PGIC INVESTMENT LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

PGIC INVESTMENT LIMITED

CONTENTS

PGIC INVESTMENT LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the annual audited financial statements of the Company for the year ended March 31, 2019.

PRINCIPAL ACTIVITY

The principal activity of the Company is property investment.

RESULTS AND APPROPRIATIONS

The results of the Company for the year ended March 31, 2019 are set out in the statement of profit or loss and other comprehensive income on page 7.

The directors do not recommend the payment of any dividend for the year.

SHARE CAPITAL

Details of share capital of the Company are set out in Note (13) to the financial statements.

PROPERTY

Movements in property are set out in Note (10) to the financial statements.

DIRECTORS

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

Deepak Kumar SETH	
Pulkit SETH	
Sumit LATH	(Appointed on March 28, 2019)
Vinod Ramanlal KANTHARIA	(Resigned on March 28, 2019)

In accordance with Article 22 of the Company's Articles of Association, all directors continue in office for the ensuing year.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

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

BUSINESS REVIEW

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

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors was in force during the year and up to the date of this report.

AUDITORS

The Company's auditors, Messrs. Louis Lai & Luk CPA Limited, retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Deepak Kumar SETH
Chairman

Hong Kong, May 27, 2019.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
PGIC INVESTMENT LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of PGIC Investment Limited ("the Company") set out on pages 7 to 31, which comprise the statement of financial position as at March 31, 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Fundamental Uncertainty Relating to the Going Concern Basis

In forming our opinion, we have considered the adequacy of the disclosure made in Note (2b) to the financial statements concerning the adoption of the going concern basis on which the financial statements have been prepared. The financial statements have been prepared on a going concern basis, the validity of which depends upon ongoing support from the Company's immediate holding company and the attaining of profitable and positive cash flow operations, and the Company may turn to a commercially viable concern. The financial statements do not include any adjustments that may be necessary should the implementation of such measures become unsuccessful.

We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

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INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBER OF
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Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those charged with Governance for the Financial Statements

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

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

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

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INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBER OF
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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622) and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBER OF
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Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, May 27, 2019.

PGIC INVESTMENT LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2019

	NOTES	2019	2018
		US$	US$
REVENUE	(2p)	-	-
OTHER INCOME AND GAINS	(5)	402	-
DEPREICATION EXPENSES		(38,887)	-
OTHER OPERATING EXPENSES		(8,196)	(1,556)
LOSS FROM OPERATION		(46,681)	(1,556)
FINANCE COSTS	(6)	(8,369)	-
LOSS BEFORE TAXATION	(7)	(55,050)	(1,556)
TAXATION	(9)	-	-
LOSS FOR THE YEAR		(55,050)	(1,556)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(55,050)	(1,556)

THE NOTES ON PAGES 11 TO 31 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PGIC INVESTMENT LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

	NOTES	2019	2018
		US$	US$
Non-Current Assets			
Property	(10)	5,900,493	-
Deposit paid	(11)	-	1,363,066
		5,900,493	1,363,066
Current Assets			
Deposits and prepayments		28,712	-
Cash and cash equivalents		28,121	2,469
		56,833	2,469
Current Liabilities			
Amount due to immediate holding company	(12)	6,015,259	1,368,538
Accruals		763	643
		6,016,022	1,369,181
Net Current Liabilities		(5,959,189)	(1,366,712)
NET LIABILITIES		(58,696)	(3,646)
DEFICIT			
Share capital	(13)	1	1
Accumulated losses		(58,697)	(3,647)
TOTAL DEFICIT		(58,696)	(3,646)

APPROVED BY THE BOARD OF DIRECTORS ON MAY 27, 2019 AND SIGNED ON BEHALF OF THE BOARD BY:

Deepak Kumar SETH
Director

Pulkit SETH
Director

THE NOTES ON PAGES 11 TO 31 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PGIC INVESTMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2019

	Share capital	Accumulated losses	Total
	US$	US$	US$
At April 1, 2017	1	(2,091)	(2,090)
Total comprehensive loss for the year	-	(1,556)	(1,556)
At March 31, 2018 and April 1, 2018	1	(3,647)	(3,646)
Total comprehensive loss for the year	-	(55,050)	(55,050)
At March 31, 2019	1	(58,697)	(58,696)

THE NOTES ON PAGES 11 TO 31 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PGIC INVESTMENT LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(55,050)	(1,556)
Adjusment for:		
Depreciation	38,887	-
Mortgage loan interest	8,369	-
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(7,794)	(1,556)
Decrease/(Increase) in deposit paid	1,363,066	(193,535)
Increase in deposits and prepayments	(28,712)	-
Increase in amount due to immediate holding company	4,646,721	192,890
Increase in accrued expenses	120	643
Cash generated from /(used in) operations	5,973,401	(1,558)
Interest paid	(8,369)	-
Net cash generated from /(used in) operating activities	5,965,032	(1,558)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment to acquire property	(5,939,380)	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	25,652	(1,558)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2,469	4,027
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	28,121	2,469

THE NOTES ON PAGES 11 TO 31 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PGIC INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

PGIC Investment Limited is a company incorporated in Hong Kong with limited liability. Its principal activity is investment holding. The address of its registered office is Unit 801-3, 8/F., 9 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong. The directors consider that the ultimate holding company and immediate holding company of the Company are Pearl Global Industries Limited and Pearl Global (HK) Limited respectively. The ultimate holding company and immediate holding company are incorporated in India and Hong Kong respectively. The shares of the ultimate holding company are listed on the Bombay Stock Exchange and National Stock Exchange in India.

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS(s)") (which also include Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)")) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The financial statements have been prepared under the historical cost convention and are presented in United States Dollars ("US$"), which is also the Company's functional and presentation currency.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note (4) to the financial statements.

b. Going Concern

The immediate holding company has confirmed their willingness to provide such financial assistance as is necessary to maintain the Company as a going concern. On the strength of this assurance, the financial statements have been prepared on a going concern basis.

c. Changes in Accounting Policies and Disclosures

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Company. Of these the following developments are relevant to the Company's financial statements:

(i) HKFRS 9, Financial instruments
(ii) HKFRS 15, Revenue from contracts with customers

None of these developments have had a material effect on how the Company's results and financial position for the current or prior periods have been prepared or presented.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

c. Changes in Accounting Policies and Disclosures (Cont'd)

(i) HKFRS 9, Financial instruments, including the amendments to HKFRS 9, Prepayment features with negative compensation

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Company has applied HKFRS 9 retrospectively to items that existed at April 1, 2018 in accordance with the transition requirements and there is no material effect of Company's financial results and financial position.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

A. Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-tomaturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

For an explanation of how the Company classifies and measures financial assets and recognises related gains and losses under HKFRS 9, see respective accounting policy notes in notes (2g) and (2h).

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at April 1, 2018 have not been impacted by the initial application of HKFRS 9.

The Company did not designate or de-designate any financial asset or financial liability at FVPL at April 1, 2018.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

c. Changes in Accounting Policies and Disclosures (Cont'd)

(i) HKFRS 9, Financial instruments, including the amendments to HKFRS 9, Prepayment features with negative compensation (Cont'd)

B. Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at April 1, 2018. Accordingly, the information presented for 2018 continues to be reported under HKAS 39 and thus may not be comparable with the current period.
- The following assessments have been made on the basis of the facts and circumstances that existed at April 1, 2018 (the date of initial application of HKFRS 9 by the company):
  - the determination of the business model within which a financial asset is held; and
  - the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).
- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(ii) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Company has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at April 1, 2018. Therefore, comparative information has not been restated and continues to be reported under HKASs 11 and 18. As allowed by HKFRS 15, the Company has applied the new requirements only to contracts that were not completed before April 1, 2018.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

c. Changes in Accounting Policies and Disclosures (Cont'd)

(ii) HKFRS 15, Revenue from contracts with customers (Cont'd)

Further details of the nature and effect of the changes on previous accounting policies are set out below:

A. Timing of revenue recognition

Previously, revenue arising from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:
- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Company recognises revenue from sales of goods.

B. Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

Previously, the Company only applied such a policy when payments were significantly deferred, which was not common in the Company's arrangements with its customers. The Company did not apply such a policy which payments were received in advance.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

c. Changes in Accounting Policies and Disclosures (Cont'd)

(ii) HKFRS 15, Revenue from contracts with customers (Cont'd)

C. Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Company has an unconditional right to consideration. If the Company recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset.

Similarly, a contract liability, rather than a payable, is recognised when a customer pays non-refundable consideration, or is contractually required to pay non-refundable consideration and the amount is already due, before the Company recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The adoption of HKFRS 15 does not have a significant impact on the presentation of Company's contract assets and liabilities.

d. Property

Property is stated at cost less accumulated depreciation and accumulated identified impairment loss, if any.

Leasehold land and building comprises leasehold land portion and building portion which are dealt with separately for accounting purposes. The incidental costs for acquiring the leasehold land and building are proportionate to the cost of leasehold land and the cost of building base on the valuation report.

The building portion is depreciated on a straight-line basis over the period of its estimated useful life or the lease term, whichever is shorter. The lease term is deemed to be expired on June 30, 2047.

The leasehold land portion is depreciated over the lease term, which is deemed to be expired on the original land lease expiry date or June 30, 2047, whichever is earlier.

The residual values, useful lives and depreciation methods applied to property are reviewed, and adjusted if appropriate, at the end of the reporting year.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

   e. Impairment of Non-Financial Assets

   Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and non-current assets, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

   An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

   An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, (only if there are revalued assets in the financial statements) unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

   f. Financial Instruments

   A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

g. Financial Assets

The Company's financial assets are only classified under *Financial assets carried at amortised cost* category, including trade receivables, deposits, amount due from immediate holding company and a fellow subsidiary and cash and cash equivalents.

Financial assets carried at amortised cost

(i) Initial recognition and measurement

All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

(ii) Subsequent measurement

At the end of each reporting period subsequent to initial recognition, financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

g. Financial Assets (Cont'd)

Financial assets carried at amortised cost (Cont'd)

(iv) Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loan and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

h. Financial Liabilities

Financial liabilities carried at amortised cost

The Company's financial liabilities are classified under *Financial liabilities carried at amortised cost*, including trade payables, accruals and other payables and amounts due to fellow subsidiaries.

(i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

(ii) Subsequent measurement

After initial recognition, financial liabilities carried at amortised cost are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit or loss and other comprehensive income. This category generally applies to interest-bearing loans and borrowings.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

i. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

j. Contract Assets and Contract Liabilities

A contract asset is recognised when the Company recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays non-refundable consideration before the Company recognises the related revenue. A contract liability would also be recognised if the Company has an unconditional right to receive non-refundable consideration before the Company recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

k. Trade and Other Receivables

A receivable is recognised when the Company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Company has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less impairment losses.

l. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

m. Trade and Other Payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

n. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States Dollars ("US$"), which is the Company's functional and presentation currency.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

n. Translation of Foreign Currency (Cont'd)

(ii) Transactions and balances

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

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of specific assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. No deferred tax asset has been recognised on the unused tax losses due to the infeasibility to predict the availability of future taxable profit for offsetting such deductible timing differences.

Deferred tax, if material, is charged or credited in the statement of profit or loss and other comprehensive income.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

p. Revenue Recognition

Income is classified by the company as revenue when it arises from the sale of goods in the ordinary course of the Company's business.

Revenue is recognised when control over a product is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Company is expected to be entitled, excluding those amount collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Company, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Company takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Company's revenue and other income recognition policies are as follows:

- Other income is recognised on a receipt basis.

q. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

r. Loan and Borrowings

Interest bearing loans and borrowing are initially measured as fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs, if any) and the settlement or redemption of borrowings is recognised over the terms of borrowings in accordance with the Company's policy for borrowing cost as stated in the preceding note.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

s. Related Parties

A related party is a person or entity that is related to the Company.

(A) A person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Company or a parent of the Company.

(B) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) The entity is controlled or jointly controlled by a person identified in (A).
(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

(i) To safeguard the Company's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Company's stability and growth; and
(iii) To provide capital for the purpose of strengthening the Company's risk management capability.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Estimate of fair values of current assets and liabilities

The nominal value of current assets and liabilities are assumed to approximate their fair values.

5. OTHER INCOME AND GAINS

	2019	2018
Other income and gain recognised during the year is as follows:	US$	US$
Other income and gains:		
Foreign exchange gains, net	402	-

6. FINANCE COSTS

Mortgage loan interest	8,369	-

7. LOSS BEFORE TAXATION

Loss before taxation is stated after charging/(crediting):

Auditors' remuneration	723	642
Depreciation	38,887	-
Foreign exchange gains, net	(402)	-

8. DIRECTORS' REMUNERATION

No fees or other emoluments were paid or payable to the directors during the year (2018: Nil).

9. TAXATION

No Hong Kong profits tax has been provided in the financial statements as the Company made no estimated assessable profits for the year.

No deferred tax has been recognized in the financial statements on the grounds that the Company has no taxable/deductible temporary differences during the year.

9. TAXATION (CONT'D)

The charge for the year can be reconciled to the loss per the statement of profit or loss and other comprehensive income as follows:

	2019	2018
	US$	US$
Loss before taxation	(55,050)	(1,556)
Tax at the domestic income tax rate	(9,083)	(257)
Tax effect of non-taxable income	-	-
Net tax allowance claimed	(18,247)	
Tax effect of non-deductible expenses	6,416	-
Unused tax losses	20,914	257
Tax charge for the year	-	-

10. PROPERTY

	Leasehold Land	Building	Total
	US$	US$	US$
Cost			
At 1/4/2017, 31/3/2018 and 1/4/2018	-	-	-
Additions	3,897,442	2,041,938	5,939,380
At 31/3/2019	3,897,442	2,041,938	5,939,380
Accumulated Depreciation			
At 1/4/2017, 31/3/2018 and 1/4/2018	-	-	-
Charge for the year	25,518	13,369	38,887
At 31/3/2019	25,518	13,369	38,887
Net Carrying Amount			
At 31/3/2019	3,871,924	2,028,569	5,900,493
At 31/3/2018	-	-	-

(a) The Company's properties with the net carrying amount of HK$5,900,493 were pledged to bank to secure for the general banking facilities granted to the related companies.

11. DEPOSIT PAID

Deposit paid represents deposit paid for acquisition of an investment property in Hong Kong.

12. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount due to immediate holding company is unsecured, interest-free and has no fixed terms of repayment.

13. SHARE CAPITAL

	2019		2018	
	No. of shares	Amount	No. of shares	Amount
		US$		US$
Ordinary shares, issued and fully paid:				
At March 31	1	1	1	1

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

14. CAPITAL COMMITMENTS

	2019	2018
	US$	US$
Commitments for acquisition of property, plant and equipment	25,707	-
The above commitments represent:		
Capital expenditure contracted for but not provided for the financial statements	25,707	-

15. FINANCE RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Company's principal financial instrument comprises cash and cash equivalents. The main purpose of the financial instrument is to raise finance for the Company's operations. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Company's financial instruments are foreign currency risk, credit risk, liquidity risk and interest rate risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Company operates internationally and is primarily exposed to foreign exchange risk arising from currency exposures of the United States dollars, with respect to the Hong Kong dollar. The Company will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(i) Exposure to currency risk

The following table details the Company's exposure at the end of reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the Company to which they relate. For presentation purpose, the amounts of the exposure are shown in United States dollars, translated using the spot rate at the end of reporting period.

	2019	2018
	(Expressed in US$)	(Expressed in US$)
	HKD	HKD
Deposits and prepayments	9,863	-
Accruals	(763)	(643)
Cash and cash equivalents	28,021	2,369
Net exposure arising from recognised assets and liabilities	37,121	1,726

15. FINANCE RISK MANAGEMENT, OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk (Cont'd)

(ii) Sensitivity analysis

The following table indicates the approximate change in the Company's profit after tax in response to reasonably possible changes (e.g.±10%) in the foreign exchange rates to which the Company has significant exposure at the end of reporting period.

	2019		2018	
	Increase	Decrease	Increase	Decrease
	US$	US$	US$	US$
Hong Kong dollor	3,100	(3,100)	144	(144)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of reporting period and had been applied to the Company's exposure to currency risk for the variables.

The stated changes represent management's assessment of reasonably possible change in foreign exchange rates over the period until the next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the Hong Kong dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on Company's profit after tax and equity measured in the respective functional currencies, translated into United States dollars at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2018.

Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Company has policies that limit the amount of credit exposure to any customers.

Liquidity risk

Ultimate responsibility for liquidity risk management rest with the board of directors. As the immediate holding company has confirmed their willingness to provide continuous financial support to the Company, the directors are of the opinion that the Company is adequately protected from the liquidity risk.

15. FINANCE RISK MANAGEMENT, OBJECTIVES AND POLICIES (CONT'D)

Interest rate risk

The Company has no significant interest bearing assets except cash and cash equivalents. Its income and operating cash flows are substantially independent of changes in market interest rates. Carrying amounts of net financial assets as at March 31 that exposed to interest rate risks were as follows

	2019	2018
	US$	US$
Cash and cash equivalents	28,121	2,469

Sensitivity analysis

At March 31, 2019, it is estimated that a general increase/decrease of 100 basis points in interest rate, with all other variables held constant, interest income and profit before taxation for the year ended March 31, 2019 would increase/decrease by a net amount of US$ Nil (2018: US$ Nil). The carrying amount of financial asset/liability measured at amortized cost and the carrying amount of financial asset/liability bearing interest rate measured at fair value would not be affected by the assumed 100 basis points increase/decrease in interest rate.

Although a financial asset or financial liability may be subject to interest rate risk, its carrying amount may not necessarily be affected by the assumed 100 basis points increase in market interest rates.

16. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended March 31, 2018 and which have not been adopted in these financial statements. These include the following which may be relevant to the Company.

	Effective for accounting periods beginning on or after
HKFRS 16, *Leases*	January 1, 2019
HK(IFRIC) 23, *Uncertainty over income tax treatments*	January 1, 2019
Annual Improvements to HKFRSs 2015-2017 Cycle	January 1, 2019
Amendments to HKAS 28, *Long-term interest in associates and joint ventures*	January 1, 2019

The Company is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application.

17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Company's board of directors on May 27, 2019.