaser in full but without any compensation, interest or costs and neither Party shall have any claim against the other hereon. The Sellers undertake to notify the Purchaser of the above notices (if any) served on them.

- 5.8 (a) The Property is presently subject to the Existing Encumbrances.
- (b) The Sellers undertake with the Purchaser that the Seller will procure the delivery to the Purchaser within 21 days from the Completion Date:
- (i) the Discharge of the Existing Encumbrances (“**Discharge**”) (in the forms approved by the Purchaser) duly executed by The Hongkong And Shanghai Banking Corporation Limited (“**Existing Lender**”), attested by a solicitor acting for the Existing Lender (“**Existing Lender’s Solicitor**”) and dated no later than the Completion Date together with :-
- (1) the Memorial(s) thereof duly completed and signed by the Existing Lender’s Solicitor and prepared the same for registration at the Land Registry;
- (2) the Form NM2 duly completed and signed by the Existing Lender’s Solicitor and certified copy of each Existing Encumbrances annexed to its relevant Form NM2 for filing at the Companies Registry;
- (3) the cheques for all registration and filing fees payable on the Discharge.
- 5.9 The rates, Government rent and management fees of the Property shall be discharged by the Sellers up to and inclusive of the Completion Date. The Purchaser shall be responsible for the payment of rates, Government rent and management fees of the Property after the Completion Date.
- 5.10 The Sellers shall deliver to the Purchaser’s solicitors for their inspection all the title deeds and documents relating to the Property within 30 days from the date of this Agreement in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Cap.219 of the laws of Hong Kong). Upon receipt of all the title deeds and documents relating to the Property, the Purchaser’s solicitors shall be entitled to have 21 Business Days for carrying out the inspection before Completion.

5.11 Any requisition and/or objection in respect of the title of the Property shall be delivered in writing to the Sellers' Solicitors within 14 Business Days after the date of receipt of the relevant title deeds by the Purchaser's solicitors otherwise the same shall be considered as waived (in which respect time shall be of the essence of this Agreement). If the Purchaser shall make and insist on any objection or requisitions either as to title or any matter appearing on the title deeds or otherwise which the Sellers shall be unable or (on the grounds of difficulty, delay or expenses or on any other reasonable ground) unwilling to remove or comply with, or if the title of the Property shall be defective, the Sellers shall notwithstanding any previous negotiation or litigation be at liberty on giving the Purchaser or the Purchaser's solicitors not less than 7 Business Days' notice in writing to annul the sale in which case, unless the objection or requisitions shall have been withdrawn by the Purchaser, the sale shall at the expiration of the said notice be annulled and the Purchaser shall be entitled to the return of all the deposits paid in full forthwith but without interest, costs or compensation and the Sellers and the Purchaser shall at their own costs and expenses enter into a cancellation agreement.

6. **WARRANTIES AND INDEMNITIES**

6.1 **Warranties**

Each Seller represents, warrants and undertakes to and with the Purchaser and its successors in title that to the best of knowledge and belief of the Seller each statement contained in Schedule 3 is true, accurate and complete in all respects and not misleading as at the date of this Agreement, and will continue to be so on each day up to and including the Completion Date with reference to the facts and circumstances subsisting from time to time and any reference made to the date of this Agreement (whether express or implied) in relation to any Warranty will be construed in relation to any such repetition as a reference to each such day.

6.2 **Reliance on Warranties**

The Sellers acknowledges and accepts that the Purchaser is entering into this Agreement in reliance upon each of the Warranties and that the Warranties have been given as a representation, notwithstanding any investigations which the Purchaser, its agents or advisers may have made.

6.3 **Separate Warranties**

Each of the Warranties is to be construed as a separate Warranty and (except where this Agreement expressly provides otherwise) is not to be limited or restricted by reference to or inference from the terms of any other Warranty or any other terms of this Agreement.

6.4 **Seller's Obligations**

- (a) The Sellers will ensure that the Company does not do anything or does not omit to do anything which would, at any time before or after Completion, be materially inconsistent with the Warranties, breach any Warranty or make any Warranty untrue or misleading.
- (b) The Sellers undertakes that they/he/she will from time to time and at any time immediately disclose in writing to the Purchaser any event, fact or circumstance which may become known to it after the date of this Agreement and which is materially inconsistent with any of the Warranties.

6.5 **Purchaser's Remedies**

If, on or before the Completion Date, a Warranty has been breached, is untrue or misleading or that any Seller has breached any other term of this Agreement that, in either case, is material to the sale of any Sale Shares, the Purchaser may by notice to the Sellers (without prejudice to any other rights it may have in relation to the breach):

- (a) elect to proceed to Completion; or
- (b) terminate this Agreement (in which event the provisions of Clause 8 will apply).

6.6 **Time Limit on Warranty Claims**

Notwithstanding any other provision herein contained, the Sellers' liabilities (if any) for breach of any of the representations or warranties shall absolutely cease if no notice is given by the Purchaser to the Sellers in respect of the claim within 2 years from Completion.

6.7 **Gross up for Taxation**

If in respect of or in connection with any breach of any of the Warranties, any amount payable to the Purchaser by the Sellers is subject to Taxation, such additional amounts will be paid to the Purchaser by the Sellers so as to ensure that the net amount received by the Purchaser is equal to the full amount payable to the Purchaser under this Agreement.

7. **CONDUCT OF BUSINESS PENDING COMPLETION AND OTHER OBLIGATIONS**

7.1 **Conduct of Business Pending Completion**

Except with the prior written consent of the Purchaser, the Sellers will procure that prior to Completion (or the termination of this Agreement pursuant to Clauses 4.2(c) or 6.5 (whichever is the earlier)), the Company will not:

- (a) do anything outside its ordinary course of business; or
- (b) without prejudice to the generality of Clause 7.1(a), undertake any of the activities listed in Schedule 5.

8. **TERMINATION**

If either Party elects to terminate this Agreement in accordance with its terms, then all rights and obligations of the Parties shall cease immediately upon termination except that:

- (a) if the Purchaser elects to terminate this Agreement in accordance with Clause 4.2(c) or 6.5 then the Seller shall return to the Purchaser all of the Deposits without interest paid by the Purchaser within 5 Business Days;
- (b) if the Sellers elect to terminate this Agreement in accordance with Clause 4.2(c), then the Seller shall be entitled to forfeit all deposits paid by the Purchaser as agreed liquidated damages and not as penalty;
- (c) termination will not affect the then accrued rights and obligations of the Parties (including the right to damages for the breach, if any, giving rise to the termination and any other pre-termination breach by any of the Parties and the right to claim for specific performance as set out under Clause 4.3);
- (d) termination will be without prejudice to the continued application of Clauses 21 and 23 (and all provisions relevant to the interpretation and enforcement thereof), which will remain in full force and effect.

9. **ENTIRE AGREEMENT**

9.1 **Entire Agreement**

This Agreement (including Assignment of Loan and Tax Deed) represent the whole and only agreement between the Parties in relation to the sale and purchase of the Sale Shares and the benefit of the Shareholder Loan/Director Loan, and supersede any previous agreement whether written or oral between all or any of the Parties in relation to that subject matter (including the Provisional Agreement).

10. **REMEDIES CUMULATIVE**

The rights of the Parties under this Agreement are cumulative and do not exclude or restrict any other rights (except as otherwise provided in the Agreement).

11. **NO WAIVER**

No failure or delay by a party to exercise any right under this Agreement or otherwise will operate as a waiver of that right or any other right nor will any single or partial exercise of any such right preclude any other or further exercise of that right or the exercise of any other right. Notwithstanding any rule of law or equity to the contrary, any release, waiver, compromise or any other arrangement of any kind whatsoever which the Purchaser may agree to or effect in relation to any Sellers in connection with this Agreement, and, in particular, the Warranties, shall not affect the rights and remedies of the Purchaser as regards the other Seller.

12. **TIME OF THE ESSENCE**

Time is of the essence of this Agreement as regards any time, date or period specified for the performance of an obligation.

13. **SEVERANCE**

If any provision of this Agreement is not or ceases to be legal, valid, binding and enforceable under the law of any jurisdiction, neither the legality, validity, binding effect or enforceability of the remaining provisions under that law nor the legality, validity, binding effect or enforceability of that provision under the law of any other jurisdiction will be affected.

14. **AMENDMENTS**

No amendment to this Agreement will be effective unless in writing and executed by all the Parties.

15. **COUNTERPARTS**

This Agreement may be executed in any number of counterparts and by different Parties on separate counterparts, each of which is an original but, together, they constitute one and the same agreement.

16. **SUCCESSORS AND PERSONAL REPRESENTATIVES**

This Agreement is binding on the successors of each Party.

17. **ASSIGNMENT**

No Party may assign any of the rights or obligations of that Party under this Agreement without the prior written consent of the other Party.

18. **SURVIVAL**

Any provision of this Agreement which is capable of being performed after but which has not been performed at or before Completion and all Warranties and indemnities and other undertakings contained in or entered into pursuant to this Agreement will remain in full force and effect notwithstanding Completion but subject to Clause 6.6 above.

19. **STAMP DUTY AND EXPENSES**

19.1 **Stamp Duty**

All or any stamp duty payable on the instruments of transfer and bought and sold notes in respect of the purchase of the Sale Shares and the Shareholder Loan/Director Loan will be borne by the Purchaser. This Clause shall survive Completion.

19.2 **Expenses**

Each Party is responsible for its own legal and other expenses incurred in the negotiation, preparation and completion of this Agreement.

20. **NOTICES**

20.1 **In Writing and Methods of Delivery**

Every notice or communication under this Agreement must be in writing and may, without prejudice to any other form of delivery, be delivered personally or sent by post or transmitted by fax.

20.2 **Authorised Addresses and Numbers**

- (a) In the case of posting, the envelope containing the notice or communication must be addressed to the intended recipient at the last known address or authorised address of that party and must be properly stamped or have the proper postage prepaid for delivery by the most expeditious service available (which will be airmail if that service is available) and, in the case of a fax, the transmission must be sent to the intended recipient at the authorised number of that party.
- (b) Subject to Clause 20.3, the authorised address and fax numbers of each Party, for the purpose of Clause 20, are as follows:

Sellers

Address: Messrs. Huen & Cheung, Solicitors of 7th floor, Hong Kong Trade Centre, Nos. 161-167 Des Voeux Road Central, Hong Kong

Fax: (852)35830852

For attention of Mr. Edward Huen/Mr. Peter Wong

Purchaser

Address : Messrs. Augustine C.Y. Tong & Co., Solicitors of Rooms 909-911, 9th Floor, Far East Consortium Building, No.121 Des Voeux Road, Central, Hong Kong.

Fax : (852) 28105386

For the attention of Mr. Augustine Tong/Mr. Li Man Wa

20.3 **Notification of Changes**

No change in any of the particulars set out in Clause 20.2(b) will be effective against a party until it has been notified to that party.

21. **LAW AND JURISDICTION**

21.1 **Governing Law**

This Agreement is governed by and will be construed in accordance with Hong Kong law.

21.2 **Hong Kong Jurisdiction**

The Parties submit to the non-exclusive jurisdiction of the Hong Kong courts and each Party waives any objection to proceedings in Hong Kong on the grounds of venue or inconvenient forum.

22. **Personal Guarantee by Guarantor**

- (c) In consideration of the Purchaser agreeing to enter into this Agreement and purchase the Sale Shares and the Shareholder Loan/Director Loan upon terms and conditions herein, the Guarantor hereby irrevocably and unconditionally guarantees as continuing obligation the proper and punctual performance by the Sellers of all its obligation under or pursuant to this Agreement.
- (d) The Guarantor undertakes to indemnify the Purchaser on demand against all losses claims or costs arising out of or in connection with any breach of warranties or other non-performance of contractual duties and obligations by the Sellers to the Purchaser under this Agreement not be recoverable for any reason.

23. **Contracts (Rights of Third Parties) Ordinance**

The Parties do not intend any term of this Agreement to be enforceable by any person who is not a party to this Agreement pursuant to the Contracts (Rights of Third Parties) Ordinance (Cap.623) (the “**CRTPO**”) and agree that this Agreement shall be excluded from the application of the CRTPO.

24. Bank Account(s)

The Sellers shall cause all bank accounts of the Company (if any) to be canceled, revoked or closed before Completion Date.

25. COVID-19

Notwithstanding anything hereinbefore mentioned, the Sellers and the Purchaser further agree that:-

- (a) if the Sellers or Purchaser (and if body corporate all its directors or number of them as shall constitute a quorum at directors meeting) is/are required to go into quarantine or to be hospitalized for having contracted the SARS, COVID-19, Avian flu (H5N1 or H7N9 or H10N8) or other infectious disease or isolated under the provisions of the Prevention and Control of Disease Ordinance (Cap.599) or other similar legislation during the period before but inclusive of the Completion Date, completion of the sale and purchase shall be postponed to on or before the day, that is within 5 Business Days after the Sellers or Purchaser (and if body corporate all its directors or number of them as shall constitute a quorum at directors meeting) is/are discharged from the quarantine or hospital or is/are no longer required to be so isolated; or
- (b) if the offices of the Sellers's Solicitors or Purchaser's solicitors is/are required to be closed for carrying out disinfecting procedure by reason of the occurrence of a case of the SARS, COVID-19, Avian flu (H5N1 or H7N9 or H10N8) or other infectious disease during the period before but inclusive of the Completion Date, completion of the sale and purchase shall be postponed to on or before the day, that is within 5 Business Days after their offices are re-open; or
- (c) if the proprietor or all the partners of the Sellers's Solicitors or Purchaser's solicitors is/are required to go into quarantine or be hospitalized for having contracted the SARS, COVID-19, Avian flu (H5N1 or H7N9 or H10N8) or other infectious disease or isolated under the provisions of the said Ordinance or other similar legislation during the period before but inclusive of the Completion Date, completion of the sale and purchase shall be postponed to on or before the day, that is within 5 Business Days of such proprietor and/or partners is/are discharged from the quarantine or hospital or is/are no longer required to be so isolated.

**SCHEDULE 1
CORPORATE INFORMATION**

Details of the Company

Name of Company:	EVER WINLAND LIMITED (永綸有限公司)
Company number:	2999587
Date of Incorporation:	3 rd December 2020
Place of Incorporation:	Hong Kong
Registered office:	Unit 6, 3 rd Floor, Siu Wai Industrial Centre, 29-33 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong.
Share capital and Issued share capital:	100 Ordinary Shares of HK\$100.00 each
Shareholders:	(1) WONG BING LUN (黃炳倫) - held 50 Shares; (2) CHOW LAI MING (周麗明) - held 50 Shares.
Director:	WONG BING LUN (黃炳倫) & CHOW LAI MING (周麗明)
Secretary:	RC Corporate Services Limited (樂施秘書服務有限公司) Whose registered office is situate at Unit 1715, 17 th Floor, Concordia Plaza, No.1 Science Museum Road, Tsimshatsui, Kowloon, Hong Kong.

SCHEDULE 2
PROPERTY

ALL THOSE 511 equal undivided 30,000th parts or shares of and in ALL THAT piece or parcel of ground registered in the Land Registry as THE REMAINING PORTION OF NEW KOWLOON INLAND LOT NO.2828, THE REMAINIGN PORTION OF SECTION A OF NEW KOWLOON INLAND LOT NO.2828 and THE REMAINING PORTION OF SUB-SECTION 2 OF SECTION A OF NEW KOWLOON INLAND LOT NO.2828 And of and in the messuages, erections and buildings thereon and now known as “FORD GLORY PLAZA ()”, No.37 Wing Hong Street, Kowloon, Hong Kong (“the Building”) TOGETHER with the sole and exclusive right and privilege to hold use occupy and enjoy ALL that UNIT A on 19th Floor of the Building;

**SCHEDULE 3
THE WARRANTIES**

1. CAPACITY AND AUTHORITY

1.1 Right, power, authority and action of the Company

- (a) The Company has the right, power and authority to own its assets and conduct its business. There have not been and are no material breaches by the Company of its constitutional documents.
- (b) The execution of this Agreement and the transfer of the Sale Shares and the assignment of the Shareholder Loan from the Sellers to the Purchaser and the assignment of the Director Loan from the Director(s) to the Purchaser do not breach any agreement and the Article of Association of the Company.

1.2 Right, power and authority of the Seller

- (a) The Sellers has full power to enter into and perform this Agreement and this Agreement and each Other Document each constitutes valid and binding obligations on the Sellers in accordance with their respective terms.
- (b) The execution and delivery of, and the performance by each Seller of its obligations under this Agreement will not result in a breach of any order, judgment or decree of any court or Authority by which that Seller is bound.

2. THE SHARES AND SHAREHOLDER LOAN/DIRECTOR LOAN

- (a)
 - (i) The 1st Seller is the sole legal and beneficial owner of the 1st Sale Shares and is entitled to sell and transfer and will at Completion sell and transfer the full legal and beneficial ownership of the 1st Sale Shares to the Purchaser or its nominees free from all Encumbrances and with all rights now and hereafter relating to the 1st Sale Shares;
 - (ii) The 2nd Seller is the sole legal and beneficial owner of the 2nd Sale Shares and is entitled to sell and transfer and will at Completion sell and transfer the full legal and beneficial ownership of the 2nd Sale Share to the Purchaser or its nominees free from all Encumbrances and with all rights now and hereafter relating to the 2nd Sale Share; and
 - (iii) The Sellers are the legal and beneficial owners of the Sale Shares and are entitled to sell and transfer and will at Completion sell and transfer the full legal and beneficial ownership of the Sale Shares to the Purchaser or its nominees free from all Encumbrances and with all rights now and hereafter relating to the Sale Shares.

- (b)
- (i) The 1st Seller is the sole legal and beneficial owner of the 1st Shareholder Loan and is entitled to sell and transfer the full legal and beneficial ownership of the 1st Shareholder Loan to the Purchaser free from all Encumbrances and with all rights relating to the 1st Shareholder Loan at the time of the assignment. The 1st Shareholder Loan represents all outstanding indebtedness or liability (whether due or not) owing from the Company to the 1st Seller immediately prior to Completion.
 - (ii) The 2nd Seller is the sole legal and beneficial owner of the 2nd Shareholder Loan and is entitled to sell and transfer the full legal and beneficial ownership of the 2nd Shareholder Loan to the Purchaser free from all Encumbrances and with all rights relating to the 2nd Shareholder Loan at the time of the assignment. The 2nd Shareholder Loan represents all outstanding indebtedness or liability (whether due or not) owing from the Company to the 2nd Seller immediately prior to Completion;
 - (iii) The Sellers are the legal and beneficial owners of the Shareholder Loans and are entitled to sell and transfer the full legal and beneficial ownership of the Shareholder Loans to the Purchaser free from all Encumbrances and with all rights relating to the Shareholder Loans at the time of the assignment. The Shareholder Loans represent all outstanding indebtedness or liability (whether due or not) owing from the Company to the Sellers immediately prior to Completion.
 - (c) The relevant Director(s) is/are the sole legal and beneficial owner(s) of the Director Loan(s) and is entitled to sell and transfer the full legal and beneficial ownership of the Director Loan to the Purchaser free from all Encumbrances and with all rights relating to the Director Loan at the time of the assignment. The Director Loan represents all outstanding indebtedness or liability (whether due or not) owing from the Company to the relevant Director(s) immediately prior to completion.
 - (d) There are no Encumbrances on, over or affecting any of the Sale Shares or any part of the issued or unissued share capital of the Company. There is no agreement or commitment to give or create any Encumbrance. No claim has been made by any person to be entitled to any Encumbrance which has not been waived in its entirety or satisfied in full.
 - (e) The Sale Shares comprise the whole of the issued and allotted share capital of the Company. All of the Sale Shares are fully paid up or credited as fully paid up.
 - (f) There is no agreement or commitment outstanding which calls for the transfer, allotment or issue of or accords to any person the right to call for the transfer, allotment or issue of any shares or debentures in the Company (including any option or right of pre-emption or conversion). No claim has been made by any person to be entitled to any such agreement or commitment.

- (g) No consent of any third party is required to be obtained in respect of the sale of the Sale shares or any of them.
- (h) The obligations of the Sellers under this Agreement and each document to be executed at or before Completion are, or when the relevant document is executed, will be binding in accordance with their terms.

2. ACCURACY AND ADEQUACY OF INFORMATION

- (a) The information given in the Schedules to the best knowledge of the Sellers is true and accurate in all respects.
- (b) The copy of the Memorandum and Articles of Association of the Company provided to the Purchaser is complete and accurate in all respects, has attached to it copies of all resolutions and other documents required by law to be so attached and fully set out the rights and restrictions attaching to each class, if any, of the share capital of the Company.
- (c) All the accounts, books, ledgers and financial and other records of the Company have been properly kept in accordance with normal business practice and are in the possession of the Company or under its control and all transactions relating to its business have been duly and correctly recorded therein and there are as at the date of this Agreement no inaccuracies or discrepancies of any kind contained or reflected in such accounts, books, ledgers and financial and other records and at the date of this Agreement they are sufficient to give a true and accurate view of the state of the Company's affairs and to explain its transactions.
- (d) The statutory books (including all registers and minute books) of the Company have been properly kept and contain (in respect of matters up to but not including Completion) an accurate and complete record of the matters which should be dealt with in those books and contain no inaccuracies or discrepancies of any kind and no notice or allegation that any of them is incorrect or should be rectified has been received.

3. COMPLIANCE WITH LEGAL REQUIREMENTS

- (a) To the best knowledge of the Sellers, compliance has been made with all legal and procedural requirements and other formalities in connection with the Company concerning:
 - (i) its Memorandum and Articles of Association or other constitutional documents (including all resolutions passed or purported to have been passed);
 - (ii) the filing of all documents required by the Companies Ordinance or other appropriate legislation to be filed with the Registrar of Companies or other appropriate regulatory bodies;
 - (iii) issues of shares, debentures or other securities;
 - (iv) directors and secretaries.
- (b) The Company is empowered and duly qualified to carry on its business in such countries in which it operates.
- (c) There has been no breach by the Company or by the Sellers (in their capacity as such) of any legislation or regulations affecting the Company or its business.
- (d) No Company is in breach of any legal or regulatory requirement relating to the identity and nationality of shareholders and any nominee structure in relation to the shares in the Company is legally effective.

4. ACCOUNTS AND ASSETS AND LIABILITIES

- (a) The Accounts:
- (i) were prepared on the same basis and in accordance with the same accounting policies consistently applied as the audited accounts of the Company and in accordance with accounting principles generally accepted in the relevant country of incorporation at the time they were prepared;
 - (ii) are complete and accurate in all respects and in particular make full provision for all established liabilities or make proper provision for (or contain a note in accordance with good accounting practice respecting) all deferred or contingent liabilities (whether liquidated or unliquidated) at the date thereof including deferred Taxation where appropriate;
 - (iii) give a true and fair view of the state of affairs and financial position of the Company at the Accounts Date thereof and of the relevant Company's results for the financial period ended on such date.
- (b) Without limitation to paragraph 4(a), to the best knowledge of the Sellers full provision has been made in the Accounts:
- (i) for depreciation of assets;
 - (ii) for any foreseeable liabilities in relation to the disposal of any assets or the cessation or diminution of any part of the business of the Company;
 - (iii) for bad or doubtful debts and all debts which were, as at the Accounts Date, more than six months overdue;
 - (iv) for all tax exposures (if any);
 - (v) in respect of all litigation; and
 - (vi) for all management fees;
- (c) The Company has no outstanding liability for Taxation of any kind which has not been provided for or is not provided for in the Accounts.
- (d) The Company has no capital commitment and is not engaged in any scheme or project requiring the expenditure of capital.
- (e) The Company owns free from Encumbrance all its undertaking and assets (save the Property) shown or comprised in the relevant Accounts and all such assets are in its possession or under its control.
- (f) The Company does not have any liability (actual or potential) which is not or will not be shown or otherwise specifically provided for in the Accounts or the Completion Accounts. .
- (g) The Company will not on Completion have any obligations or liabilities other than those disclosed in the Completion Accounts.

5. EVENTS SINCE THE ACCOUNTS DATE

5.1 General

Since the Accounts Date:

- (a) the business of the Company has been carried on in the ordinary and usual course and in the same manner (including nature and scope) as in the past, no fixed asset or stock has been written up nor any debt written off, and no unusual or abnormal contract has been entered into by the Company;
- (b) there has been no adverse change in the financial condition or prospects of the Company and the Company has incurred liabilities solely in the ordinary course of trading;
- (c) no resolution of any members of the Company in general meeting has been passed other than resolutions relating to the business of the annual general meeting which was not special business;
- (d) the Company has not declared, paid or made and is not proposing to declare, pay or make any dividend or other distribution;
- (e) the financial year end of the Company has not changed;
- (f) no event has occurred which would entitle any third party (with or without the giving of notice) to call for the repayment of indebtedness prior to its normal maturity date;
- (g) no asset of the Company has been acquired or disposed of on capital account, or has been agreed to be acquired or disposed of, otherwise than in the ordinary course of business and the Company has not disposed of or parted with possession of any of its property and assets and no liability has been created or has otherwise arisen (other than in the ordinary course of business as previously carried on);
- (h) no event has occurred which gives rise to a tax liability to the Company on deemed (as opposed to actual) income, profits or gains or which results in the Company becoming liable to pay or bear a tax liability directly or primarily chargeable against or attributable to another person, firm or company; and
- (i) no remuneration (including bonuses) or benefit payable to any officer of the Company has been increased nor has the Company undertaken any obligation to increase any such remuneration at any future date with or without retrospective effect.

5.2 Borrowings

- (a) Save for the Shareholder Loan/Director Loan, the Existing Loans and other indebtedness mentioned in the Accounts, the Company does not have any borrowings or indebtedness.
- (b) The Company will not on Completion have any outstanding borrowings or indebtedness (whether actual or contingent) other than the Shareholder Loan/Director Loan.
- (c) The Existing Loans shall be fully repaid and discharged on or before Completion.

6. **CONTRACTS, COMMITMENTS AND FINANCIAL AND OTHER ARRANGEMENTS**

- (a) There are not now outstanding, nor will there be outstanding at Completion, with respect to the Company:
 - (i) any contracts of service with directors;
 - (ii) any agreements or arrangements to which the Company is a party for profit sharing, share incentives, share options, incentive payments or payment to employees of bonuses;
 - (iii) any obligation or arrangement to pay any pension, gratuity, retirement annuity or benefit or any similar obligation or arrangement in favour of any person;
 - (iv) any agreement (whether by way of guarantee indemnity warranty representation or otherwise) under which the Company is under any actual or contingent liability in respect of:
 - (1) any disposal by the Company of its assets or business or any part thereof; or
 - (2) the obligations of any other person;
 - (v) any contract to which the Company is a party which is of a long-term and non-trading nature or which contains any unusual or unduly onerous provision disclosure of which could reasonably be expected to influence the decision of a purchaser for value of any or all of the Sale Shares;
- (b) Compliance with this Agreement does not and will not conflict with or result in the breach of or constitute a default under any agreement or instrument to which the Company is now a party or any loan to or mortgage created by the Company or relieve any other party to a contract with the Company of its obligations under such contract or entitle such party to terminate such contract, whether summarily or by notice.
- (c) The Company is under no obligation, nor is it a party to any contract, which cannot readily be fulfilled or performed by it on time and without undue or unusual expenditure of money or effort.
- (d) Save and except the Existing Encumbrances, the Company is not a party to nor has it any liability (present or future) under any loan agreement, debenture, guarantee, indemnity or letter of credit or leasing, hiring, hire purchase, credit sale or conditional sale agreement nor has it entered into any contract or commitment involving, or likely to involve, obligations or expenditure of an unusual or exceptional nature or magnitude.
- (e) There are no debts owing by the Company other than the debts which have arisen in the ordinary course of business or as are shown in the Accounts.

7. **INSOLVENCY, WINDING-UP ETC.**

- (a) No receiver, manager or the like, has been appointed of the whole or any part of the assets or undertaking of the Company or any of the Seller.
- (b) No petition has been presented, no order has been made and no resolution has been passed for the winding-up or dissolution of the Company or for a provisional liquidator to be appointed in respect of the Company.

- (c) The Company is not insolvent or unable to pay its debts within the meaning of section 178 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance Cap. 32.
- (d) No distress, execution, sequestration or other process has been levied or enforced on or against the whole or any part of the Property.
- (e) No unsatisfied judgment, order, decree, award or decision is outstanding against the Company or any of the Seller or for any person whose acts or defaults it may be vicariously liable.

8. **INSURANCE**

Currently the Company has not effected and maintains policies of insurance in an amount.

9. **LITIGATION**

- (a) The Company is not engaged (whether as plaintiff, defendant or otherwise) in any litigation or arbitration, administrative or criminal or other proceeding and no litigation or arbitration, administrative or criminal or other proceedings against the Company is pending, threatened or expected and there is no fact or circumstance likely to give rise to any such litigation or arbitration, administrative or criminal or other proceedings or to any proceedings against any director, officer or employee (past or present) of the Company in respect of any act or default for which the Company might be vicariously liable.
- (b) There is no outstanding or threatened or legal action or any claim against the Company or the Seller.

10. **THE PROPERTY**

- (a) The Company is the sole legal and beneficial owner of the Property whatsoever and will have good title to the Property at Completion in accordance with section 13 of the CPO (as if the sale and purchase contemplated under this Agreement were a sale and purchase of the Property) subject to the Existing Encumbrances which will be released and/or discharged upon Completion.
- (b) The Property is held by the Company by way of long term investment.
- (c) The Government Lease of the Property is now good, valid and subsisting and in no way void or voidable and the premium, rent and other moneys reserved by or payable under the Government Lease and the terms covenants and conditions contained in the Government Lease have been duly paid performed and observed up to the date hereof and will be duly paid performed and observed up to Completion.

- (d) The rates and all other outgoings in respect of the Property have been duly paid up to the date hereof and will be duly paid up to Completion.
- (f) There are no outstanding notices, complaints or requirements issued by any governmental body, authority or department to the Company in respect of the Property. The Sellers undertake to notify the Purchaser promptly of any notice received by them or the Company, from any governmental body, authority or department relating to any of the aforesaid matters.
- (g) There are no outstanding actions, disputes, claims or demands against the Company.
- (h) The Property is and will be subject to and with the benefit of the existing tenancy agreement and lettings upon completion.
- (l) The Property is the Company's only major asset.

11. **DELINQUENT ACTS**

The Company has not committed nor is it liable for any criminal, illegal, unlawful or unauthorised act or breach of any obligation whether imposed by or pursuant to statute, contract or otherwise.

12. **TAX RETURNS**

- (a) Save where otherwise disclosed, the Company has, in respect of all years of assessment since incorporation falling before the date of this Agreement, made or caused to be made all proper returns, and has supplied or caused to be supplied all information regarding taxation matters which it is required to make or supply to any tax authority (wherever situated) and there is at the date hereof no dispute or disagreement nor is any contemplated with any such authority regarding the Company's liability or potential liability to any tax or duty (including in each case penalties and interest) or regarding the availability to the Company of any relief from tax or duty.
- (b) The Company has sufficient records relating to past events during the years prior to the date of this Agreement to calculate the tax liability or relief which would arise on any disposal or realisation of any asset owned at the date of this Agreement.
- (c) The Company has submitted or will submit all claims and disclaimers which will be assumed to have been made for the purposes of the Accounts.

13. **STAMP AND OTHER DUTIES**

The Company has paid promptly all sums payable by it under the Stamp Duty Ordinance, the Companies Ordinance and any other Ordinance or legislation and no sums are presently payable by the Company under any such Ordinance or legislation.

14. **EMPLOYMENT**

The Company has no employee.

15. **POWERS OF ATTORNEY**

The Company has given no power of attorney or other authority (express, implied or ostensible) which is outstanding or effective to any person to enter into any contract or commitment on its behalf.

16. **ARRANGEMENTS BETWEEN THE COMPANY AND THE SELLER**

No indebtedness (actual or contingent) and no contract or arrangement is outstanding between the Company on the one part and any Seller on the other part (save and except the Shareholder Loan).

17. **COMPLIANCE WITH LAWS**

- (a) The Company conducts its business in compliance with applicable laws in all material respects.
- (b) As at the date of this Agreement, there is no outstanding investigation or enquiry by, or order, decree, decision or judgment of, any court, tribunal, arbitrator, governmental agency or regulatory body against the Company.

SCHEDULE 4
MATTERS TO BE TRANSACTED AT COMPLETION

At Completion:

1. SELLER'S OBLIGATIONS

Each Seller shall deliver to the Purchaser or procure the delivery to the Purchaser:

- (a) two (2) executed instruments of transfer and bought and sold notes in respect of the Sale Shares of each Seller in favour of the Purchaser and/or his/her nominee(s) together with the related share certificate(s) for such Sale Shares;
- (b) the minutes/resolutions of the board meeting held under paragraph 2 of this Schedule;
- (c) the counterpart of the Tax Deed duly executed by each Seller and the Company, the counterpart of Assignment of Shareholder Loan of each Seller, duly executed by each Seller and acknowledged by the Company and the counterpart of Assignment of Director Loan of the Director, duly executed by the Director and acknowledged by the Company;
- (d) without prejudice to clause 3.4(b) of this Agreement, letters of resignation duly executed under seal, from all the existing directors, secretary and other officers of the Company in the agreed form, in each case, resigning their offices, acknowledging that they have no outstanding claims whether for compensation for loss of office or on any other grounds whatsoever, and releasing the Company from all claims and rights of action whatsoever;
- (e) in respect of the Company, the statutory and minutes books (which shall be written up to but not including the date of Completion), all issued and unissued certificates contained in the share certificate books; all chops, common seal, certificate of incorporation (and any certificate of incorporation on change of name, if any), business registration certificates (past and current), together with all copies of the memorandum and articles of association, bank statements, all accounting records, all audited accounts, books of account shall cover at least the past 7 years from the date of this Agreement (all complete and written up to Completion), copies of all tax return(s) filed and related correspondence (if any), tax assessments (where applicable), all contracts (if any) to which the Company is a party and all other documents, correspondence and records relating to the affairs of the Company;
- (f) Keys of the Property including key of letter box, the Resident Smart Cards (if any);
- (g) all title deeds and documents in respect of the Property (excluding Legal Charge/Mortgage Memorial No.21042200470200 and Deed of Assignment of Rental Income Memorial No.21042200470217 and its Discharge;

- (h) the relevant minutes of a meeting duly signed or written resolutions, of director(s) and shareholder(s) of the corporate each Seller authorising the execution by such corporate Seller of this Agreement and the other Documents and the consummation of the transactions contemplated hereunder;
- (i) vacant possession of the Property;
- (j) the schedule of landed properties (I.R.S.D 102) duly completed and signed;
- (k) Forms ND4 duly signed by the resigning directors and secretary;
- (l) Forms ND2A duly signed by a resigning director/secretary for notice of change of director(s) and secretary;
- (m) Form NR1 duly signed by a resigning director/secretary; and
- (n) Proof(s) of cancellation of all the bank account(s) of the Company (if any).

2. **BOARD MEETINGS**

The Sellers shall procure a board meeting to be held of the Company at which resolutions shall be passed (where appropriate):

- (a) to approve and give effect to all of the matters referred to in paragraph 1 above;
- (b) to approve the Purchaser and their nominees for registration as the holders of the Sale Share;
- (c) to accept the resignation of the director(s), secretary, auditor and other officers referred to in paragraph 1(d) above and to appoint as new director(s), secretary and auditor of the Company, such persons as the Purchaser may require, all with effect from the completion Date, save and except the resignation of the auditor with effect from the date of resignation not later 30 days after completion;
- (d) the revocation of all existing bank mandates;
- (e) the change of the situation of the registered office of the Company to such place as the Purchaser may direct with effect from close of business on the Completion Date; and
- (f) to deal with and resolve upon such other matters as the Purchaser shall reasonably require for the purposes of giving effect to the provisions of this Agreement.

3. **PURCHASER'S OBLIGATIONS**

The Purchaser shall:

- (a) pay the Completion the Consideration in accordance with Clauses 3.3 and 3.5;
- (b) deliver to the Sellers a counterpart of each of the following:
 - (i) the Tax Deed duly executed by the Purchaser;
 - (ii) the Seller's Assignment of Shareholder Loan executed by the Purchaser; and
 - (iii) the Director's Assignment of Director Loan executed by the Purchaser.

SCHEDULE 5
RESTRICTED ACTION PENDING COMPLETION

Each Seller shall ensure that the Company shall not do nor agree (conditionally or unconditionally) to do any of the following:

1. Dispose of, or grant any option or right of pre-emption in respect of, or acquire, any fixed asset of the Company.
2. Enter into any transaction, agreement, contract or commitment or acquire or dispose of any interest in any asset or assume or incur, or agree to assume or incur, a liability, obligation or expense (actual or contingent) except in the ordinary course of business.
3. Enter into any joint venture, partnership, profit share or, save in the ordinary course of business.
4. Create, extend, grant or issue any mortgage, charge, debenture, pledge, lien, encumbrance or other security or third party right (other than liens arising in the ordinary course of business) over any of the assets or the undertaking of the Company.
5. Create, extend or grant any guarantee, indemnity, performance bond or other security or contingent obligation in the nature of a financial obligation including letters of comfort or support, save in each case in respect of letters of credit and similar instruments, utility guarantees and otherwise in the ordinary course of business.
6. Create, allot or issue any shares, loan capital, securities convertible into shares or any option or right to subscribe in respect of any shares, loan capital or securities convertible into shares.
7. Declare, pay or make any dividend or distribution.
8. Incur any liability in the nature of a borrowing.
9. Make or agree to make any capital commitment or approve any capital expenditure.
10. Alter the provisions of its Memorandum or Articles of Association or other constitutional documents or adopt or pass regulations or resolutions inconsistent with them.
11. Reduce the share capital of the Company.
12. Enter into, amend, terminate or dispose of any tenancy or lease agreement in respect of the Property or any part thereof or acquire or dispose of any interest in the Property or any part thereof.
13. Appoint any directors, secretaries or attorneys.
14. Start any civil, criminal, arbitration or other proceedings.
15. Other than in the ordinary course of its business, not to settle, compromise, release, discharge or compound any civil, criminal, arbitration or other proceedings or any liability, claim, action, demand or dispute or waive any right in respect of the foregoing.
16. Pass any resolution in general meeting (other than any resolution constituting ordinary business conducted at an annual general meeting).
17. Make or issue any return or correspondence in connection with Taxation.

SCHEDULE 6
PREPARATION OF COMPLETION ACCOUNTS AND
ADJUSTMENT TO CONSIDERATION

1. PREPARATION OF COMPLETION ACCOUNTS

1.1 Completion Accounts

The Sellers shall procure that, on or before five (5) Business Days prior to (but excluding) the Completion Date, an un-audited statement of financial position of the Company, as at the close of business on the Completion Date and the income statement of the Company for the period from 1st July 2021 to the Completion Date be prepared, which shall be so prepared:

- (a) to reflect that all monies received and receivable and outgoings paid and payable in respect of the Property shall be apportioned so that all such monies and outgoings up to and inclusive of the Completion Date shall effectively be for the account of the Seller and all such monies and outgoings as from and exclusive of the Completion Date shall effectively be for the account of the Purchaser; and
- (b) subject to paragraphs (a), in accordance with the same accounting and valuation policies, principles, bases and methods applied on a consistent basis as used in preparing the Accounts or, if not referred to therein in accordance with Hong Kong generally accepted accounting principles.

2. DELIVERY TO THE PURCHASER

Following preparation of the Completion Accounts referred to in paragraph 1.1, the Sellers shall procure that such accounts be certified to be true and correct by the director of the Company and delivered to the Purchaser five(5) business days prior to the Completion Date for review by the Purchaser and/or the Purchaser's Accountants.

3. ACCESS TO BOOKS AND RECORDS

The Sellers shall procure that the Company provides such reasonable access to their respective books and records, calculations and working papers and give such assistance as the Purchaser or the Purchaser's Accountants may reasonably request in order to review and audit Completion Accounts.

SCHEDULE 7
FORM OF ASSIGNMENT OF SHAREHOLDER LOAN

Dated the day of 2022

[the relevant Seller]

and

TREASURE SUCCESS INTERNATIONAL LIMITED

ASSIGNMENT OF SHAREHOLDER LOAN/
DIRECTOR'S LOAN

THIS ASSIGNMENT is dated and made between:

- (1) [*] (Holder of Hong Kong Identity Card No.) of House 12, Custom Pass 18, Fei Ngo Sha Road, Sai Kung, New Territories, Hong Kong. (“Assignor”); and
- (2) **TREASURE SUCCESS INTERNATONAL LIMITED (寶陸國際有限公司)** whose registered office is situate at Unit A on 19th Floor, Ford Glory Plaza, No.37 Wing Hong Street, Kowloon, Hong Kong (“Assignee”).

BACKGROUND

- (A) The Assignor is a shareholder of EVER WINLAND LIMITED (永綸有限公司) (“Company”).
- (B) The Company is indebted to the Assignor in the amount of HK\$ (“Loan”).
- (C) Under an agreement dated 2022 and made between (inter alia) the Assignor and the Assignee (“Sale and Purchase Agreement”), the Assignor has agreed to sell all its share in the Company to the Assignee.
- (D) The Assignor agrees to assign and transfer, and the Assignee agrees to take an assignment and transfer of, the Loan on and subject to the terms and conditions of this Assignment.
- (E) Save and except the Loan, the Assignor acknowledge and confirm that the Company is not indebted to the Assignor in whatsoever manner as at the date hereof.

BY WHICH IT IS AGREED as follows:

1. **ASSIGNMENT AND CONSIDERATION**

In consideration of the payment by the Assignee to (inter alia) the Assignor of the Consideration (as defined in the Sale and Purchase Agreement) (receipt of which is acknowledged by the Assignor), the Assignor, as beneficial owner, assigns and transfers to the Assignee absolutely all his/her/its rights, title, benefits and interests in and to the Loan free from all claims, charges, liens, encumbrances, option and equities of any kind whatsoever. As from the date of this Assignment, the Assignee shall be solely and absolutely entitled to such rights, title, benefits and interests in and to the Loan to the exclusion of the Assignor.

2. **WARRANTIES**

The Assignor represents and warrants to the Assignee that:

- (a) the Loan is non-interest bearing and is repayable by the Company to the Assignor on demand;
- (b) the Loan is due and payable and is valid and subsisting and free from all or any encumbrance, compromise, release, waiver and dealing or any agreement for any of the same, and is owing by the Company to the Assignor without any default on the part of the Company;
- (c) the Loan has an outstanding principal amount of and constitutes the entire sum repayable by the Company to the Assignor; and
- (d) the Assignor has all the right, authority and power to assign his/her/its right and title in and to the Loan in the manner as set out in this Assignment.

3. **EXPENSES**

3.1 **Costs**

Each of the parties is responsible for that party's own legal and other expenses incurred in the negotiation, preparation and completion of this Assignment.

3.2 **Stamp Duty**

Any stamp duty or other tax or duty payable in respect of the transactions contemplated in this Assignment shall be borne by the Assignee solely.

4. **LAW AND JURISDICTION**

4.1 **Governing Law**

This Agreement is governed by and will be construed in accordance with Hong Kong law.

4.2 **Hong Kong Jurisdiction**

The parties submit to the non-exclusive jurisdiction of the Hong Kong courts and each party waives any objection to proceedings in Hong Kong on the grounds of venue or inconvenient forum.

4.3 **Contracts (Rights of Third Parties) Ordinance**

The parties do not intend any term of this Assignment to be enforceable by any person who is not a party to this Assignment pursuant to the Contracts (Rights of Third Parties) Ordinance (Cap.623) (the "CRTPO") and agree that this Assignment shall be excluded from the application of the CRTPO.

5. **FURTHER ASSURANCE**

Each party shall do and shall use reasonable endeavours to procure any third party to do whatever is necessary to give effect to this Assignment.

6. **SUCCESSORS**

This Assignment is binding on the successors of each party.

EXECUTED as a deed under seal by the parties

SIGNED SEALED AND DELIVERED)
)
By)
)
)
)
in the presence of :)

We confirm that we have been notified of the assignment referred to in this Assignment. We acknowledge and confirm that as from the date of this Assignment the Loan is owed to the Assignee and the Assignee is entitled at any time and from time to time to require repayment of all or part of the Loan and we will make any payments due in respect of the Loan to the Assignee.

For and on behalf of
EVER WINLAND LIMITED

SEALED with the COMMON SEAL of)
)
the Assignee and SIGNED by)
)
)
in the presence of :)
)
)
)

**SCHEDULE 8
FORM OF TAX DEED**

Dated the day of 2022

**WONG BING LUN (黃炳倫) &
CHOW LAI MING (周麗明)**

and

**TREASURE SUCCESS INTERNATIONAL LIMITED
(寶陞國際有限公司)**

DEED OF INDEMNITY
in respect of
TAXATION

BETWEEN

- (1) (a) **WONG BING LUN (黃炳淪)** (Holder of Hong Kong Identity Card No.[*] of House 12, Custom Pass 18, Fei Ngo Sha Road, Sai Kung, New Territories, Hong Kong (the "1st Seller");

(b) **CHOW LAI MING (周麗明)** (Holder of Hong Kong Identity Card No.[*] of the same address above (the "2nd Seller").
- (2) **TREASURE SUCCESS INTERNATIONAL LIMITED (寶陞國際有限公司)** whose registered office is situate at Unit A, 19th Floor, Ford Glory Plaza, No.37 Wing Hong Street, Kowloon, Hong Kong ("Purchaser") for themselves and as trustee for **EVER WINLAND LIMITED (永綸有限公司)** ("Company");

BY WHICH IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Deed, unless the context requires otherwise:

"Agreement" means the agreement dated 2022 between the Sellers and the Purchaser relating to the sale and purchase of the entire issued share capital of the Company;

"Claim" includes any assessment, notice, demand or other document issued or action taken by or on behalf of the Inland Revenue Department of Hong Kong or any other statutory or central, provincial, regional or local governmental authority whatsoever in Hong Kong which it appears that the Company is liable or is sought to be made liable for any payment of any form of Taxation or to be deprived of any Relief which Relief would, but for the Claim, have been available to the Company;

"Relief" includes any relief, allowance, set-off or deduction in computing profits or credit or right to repayment of Taxation granted by or pursuant to any legislation concerning or otherwise relating to Taxation;

"Tax Authority" means any government, state, municipality or any local state, federal or other fiscal, revenue, customs or excise authority, body or official applicable to the Company in Hong Kong; and

"Taxation" means:

- (i) any liability to any form of taxation whenever created or imposed and whether of Hong Kong and without prejudice to the generality of the foregoing includes profits tax, provisional profits tax, income tax, interest tax, salaries tax, property tax, estate duty, death duty, capital duty, stamp duty, payroll tax, withholding tax, rates, customs and excise duties and generally any tax, duty, impost, levy or rate or any amount payable to the revenue, customs or fiscal authorities of Hong Kong; and

- (ii) all costs, interest, penalties, charges, fines and expenses incidental or relating to the liability to taxation or the deprivation of Relief or of a right to repayment of taxation which is the subject of the indemnity given by the Seller pursuant to this Deed to the extent that the same is/are payable or suffered by the Company.
- 1.2 In addition and without prejudice to Clause 1.1, words and expressions defined in the Agreement shall, unless the context otherwise requires, have the same meanings when used herein.
- 1.3 In this Deed, unless otherwise stated, references to Clauses are to clauses of this Deed, words importing the singular include the plural and vice versa, words importing a gender include any gender and references to persons include bodies corporate or unincorporate.
- 1.4 Headings are for convenience only and shall not affect the construction of this Deed.
- 1.5 In the event of any deprivation of any Relief, there shall be treated as an amount of Taxation for which liability has arisen the amount of such Relief multiplied by the relevant rates of Taxation in force in the period or periods in respect of which Relief would have applied or (where the rate has at the relevant time not been fixed) the last known rate and assuming that such amount of Relief was capable of full utilisation by the Company.

2. INDEMNITY

- 2.1 Subject as hereinafter provided, the Sellers hereby covenant and agree with the Purchaser (for themselves and as trustee for the Company) that they will fully and effectually indemnify and at all times keep fully and effectually indemnified the Company and the Purchaser from and against:
- (a) the amount of any and all Taxation falling on the Company resulting from or by reference to any income, profits, gains, transactions, employment of personnel, events, matters or things earned, accrued, received, entered into or occurring **up to the date hereof**, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such Taxation is chargeable against or attributable to any other person, firm or company, including any and all Taxation resulting from the receipt by the Company or the Purchaser of any amounts paid by any of the Sellers under this Deed; and
 - (b) any and all costs (including all legal costs), expenses or other liabilities which the Company or the Purchaser may reasonably and properly incur in connection with:
 - (i) the settlement in favour of the Company or the Purchaser of any claim under this Deed;
 - (ii) any legal proceedings in which the Purchaser or the Company claims under or in respect of this Deed and in respect of which judgment is given for the Purchaser or the Company; or
 - (iii) the enforcement of any such settlement or judgment.

2.2 Any payments under this Deed for which the Sellers are liable shall be so payable not later than on the following dates:

- (a) if the Taxation liability giving rise to a claim under this Deed involves an actual payment of Taxation by the Company, [five] Business Days before the date on which that Taxation becomes due and payable to the relevant Taxation authorities;
- (b) if the Taxation liability giving rise to a claim under this Deed involves a denial or loss in whole or in part of a Relief, the date falling [five] Business Days after the date when the Sellers have been notified by either the Company or the Purchaser that the auditors for the time being of the Company or the Purchaser (as the case may be) have certified at the request of the Purchaser or the Company (as the case may be) that there has been such a denial or loss of the whole or part of a Relief; and
- (c) if any costs become payable by the Company or the Purchaser in connection with any Taxation liability or any of the provisions of this Deed, no more than [five] Business Days before that the Company or the Purchaser (as the case may be) becomes liable to pay such costs,

and the Sellers further jointly and severally covenant with the Company and the Purchaser that they will pay (at the direction of the Purchaser) to the Company or the Purchaser an amount equal to any loss, cost, expense or liability which the Company or the Purchaser may suffer or incur by reason of payment thereof later than the date specified in this Clause 2.2 (it being acknowledged by the Sellers that payment of Taxation is not intended to take place until after receipt of such funds and is to be effected by utilisation of the same).

2.3 This indemnity does not cover any Claim and the Sellers shall be under no liability under this Deed in respect of Taxation:

- (a) to the extent that provision is made for such Taxation in the Accounts;
- (b) for which the Company is primarily liable as a result of transactions in the ordinary course of normal day to day trading operations since the Accounts Date;
- (c) to the extent that such Taxation or Claim arises or is incurred as a result of the imposition of Taxation as a consequence of any retrospective change in the law or interpretation thereof coming into force after the date hereof or to the extent such Claim arises or is increased by an increase in rates of Taxation after the date hereof with retrospective effect; or
- (d) unless written particulars of the Claim (stating in reasonable detail the specific matters and amount in respect of which the Claim is made) shall have been notified in writing to the Sellers before the expiry of a period of six (6) months following the date on which the relevant statute of limitations would apply so as to prevent the relevant Tax Authority from making the relevant claim against the Company.

3. **CLAIMS**

- 3.1 In the event of any Claim arising, the Company shall, by way of covenant but not as a condition precedent to the liability of the Sellers hereunder, give or procure that notice thereof is given, as soon as reasonably practicable, to the Sellers and, as regards any Claim, the Company shall take such action as the Sellers may by notice reasonably require to cause the Claim to be withdrawn, or to dispute, resist, appeal against, compromise or defend the Claim and any determination in respect thereof, but subject to the Company or the Purchaser (as the case may be) being indemnified and secured to its reasonable satisfaction by the Sellers from and against any and all losses, liabilities (including additional Taxation), damages, interest, penalties, costs, charges and expenses which may be thereby sustained or incurred.
- 3.2 Without the prior approval of the Sellers, the Purchaser shall make no settlement of any Claim nor agree any matter in the course of disputing any Claim likely to affect the amount thereof or the future Taxation liability of the Company.

4. **PAYMENTS FREE OF WITHHOLDING, ETC.**

- 4.1 All payments made by the Sellers under this Deed shall be made gross, free of any right of counterclaim or set-off and without deduction or withholding of any kind other than any deduction or withholding required by law.
- 4.2 If the Sellers make a deduction or withholding required by law from a payment under this Deed, the sum due from the Sellers shall be increased to the extent necessary to ensure that, after the making of any deduction or withholding, the recipient receives a sum equal to the sum it would have received had no deduction or withholding been made.
- 4.3 If a payment under Clause 2 or Clause 3 will be or has been subject to Taxation, the Sellers shall on demand from the recipient pay to the recipient the amount (after taking into account Taxation payable in respect of the amount) that will ensure that the recipient receives and retains a net sum equal to the sum it would have received had the payment not been subject to Taxation.

5. **REFUNDS**

If, after the Sellers have made any payment pursuant to this Deed, the Company shall receive a refund of all or part of the relevant Taxation, the Company shall repay to the Sellers a sum corresponding to the balance of the refund remaining after deducting the aggregate of (i) any costs, charges and expenses payable or sustained or incurred by the Company and/or the Purchaser in recovering such refund, and (ii) the amount of any additional Taxation which may be suffered or incurred by the Company in consequence of such refund.

6. **NOTICES**

The provisions of Clause 20 of the Agreement (mutatis mutandis) shall be incorporated in and be deemed to be part of this Deed.

7. **BINDING EFFECT**

This Deed shall enure to the benefit of and be binding on each party and their respective successors and assigns.

8. **ENTIRETY OF DEED AND SEVERABILITY**

8.1 The terms and conditions herein contained constitute the entire agreement between the parties relating to the subject matter hereof and shall supersede all previous communications, oral or written, between the parties with respect to the subject matter hereof which are inconsistent with the provisions of this Deed.

8.2 Any provision of this Deed prohibited by or unlawful or unenforceable under any applicable law actually applied by any court of competent jurisdiction shall, to the extent required by such law, be severed from this Deed and rendered ineffective so far as is possible without modifying the remaining provisions of this Deed. Where, however, the provisions of any such applicable law may be waived, they are hereby waived by the parties hereto to the full extent permitted by such law to the end that this Deed shall be valid, binding and enforceable in accordance with its terms.

9. **AMENDMENT**

This Deed may be varied, amended or modified only by agreement under seal of all parties.

10. **RELEASE OF OBLIGATIONS**

Any liability of the Seller under this Deed may, in whole or in part, be released, compounded or compromised by the Company and/or the Purchaser, in its/their sole and absolute discretion, and time or any other indulgence may be granted to the Seller by the Company and/or the Purchaser, in its/their sole and absolute discretion, without in any way prejudicing or affecting any of its/their other rights, powers or remedies against the Sellers under any other liability hereunder.

11. **LAW AND JURISDICTION**

This Deed shall be governed by and construed in all respects in accordance with the laws of Hong Kong and the parties irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts in relation to any proceedings arising out of or in connection with this Deed.

12. **Contracts (Rights of Third Parties) Ordinance**

The parties do not intend any term of this Deed to be enforceable by any person who is not a party to this Deed pursuant to the Contracts (Rights of Third Parties) Ordinance (Cap.623) (the "CRTPO") and agree that this Deed shall be excluded from the application of the CRTPO.

EXECUTED as a deed under seal by the parties

The Seller

SIGNED SEALED AND DELIVERED)

)

By the 1st Seller)

)

in the presence of:-)

SIGNED SEALED AND DELIVERED)
)
By the 2nd Seller)
)
)
)
in the presence of :)

The Purchaser

SEALED with the COMMON SEAL of

The Purchaser AND SIGNED by

in the presence of :

)
)
)
)
)
)
)
)
)
)

IN WITNESS whereof this Agreement has been duly executed on the date first above written.

The Sellers

The 1st Seller

SIGNED by WONG BING LUN,)
)
)
)
)
in the presence of:)

/s/ WONG BING LUN

/s/ Huen Kwok Chung
Solicitor, Hong Kong SAR
Huen & Cheung Solicitors

The 2nd Seller

SIGNED by CHOW LAI MING)
)
)
)
)
in the presence of :)
)

/s/ CHOW LAI MING

/s/ Huen Kwok Chung
Solicitor, Hong Kong SAR
Huen & Cheung Solicitors

The Purchaser

SIGNED by Mr. Choi Lin Hung,)
Director)

/s/ Choi Lin Hung

For and on behalf of the Purchaser)

in the presence of :)

/s/ Li Man Wa)
Clerk to Messrs. Augustine C. Y. Tong & Co.)
Solicitor, HKSAR.)

(hereby verify the signature of Li Man Wa)
(/s/ AUGUSTINE CHOR YIN TONG)
(MESSRS. AUGUSTINE C.Y. TONG & CO.))

SIGNED by the Guarantor in)

(signature not recognizable)

in the presence of: -)

/s/ Huen Kwok Chung)
Solicitor, Hong Kong SAR)
Huen & Cheung Solicitors)

RECEIVED on or before the day and year first above written of and from the Purchaser the above mentioned Deposit of a sum of HK\$9,900,000.00

/s/ Messrs. Huen & Cheung

Messrs. Huen & Cheung, Solicitors
for the Sellers as stakeholder.

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
Mustafa and Kamal Ashraf Trading Company (Jordan) for the Manufacture of Ready-Make Clothes LLC	Jordan
Jiangmen Treasure Success Business Consultancy Co., Ltd.	PRC
Jerash Supplies, LLC	Delaware



CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements of Jerash Holdings (US), Inc. on Form S-3 (File No. 333-231395, File No. 333-258447 and File No. 333-264265) and the Registration Statements on Form S-8 (File No. 333-223916 and File No. 333-255028) of our report dated June 27, 2022 relating to our audits of the consolidated financial statements of Jerash Holdings (US), Inc. for the years ended March 31, 2022 and 2021, which appears in the annual report on Form 10-K of Jerash Holdings (US) Inc. filed with the Securities and Exchange Commission on June 27, 2022.

/s/ Friedman LLP

New York, New York

June 27, 2022

**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 27, 2022

/s/ Choi Lin Hung

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

**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 27, 2022

/s/ Gilbert K. Lee

Gilbert K. Lee

Chief Financial Officer (Principal Financial Officer
and Principal Accounting Officer)

**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, 2022 (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 27, 2022

/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.

**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, 2022 (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 27, 2022

/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.