PGIC INVESTMENT LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

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, 2020.

PRINCIPAL ACTIVITY

The principal activity of the Company is property investment.

FINANCIAL STATEMENTS AND APPROPRIATIONS

The financial performance of the Company for the year ended March 31, 2020 and the financial position of the Company as at that date are set out in the financial statements on pages 7 to 8.

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 (12) to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment 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 as follows:

Deepak Kumar SETH
Pulkit SETH
Sumit LATH

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

MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance to which the Company was a party and in which a director of the Company or an entity connected with a director is or was materially interested, whether directly or indirectly, subsisted during or at the end of the financial year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

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

No business review is presented as the Company has been able to claim an exemption under section 388(3) of the Hong Kong Companies Ordinance (Cap. 622) since it falls under the "reporting exemption" in accordance with section 359, as at the reporting date.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision 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, June 26, 2020.

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
黎劍民、陸永熙會計師事務所有限公司

LOUIS K.M. LAI FCCA CPA 黎劍民會計師
LUK WING HAY FCCA CPA (PRACTISING) 陸永熙會計師

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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 28, which comprise the statement of financial position as at March 31, 2020, 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, 2020, 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.

Material Uncertainty Related to Going Concern

We draw attention to Note (2b) in the financial statements, which indicates that the Company incurred a loss of US$300,965 for year ended March 31, 2020 and, as of that date, the Company had a capital deficiency of US$359,661. As stated in Note (2b), these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Notwithstanding these conditions, the going concern basis has been adopted because the ultimate holding company has agreed to provide adequate funds for the Company to meet its liabilities as they fall due. Our opinion is not modified in respect of this matter.

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INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBER OF
PGIC INVESTMENT LIMITED
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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 directors' report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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, June 26, 2020.

PGIC INVESTMENT LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2020

	NOTES	2020	2019
		US$	US$
REVENUE	(2j)	-	-
OTHER INCOME AND GAINS	(5)	596	402
DEPREICATION EXPENSES		(240,127)	(38,887)
OTHER OPERATING EXPENSES		(61,434)	(8,196)
LOSS FROM OPERATION		(300,965)	(46,681)
FINANCE COSTS	(6)	-	(8,369)
LOSS BEFORE TAXATION	(7)	(300,965)	(55,050)
TAXATION	(9)	-	-
LOSS FOR THE YEAR		(300,965)	(55,050)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(300,965)	(55,050)

THE NOTES ON PAGES 11 TO 28 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PGIC INVESTMENT LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	NOTES	2020	2019
		US$	US$
Non-Current Assets			
Property, Plant and Equipment	(10)	5,694,009	5,900,493
Current Assets			
Deposits and prepayments		19,859	28,712
Cash and cash equivalents		20,299	28,121
		40,158	56,833
Current Liabilities			
Amount due to immediate holding company	(11)	6,066,333	6,015,259
Amount due to a fellow subsidiary	(11)	20,000	-
Accruals		7,495	763
		6,093,828	6,016,022
Net Current Liabilities		(6,053,670)	(5,959,189)
NET LIABILITIES		(359,661)	(58,696)
DEFICIT			
Share capital	(12)	1	1
Accumulated losses		(359,662)	(58,697)
TOTAL DEFICIT		(359,661)	(58,696)

APPROVED BY THE BOARD OF DIRECTORS ON JUNE 26, 2020 AND SIGNED ON BEHALF OF THE BOARD BY:

Deepak Kumar SETH
Director

Pulkit SETH
Director

THE NOTES ON PAGES 11 TO 28 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PGIC INVESTMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2020

	Share capital	Accumulated losses	Total
	US$	US$	US$
At April 1, 2018	1	(3,647)	(3,646)
Total comprehensive loss for the year	-	(55,050)	(55,050)
At March 31, 2019 and April 1, 2019	1	(58,697)	(58,696)
Total comprehensive loss for the year	-	(300,965)	(300,965)
At March 31, 2020	1	(359,662)	(359,661)

THE NOTES ON PAGES 11 TO 28 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PGIC INVESTMENT LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(300,965)	(55,050)
Adjusment for:		
Depreciation	240,127	38,887
Mortgage loan interest	-	8,369
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(60,838)	(7,794)
Decrease in deposit paid	-	1,363,066
Decrease/(Increase) in deposits and prepayments	8,853	(28,712)
Increase in amount due to immediate holding company	51,074	4,646,721
Increase in amount due to a fellow subsidiary	20,000	-
Increase in accrued expenses	6,732	120
Cash generated from operations	25,821	5,973,401
Bank interest paid	-	(8,369)
Net cash generated from operating activities	25,821	5,965,032
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment to acquire property, plant and equipment and net cash used in investing activities	(33,643)	(5,939,380)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET (DECREASE)/INCREASER IN CASH AND CASH EQUIVALENTS	(7,822)	25,652
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	28,121	2,469
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	20,299	28,121

THE NOTES ON PAGES 11 TO 28 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PGIC INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

PGIC Investment Limited ("the Company") is a company incorporated in Hong Kong with limited liability. Its principal activity is property investment. The address of its registered office is Room 1801, 18/F., Kimberland Centre, No. 55 Wing Hong Street, Cheung Sha Wan, Kowloon. 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 Company has incurred a loss of US$300,965 for the year ended March 31, 2020 and, as of that date, the Company had a capital deficiency of US$359,661. Notwithstanding these conditions, the going concern basis has been adopted because the ultimate holding company has agreed to provide adequate funds for the Company to meet its liabilities as they fall due.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

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 16, *Leases*
(ii) HK(IFRIC)-Int 23, *Uncertainty over Income Tax Treatments*
(iii) Amendments to HKFRS 9, *Prepayment Features with Negative Compensation*
(iv) Amendments to HKAS 19, *Plan Amendment, Curtailment or Settlement*
(v) Amendments to HKAS 28, *Long-term Interests in Associates and Joint Ventures*
(vi) Amendments to HKFRSs *Annual Improvements to HKFRSs 2015-2017 Cycle*

None of the developments have had a material effect on how the Company's results and financial position of the current or prior periods have been prepared or presented. The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

d. Property, Plant and Equipment

Property, plant and equipment are 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.

Depreciation is provided to write off the cost less residual value of property, plant and equipment over its expected useful lives. The principal annual rates used for this purpose are as follows:

Leasehold land	over the lease term or June 30, 2047 whichever is earlier
Building	over the lease term or June 30, 2047 whichever is earlier
Computers and software	20%
Furniture and fixtures	20%
Leasehold improvements	20%

The asset's residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

When assets are sold or written off, any gain or loss arising from their disposal, being the difference between the net disposal proceeds and the carrying amounts of the assets, is recognised in the statement of profit or loss and other comprehensive income.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

e. Financial Instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

The Company's financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

(ii) Impairment loss on financial assets

The Company recognises loss allowances for expected credit loss ("ECLs") on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases:

(1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and

(2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Company has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

e. Financial Instruments (Cont'd)

(ii) Impairment loss on financial assets (Cont'd)

For other debt financial assets, the ECLs are based on the 12 months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Company's financial liabilities are initially measured at fair value, net of directly attributable cost incurred and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Derecognition

The Company derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9/HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

e. Financial Instruments (Cont'd)

(vi) 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.

f. 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 and other comprehensive income 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 and other comprehensive income in the period in which it arises, (only if there are revalued assets in the consolidated 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

g. 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.

h. 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.

(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.

i. 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)

j. Revenue Recognition

The Company had no revenue recognised during the year.

k. 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.

l. 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.

m. 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 of a parent of the Company.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

m. Related Parties (Cont'd)

(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 and include:

(i) that person's children and spouse or domestic partner;
(ii) children of that person's spouse or domestic partner; and
(iii) dependants of that person or that person's spouse or domestic partner.

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 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Useful lives of property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation for its property, plant and equipment. The estimates are based on the historical experience of the actual economic lives of property, plant and equipment of similar nature and functions. Actual economic lives may differ from estimated useful lives. Management will adjust the depreciation where the useful lives are estimated to be different from the previous estimates. It will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Periodic reviews could result in a change in useful lives and therefore depreciation expense in future periods. Carrying amount of property, plant and equipment is set out in Note (10) to the financial statements.

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on higher of value-in-use calculations or fair value less costs of disposals. The calculations require the use of judgements and estimates. Changes in any of the estimates could result in a material change to the assets' carrying amounts. No impairment was recognized during the year. Carrying amount of property, plant and equipment is set out in Note (10) to the financial statements.

5. OTHER INCOME AND GAINS

	2020	2019
Other income and gains recognised during the year is as follows:	US$	US$
Other income and gains:		
Foreign exchange gains, net	596	402

6. FINANCE COSTS

	2020	2019
	US$	US$
Mortgage loan interest	-	8,369

7. LOSS BEFORE TAXATION

	2020	2019
	US$	US$
Loss before taxation is stated after charging/(crediting):		
Auditors' remuneration	1,285	723
Depreciation	240,127	38,887
Foreign exchange gains, net	(596)	(402)

8. DIRECTORS' REMUNERATION

No fees or other emoluments were paid or payable to the directors during the year (2019: 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.

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

	2020	2019
	US$	US$
Loss before taxation	(300,965)	(55,050)
Tax calculated at Hong Kong profits tax rate of 16.5% (2019: 16.5%)	(49,659)	(9,083)
Net tax allowance claimed	(26,022)	(18,247)
Tax effect of non-deductible expenses	39,621	6,416
Tax effect of tax losses not recognised	36,060	20,914
Tax charge for the year	-	-

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land	Building	Furniture & Fixtures	Computer Equipments	Leasehold Improvement	Total
	US$	US$	US$	US$	US$	US$
Cost						
At 1/4/2018	-	-	-	-	-	-
Additions	3,897,442	2,041,938	-	-	-	5,939,380
At 31/3/2019 and 1/4/2019	3,897,442	2,041,938	-	-	-	5,939,380
Additions	-	-	63,836	514	79,883	144,233
Written off	(72,570)	(38,020)	-	-	-	(110,590)
At 31/3/2020	3,824,872	2,003,918	63,836	514	79,883	5,973,023
Accumulated Depreciation						
At 1/4/2018	-	-	-	-	-	-
Charge for the year	25,518	13,369	-	-	-	38,887
At 31/3/2019 and 1/4/2019	25,518	13,369	-	-	-	38,887
Charge for the year	138,391	69,003	14,739	136	17,858	240,127
At 31/3/2020	163,909	82,372	14,739	136	17,858	279,014
Net Carrying Amount						
At 31/3/2020	3,660,963	1,921,546	49,097	378	62,025	5,694,009
At 31/3/2019	3,871,924	2,028,569	-	-	-	5,900,493

(a) The Company's leasehold land and building with the net carrying amount of US$5,582,509 (2019: US$5,900,493) were pledged to bank to secure for the general banking facilities granted to the related companies.

11. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARY

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

12. SHARE CAPITAL

	2020	2019
	US$	US$
Issued and fully paid:		
1 ordinary share	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.

13. CAPITAL COMMITMENTS

	2020	2019
	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

14. FINANCE INSTRUMENTS

Risk management

The Company is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include credit risk, foreign currency risk, liquidity risk and interest rate risk.

Policies for managing these risks are set by the Company's board of directors. The overall objectives in managing financial risks focus on securing the Company's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

It is not the Company's policy to actively engage in the trading of financial instruments for speculative purposes.

(a) Categories of financial assets and financial liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and financial liabilities.

	2020	2019
	US$	US$
Financial assets		
Financial assets measured at amortised cost		
Deposits and prepayments	19,859	28,712
Cash and cash equivalents	20,299	28,121
	40,158	56,833
Financial liabilities	US$	US$
Financial liabilities measured at amortised cost		
Amount due to immediate holding company	6,066,333	6,015,259
Amount due to a fellow subsidiary	20,000	-
Accruals	7,495	763
	6,093,828	6,016,022

(b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Company. The Company's exposure to credit risk mainly arises from granting credit to customers and other counterparties in the ordinary course of its operations.

14. FINANCE INSTRUMENTS (CONT'D)

(b) Credit risk (Cont'd)

Other financial assets at amortised cost

As at March 31, 2020, in addition to the cash and bank balances which are considered to have low credit risk, other financial assets at amortised cost of the Company include deposits and prepayments. No provision was made against the gross amount of deposits and prepayments and cash and bank balances because the directors of the Company considered the impact of the ECLs of these financial assets to be insignificant based on past credit history and the nature of these financial assets.

(c) 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 entity to which they related.

	2020	2019
	(Expressed in US$)	(Expressed in US$)
	HKD	HKD
Deposits and prepayments	19,222	22,180
Accruals	(7,495)	(763)
Cash and cash equivalents	2,643	28,021
Net exposure arising from recognised assets and liabilities	14,370	49,438

14. FINANCE INSTRUMENTS (CONT'D)

(c) 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.

	2020		2019	
	Increase	Decrease	Increase	Decrease
	US$	US$	US$	US$
Hong Kong Dollor	1,200	(1,200)	3,100	(3,100)

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 2019.

(d) 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.

14. FINANCE INSTRUMENTS (CONT'D)

(e) 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:

	2020	2019
	US$	US$
Cash and cash equivalents	20,299	28,121

Sensitivity analysis

At March 31, 2020, 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, 2020 would increase/decrease by a net amount of US$203 (2019: US$281). 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.

15. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED MARCH 31, 2020

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, 2020 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
Amendments to HKFRS 3, *Definition of a Business*	January 1, 2020
Amendments to HKAS 1 and HKAS 8, *Definition of Material*	January 1, 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, *Interest Rate Benchmark Reform*	January 1, 2020
Amendments to HKFRS 17, *Insurance Contracts*	January 1, 2021
Amendments to HKFRS 10 and HKAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Effective for annual periods beginning on or after a date to be determined.

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.

16. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Company's board of directors on June 26, 2020.