Report of the Directors and Audited Financial Statements

PGIC INVESTMENT LIMITED

31 March 2022

PGIC INVESTMENT LIMITED

CONTENTS

Auditors

During the year, Louis Lai & Luk CPA Limited resigned as auditor of the Company and Ernst & Young were appointed by the directors to fill the casual vacancy so arising. A resolution for the reappointment of Ernst & Young as auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

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Deepak Kumar SETH
Chairman

Hong Kong
18 May 2022

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
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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 6 to 22, which comprise the statement of financial position as at 31 March 2022, 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 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with the 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.

## 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 report of the directors.

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.

EY安永

**Independent auditor's report** (continued)
**To the member of PGIC Investment Limited**
(Incorporated in Hong Kong with limited liability)

**Responsibilities of the directors for the financial statements**

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

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

**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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 judgement and maintain professional scepticism 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.

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**Independent auditor's report** (continued)
**To the member of PGIC Investment Limited**
(Incorporated in Hong Kong with limited liability)

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

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

We communicate with the board of directors 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.

Ernst & Young

Certified Public Accountants
Hong Kong
18 May 2022

PGIC INVESTMENT LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2022

| | Note | 2022 US$ | 2021 US$ |
|---|---|---|---|
| Depreciation expenses | | ( 255,005) | ( 255,005) |
| Other operating expenses | | ( 32,632) | ( 30,126) |
| LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR | 5 | ( 287,637) | ( 285,131) |

PGIC INVESTMENT LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2022

| | Notes | 2022 US$ | 2021 US$ |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | 1,799,819 | 1,916,432 |
| Right-of-use assets | 8 | 3,384,180 | 3,522,572 |
| Total current assets | | 5,183,999 | 5,439,004 |
| CURRENT ASSETS | | | |
| Deposits and prepayments | 9 | 19,909 | 19,798 |
| Cash and cash equivalents | | 9,657 | 13,274 |
| Total current assets | | 29,566 | 33,072 |
| CURRENT LIABILITIES | | | |
| Amount due to immediate holding company | 11 | 6,146,333 | 6,096,333 |
| Amount due to a fellow subsidiary | 11 | - | 20,000 |
| Accruals | | ( 339) | 535 |
| Total current liabilities | | 6,145,994 | 6,116,868 |
| NET CURRENT LIABILITIES | | ( 6,116,428) | ( 6,083,796) |
| Net liabilities | | ( 932,429) | ( 644,792) |
| EQUITY | | | |
| Share capital | 10 | 1 | 1 |
| Accumulated losses | | ( 932,430) | ( 644,793) |
| Net deficiency in assets | | ( 932,429) | ( 644,792) |

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Deepak Kumar SETH
Director

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Pulkit SETH
Director

PGIC INVESTMENT LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2022

| | Notes | 2022 US$ | 2021 US$ |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | 1,799,819 | 1,916,432 |
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Deepak Kumar SETH
Director

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Pulkit SETH
Director

PGIC INVESTMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2022

| | Share capital US$ | Accumulated losses US$ | Net deficiency in assets US$ |
|---|---|---|---|
| At 1 April 2020 | 1 | ( 359,662) | ( 359,661) |
| Total comprehensive loss for the year | - | ( 285,131) | ( 285,131) |
| At 31 March 2021 and 1 April 2021 | 1 | ( 644,793) | ( 644,792) |
| Total comprehensive loss for the year | - | ( 287,637) | ( 287,637) |
| At 31 March 2022 | 1 | ( 932,430) | ( 932,429) |

PGIC INVESTMENT LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2022

| | Note | 2022 US$ | 2021 US$ |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss for the year | | ( 287,637) | ( 285,131) |
| Adjustments for: | | | |
| Depreciation of PPE | 8 | 255,005 | 255,005 |
| | | ( 32,632) | ( 30,126) |
| Decrease in deposits and prepayments | | ( 111) | 61 |
| Net receipt from immediate holding company | | 30,000 | 30,000 |
| Decrease in accrual | | ( 874) | ( 6,960) |
| NET CASH USED IN OPERATIONS AND NET DECREASE IN CASH AND CASH EQUIVALENTS | | ( 3,617) | ( 7,025) |
| Cash and cash equivalents at beginning of year | | 13,274 | 20,299 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | 9,657 | 13,274 |
| ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | | 9,657 | 13,274 |

## 1. CORPORATE INFORMATION

PGIC Investment Limited is a limited liability company incorporated in Hong Kong. Its registered office is located at Room 1801, 18/F, Kimberland Centre, No. 55 Wing Hong Street, Cheung Sha Wan, Kowloon. The principal activities of the Company is property investment.

The Company is a wholly-owned subsidiary of Pearl Global (HK) Limited, a company incorporated in Hong Kong.

In the opinion of the directors, the ultimate holding company is Pearl Global Industries Limited, a company incorporated in India and listed on Bombay Stock Exchange and National Stock Exchange in India.

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention, except for derivative financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$").

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted the following revised HKFRSs for the first time in the current year's financial statements.

| | |
|---|---|
| Amendment to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | *Interest Rate Benchmark Reform – Phase 2* |
| Amendment to HKFRS 16 | *Covid-19-Related Rent Concessions* |
| Amendment to HKFRS 16 | *Covid-19-Related Rent Concessions* beyond 30 June 2021 (early adopted) |

The adoption of the above revised HKFRSs has had no significant financial effect on these financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not early applied any of the new and revised HKFRSs, that have been issued but are not yet effective in the accounting year ended 31 March 2022, in these financial statements.

The Company is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Company's financial statements.

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and 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; or

(b) the party is an entity where any of the following conditions applies:
   - (i) the entity and the Company are members of the same group;
   - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
   - (iii) the entity and the Company 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;
   - (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); and
   - (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 parent of the Company.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Land and buildings, classified as right-of-use assets and owned assets, are measured at fair value less any subsequent accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

| | |
|---|---|
| Leasehold land | over the lease term or 30 June 2047, whichever is earlier |
| Building | over the lease term or 30 June 2047, whichever is earlier |
| Leasehold improvements | 20% |
| Furniture and fixtures | 20% |
| Computer equipment | 20% |

The gain or loss on disposal of items of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in profit or loss.

The assets' residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If such an indication exists, the Company makes an estimate of the asset's recoverable amount.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit). In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of the impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. The reversal of the impairment loss is credited to profit or loss in the year in which it arises.

Leases
A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. All leases with a term of more than 12 months are recognised as assets representing the right of use of the underlying asset and liabilities representing the obligation to make lease payments, unless the underlying asset is of low value. Both the assets and the liabilities are initially measured on a present value basis. Right-of-use assets are recognised separately and are measured at cost or valuation less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful lives of the assets and the lease terms. Lease liabilities are initially measured at the present value of lease payments to be made under the lease terms and subsequently adjusted by the effect of the interest on and the settlement of the lease liabilities, and the re-measurement arising from any reassessment of the lease liabilities or lease modifications.

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

All financial assets are initially recognised at fair value plus transaction costs that are attributable to the acquisition of the financial assets. Regular way purchases and sales of financial assets are recognised on the trade date, that is, the date when the Company commits to purchase or sell the assets.

(a) Classification and measurement

Debt instruments are measured at amortised cost using the effective interest rate method, subject to impairment if the assets are held for the collection of contractual cash flows where those contractual cash flows represent solely payments of principal and interest.

(b) Impairment

The Company applies the expected credit loss model on all the financial assets that are subject to impairment. Impairment allowances are recognised under the general approach where expected credit losses are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Company is required to provide for credit losses that result from possible default events within the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default.

The Company considers a default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more appropriate default criterion should be applied.

(c) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Company has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained.

Financial liabilities

Financial liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when they are extinguished, i.e., when the obligation is discharged or cancelled, or expires.

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including time deposits and assets similar in nature to cash, which are not restricted as to use.

Foreign currency transactions

These financial statements are presented in US$, which is the Company's functional currency.

Transactions in foreign currencies are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered .

## 3. FINANCIAL SUPPORT

The Company's ultimate holding company has confirmed its intention to provide continuing financial support to the Company, directly or through other group companies, so as to enable the Company to meet its liabilities as and when they fall due and to enable the Company to continue operating for the foreseeable future. Accordingly, the directors have prepared the Company's financial statements on a going concern basis.

## 4. SIGNIFICANT ACCOUNTING ESTIMATES

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 their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a, material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainties
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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.

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainties (continued)

*Useful lives and residual values of items of property, plant and equipment*

In determining the useful lives and residual values of items of property, plant and equipment, the Company has to consider various factors, such as technical or commercial obsolescence arising from change or improvements in the provision of services, or from a change in the market demand for the service output of the asset, the expected usage of the asset, the expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Company with similar assets that are used in a similar way. Adjustment of depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of the reporting period based on changes in circumstances.

*Impairment of property, plant and equipment*

Items of property, plant and equipment are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value-in-use calculation requires the Company to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value.

## 5. LOSS FOR THE YEAR

The Company's loss for the year is arrived after charging/(crediting):

| | 2022<br>US$ | 2021<br>US$ |
|---|---|---|
| Auditor's remuneration | 8,521 | 1,093 |
| Depreciation | 255,006 | 255,005 |
| Foreign exchange (gains)/losses, net | ( 95) | 243 |

## 6. DIRECTORS' REMUNERATION

No directors received any fees or emoluments in respect of their services rendered to the Company during the year (2021: Nil).

## 7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year (2021: Nil).

A reconciliation of the tax credit applicable to loss for the year at the Hong Kong statutory rate to the tax amount at the Company's effective tax rate are as follows:

| | 2022<br>US$ | 2021<br>US$ |
|---|---|---|
| Loss for the year | (287,637) | (285,131) |
| Tax at the Hong Kong statutory tax rate of 16.5% (2021: 16.5%) | (47,460) | (47,047) |
| Expenses not deductible for tax | 47,460 | 47,047 |
| Tax charge at effective rate | - | - |

## 8. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

| | Right-of-use assets | Owned assets | | | | |
|---|---|---|---|---|---|---|
| | Leasehold Land US$ | Building US$ | Leasehold improvements US$ | Furniture and fixtures US$ | Computer equipment US$ | Total US$ |
| **At 31 March 2022** | | | | | | |
| At 31 March 2021 and 1 April 2021: | | | | | | |
| Cost | 3,824,872 | 2,003,918 | 79,883 | 63,836 | 514 | 5,973,023 |
| Accumulated depreciation and impairment | ( 302,300) | ( 150,908) | ( 44,485) | ( 36,018) | ( 308) | ( 534,019) |
| Net carrying amount | 3,522,572 | 1,853,010 | 35,398 | 27,818 | 206 | 5,439,004 |
| At 1 April 2021, net of accumulated depreciation and impairment | 3,522,572 | 1,853,010 | 35,398 | 27,818 | 206 | 5,439,004 |
| Depreciation provided during the year | ( 138,392) | ( 68,536) | ( 26,627) | ( 21,279) | ( 171) | ( 255,005) |
| At 31 March 2022, net of accumulated depreciation and impairment | 3,384,180 | 1,784,474 | 8,771 | 6,539 | 35 | 5,183,999 |
| At 31 March 2022: | | | | | | |
| Cost | 3,824,872 | 2,003,918 | 79,883 | 63,836 | 514 | 5,973,023 |
| Accumulated depreciation and impairment | ( 440,692) | ( 219,444) | ( 71,112) | ( 57,297) | ( 479) | ( 789,024) |
| Net carrying amount | 3,384,180 | 1,784,474 | 8,771 | 6,539 | 35 | 5,183,999 |

8. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)

| | Right-of-use assets | Owned assets | | | | |
|---|---|---|---|---|---|---|
| | Leasehold Land US$ | Building US$ | Leasehold improvements US$ | Furniture and fixtures US$ | Computer equipment US$ | Total US$ |
| **At 31 March 2021** | | | | | | |
| At 1 April 2020: | | | | | | |
| Cost | 3,824,872 | 2,003,918 | 79,883 | 63,836 | 514 | 5,973,023 |
| Accumulated depreciation and impairment | ( 163,909) | ( 82,372) | ( 17,858) | ( 14,739) | ( 136) | ( 279,014) |
| Net carrying amount | 3,660,963 | 1,921,546 | 62,025 | 49,097 | 378 | 5,694,009 |
| At 1 April 2020, net of accumulated depreciation and impairment | 3,660,963 | 1,921,546 | 62,025 | 49,097 | 378 | 5,694,009 |
| Depreciation provided during the year | ( 138,391) | ( 68,536) | ( 26,627) | ( 21,279) | ( 172) | ( 255,005) |
| At 31 March 2021, net of accumulated depreciation and impairment | 3,522,572 | 1,853,010 | 35,398 | 27,818 | 206 | 5,439,004 |
| At 31 March 2021: | | | | | | |
| Cost | 3,824,872 | 2,003,918 | 79,883 | 63,836 | 514 | 5,973,023 |
| Accumulated depreciation and impairment | ( 302,300) | ( 150,908) | ( 44,485) | ( 36,018) | ( 308) | ( 534,019) |
| Net carrying amount | 3,522,572 | 1,853,010 | 35,398 | 27,818 | 206 | 5,439,004 |

The Company's right of use of leasehold land represents prepaid lease payments. The leasehold land is held for own use. The leasehold land is held on a medium-term lease expiring on 30 June 2047.

## 9. DEPOSITS AND PREPAYMENTS

| | 2022 US$ | 2021 US$ |
|---|---|---|
| Prepayments | 687 | 576 |
| Deposits | 19,222 | 19,222 |
| | 19,909 | 19,798 |

The financial assets included in the above balances relate receivables for which there was no recent history of default and past due amounts. As at 31 March 2022 and 2021, the loss allowance was assessed to be minimal.

## 10. SHARE CAPITAL

| | 2022 US$ | 2021 US$ |
|---|---|---|
| Issued and fully paid: | | |
| 1 ordinary shares | 1 | 1 |

## 11. RELATED PARTY TRANSACTIONS

The amounts due to the immediate holding company and a fellow subsidiary are unsecured, interest-free and repayable on demand.

Save as disclosed above and elsewhere in the financial statements, the Company did not have other transactions/balances with related parties during the year.

The key management personnel of the Company comprises the directors. Further details of directors' emoluments are included in note [6] to the financial statements.

## 12. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise deposits and cash and cash equivalents, which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown either on the statement of financial position or in notes to the financial statements.

The financial liabilities of the Company comprise accruals and amount due to the immediate holding company and a fellow subsidiary, which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown either on the statement of financial position or in notes to the financial statements.

## 13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise cash and bank balances and amount due to the immediate holding company. The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities which arise directly from its operations. The main risk related to these financial instruments and the corresponding management objectives and policies are summarised below.

*Liquidity risk*
The Company has a minimal risk of shortage of funds as its ultimate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due. The Company's amount due to the immediate holding company and a fellow subsidiary and accrual are repayable on demand.

*Capital management*
The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to reduce the cost of capital and maximise shareholder's value and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.

Capital of the Company comprises all components of shareholders' equity.

## 14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 18 May 2022.