

# **Hamleys Asia Limited**

## **Financial Statements**

**For the year ended 31<sup>st</sup> December 2021**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
HAMLEYS ASIA LIMITED  
(Incorporated in Hong Kong with limited liability)**

**Opinion**

We have audited the financial statements of Hamleys Asia Limited (the "Company") set out on pages 5 to 27 which comprise the statement of financial position as at 31 December 2021, and the income statement 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 December 2021, 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 (the "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.

**Other Matter**

The financial statements for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on the financial statements on 22 April 2021.

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the director's 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 material 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
HAMLEYS ASIA LIMITED  
(Incorporated in Hong Kong with limited liability)**

**Responsibilities of Directors for the Financial Statements**

The Directors are responsible for the preparation of the financial statements in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the Directors determines 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion 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. 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 HKSAAs, 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
HAMLEYS ASIA LIMITED  
(Incorporated in Hong Kong with limited liability)**

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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.

**PBG (Hong Kong) CPA Limited**

Certified Public Accountants

Hong Kong,

Date : 19 April 2022

Fung Tze Wa

Practising Certificate Number - P01138

**HAMLEYS ASIA LIMITED**

(Incorporated in Hong Kong with limited liability)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 December 2021**

|   | Note | 2021<br>HK\$     | 2020<br>HK\$     |
|---|------|------------------|------------------|
| Revenue   | 5    | 4,884,217        | 4,414,010        |
| Other revenue and net gains                               | 5    | -                | 529              |
| <b>Total revenue</b>                                      |      | <b>4,884,217</b> | <b>4,414,539</b> |
| <b>Operating expenses</b>                                 |      |                  |                  |
| Administrative expenses                                   |      | (4,401,245)      | (3,962,096)      |
| Finance costs   | 6    | (35,578)         | (62,937)         |
| Other operating expenses                                  |      | (563,985)        | (568,006)        |
| <b>Loss before tax</b>                                    | 7    | <b>(116,591)</b> | <b>(178,500)</b> |
| Income tax expense  | 9    | -                | -                |
| <b>Loss and for the year</b>                              |      | <b>(116,591)</b> | <b>(178,500)</b> |
| Other comprehensive income                                |      | -                | -                |
| <b>Total comprehensive loss for the year attributable</b> |      | <b>(116,591)</b> | <b>(178,500)</b> |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**HAMLEYS ASIA LIMITED**  
(Incorporated in Hong Kong with limited liability)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 December 2021**

|                                     | Note | 2021<br>HK\$            | 2020<br>HK\$            |
|-------------------------------------|------|-------------------------|-------------------------|
| <b>Non-current assets</b>           |      |                         |                         |
| Property, plant and equipment       | 10   | 394,634                 | 958,619                 |
| Rental deposits                     | 11   | -                       | 201,090                 |
|                                     |      | <u>394,634</u>          | <u>1,159,709</u>        |
| <b>Current assets</b>               |      |                         |                         |
| Deposits and prepayments            | 11   | 276,247                 | 75,860                  |
| Amount due from a fellow subsidiary | 12   | 23,444                  | -                       |
| Cash and cash equivalents           |      | 131,368                 | 208,517                 |
|                                     |      | <u>431,059</u>          | <u>284,377</u>          |
| <b>Less: Current liabilities</b>    |      |                         |                         |
| Trade and other payables            | 13   | 709,134                 | 600,025                 |
| Lease liabilities                   | 14   | 416,719                 | 530,131                 |
| Amount due to a fellow subsidiary   | 12   | -                       | 80,780                  |
|                                     |      | <u>1,125,853</u>        | <u>1,210,936</u>        |
|                                     |      | -----                   | -----                   |
| <b>Net current liabilities</b>      |      | (694,794)               | (926,559)               |
| <b>Less: Non-current liability</b>  |      |                         |                         |
| Lease liabilities                   | 14   | -                       | 416,719                 |
| <b>NET LIABILITIES</b>              |      | <u><u>(300,160)</u></u> | <u><u>(183,569)</u></u> |

The above statement of financial position should be read in conjunction with the accompanying notes.

**HAMLEYS ASIA LIMITED**

(Incorporated in Hong Kong with limited liability)

**STATEMENT OF FINANCIAL POSITION (CONTINUED)****AS AT 31<sup>st</sup> December 2021**

|                           | Note | 2021<br>HK\$            | 2020<br>HK\$            |
|---------------------------|------|-------------------------|-------------------------|
| <b>EQUITY</b>             |      |                         |                         |
| Share capital             | 15   | 1                       | 1                       |
| Accumulated loss          |      | (300,161)               | (183,570)               |
| <b>Capital deficiency</b> |      | <b><u>(300,160)</u></b> | <b><u>(183,569)</u></b> |

Approved by the Directors on 19 April 2022 and is signed by:

Darshan Mehta

Ashish Mahadeo Patil

.....  
Director.....  
Director

The above statement of financial position should be read in conjunction with the accompanying notes.

**HAMLEYS ASIA LIMITED**

(Incorporated in Hong Kong with limited liability)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

|   | Share<br>capital<br>HK\$ | Accumulated<br>losses<br>HK\$ | Total<br>HK\$           |
|---|--------------------------|-------------------------------|-------------------------|
| At 1 January 2020                                     | 1                        | (5,070)                       | (5,069)                 |
| Loss and total comprehensive loss for the year        | <u>-</u>                 | <u>(178,500)</u>              | <u>(178,500)</u>        |
| At 31 December 2020 and 1 January 2021                | 1                        | (183,570)                     | (183,569)               |
| <b>Loss and total comprehensive loss for the year</b> | <u>-</u>                 | <u>(116,591)</u>              | <u>(116,591)</u>        |
| <b>At 31 December 2021</b>                            | <u><b>1</b></u>          | <u><b>(300,161)</b></u>       | <u><b>(300,160)</b></u> |

The annexed notes form an integral part of these financial statements.



**HAMLEYS ASIA LIMITED**

(Incorporated in Hong Kong with limited liability)

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 December 2021**

|  | Note | 2021<br>HK\$   | 2020<br>HK\$   |
|--|------|----------------|----------------|
| <b>Cash flows from operating activities</b>  |      |                |                |
| Loss before taxation   |      | (116,591)      | (178,500)      |
| Depreciation   | 7    | 563,985        | 568,006        |
| Interest expenses  | 6    | 3,941          | 14,436         |
| Interest paid on lease   | 6    | 27,269         | 47,228         |
| <b>Operating profit before movements in working capital</b>  |      | 478,604        | 451,170        |
| Change in deposits and prepayment  |      | 702            | 53,413         |
| Change in trade and other payables   |      | 109,110        | 116,358        |
| <b>Cash generated from operations</b>  |      | 588,416        | 620,941        |
| Interest paid  |      | (3,941)        | (14,436)       |
| <b>Net cash from operating activities</b>  |      | 584,475        | 606,505        |
| <b>Cash flows from investing activities</b>  |      |                |                |
| Net movement in current account of a fellow subsidiary   |      | (104,224)      | 153,434        |
| <b>Net cash (used in)/from investing activities</b>  |      | (104,224)      | 153,434        |
| <b>Cash flows from financing activity</b>  |      |                |                |
| Interest paid on lease   | 14   | (27,269)       | (47,228)       |
| Principal repayments of lease liabilities  | 14   | (530,131)      | (507,772)      |
| <b>Net cash used in financing activities</b>   |      | (557,400)      | (555,000)      |
| <b>Net (decrease)/increase in cash and cash equivalents</b>  |      | (77,149)       | 204,939        |
| <b>Cash and cash equivalents at the beginning of year</b>  |      | 208,517        | 3,578          |
| <b>Cash and cash equivalents at the end of the year (Note A)</b>                                     |      | <b>131,368</b> | <b>208,517</b> |
| <b>A. Components of cash and cash equivalents</b>  |      |                |                |
| Cash and bank balances   |      | 131,368        | 208,517        |
| Cash and cash equivalents reported in statement of cash flows and in statement of financial position |      | 131,368        | 208,517        |

The annexed notes form an integral part of these financial statements.

**HAMLEYS ASIA LIMITED**

(Incorporated in Hong Kong with limited liability)

**Notes to Financial Statements****1 General information****(a) Definition**

In these reporting documents, the following terms shall have the following meanings:

|                                 |   |
|---------------------------------|---|
| The Company                     | Hamleys Asia Limited  |
| The Directors                   | all of the directors of the Company   |
| Hong Kong                       | Hong Kong Companies Ordinance (Cap. 622) which came into operation on 3rd December 2014   |
| Predecessor Companies Ordinance | Predecessor Hong Kong Companies Ordinance (Cap. 32) as in force from time to time before the commencement date of the Hong Kong Companies Ordinance   |
| HKICPA                          | Hong Kong Institute of Certified Public Accountants   |
| HKFRS                           | Hong Kong Financial Reporting Standard issued by HKICPA   |
| HKAS                            | Individual Hong Kong Accounting Standard issued by HKICPA   |
| Cash equivalents                | short-term, highly liquid investments those are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value   |
| Fair value                      | the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction |
| Related company                 | a company in which one or more related parties have beneficial interests thereon or are in a position to exercise significant influence   |

**(b) Corporate Information**

The Company is a company incorporated in Hong Kong with limited liability. At the date of Issue of these financial statements, the registered office of the Company is located at Suite 2501B, Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Hong Kong.

The principal activity of the Company is provision of sourcing services to its group companies.

**(c) Presentation currency and level of rounding**

Unless stated otherwise, all currency figures in these financial statements are presented in Hong Kong Dollars (HK\$) rounded to the nearest one dollar.

**HAMLEYS ASIA LIMITED**

(Incorporated in Hong Kong with limited liability)

**Notes to Financial Statements****2 Basis of preparation****(a) Statement of compliance**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These financial statements also comply with the requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Company are disclosed below.

**(b) Going concern**

The Company had net current liabilities of HK\$694,794 and net liabilities of HK\$300,160 as at 31 December 2021. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company’s ability to continue as a going concern. Therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. In preparing these financial statements, the Directors have given careful consideration to the current and future liquidity of the Company. The Directors have gained the commitment of the Company’s shareholder to provide continued financial support to the Company. On the basis that continued financial support will be provided by the Company’s shareholder to the Company upon request, the Directors are of their opinion that the Company will have sufficient working capital to finance its operations in the foreseeable future. Accordingly, the Directors are that it is appropriate to prepare these financial statements on a going concern.

**(c) Basis of Measurement**

The measurement bases used in preparing these financial statements are set out in Note 3 to financial statements. The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

**3 Summary of Significant accounting policies**

These financial statements present financial information of the Company. The followings are the specific accounting policies that are necessary for a proper understanding of the financial statements.

The followings are the specific accounting policies that are necessary for a proper understanding of the financial statements

**HAMLEYS ASIA LIMITED**

(Incorporated in Hong Kong with limited liability)

**Notes to Financial Statements****(a) Revenue**

Revenue consists of turnover and other revenue but excludes the reversal of impairment. Turnover comprises revenue generated from the principal activities of the Company. Other revenue includes exchange gain (net of exchange loss), gain on disposal of capital assets and reversal of provisions.

**3 Significant accounting policies (continued)****(a) Revenue (continued)**

Revenue is recognised as income when it is probable that the economic benefits associated with transaction will flow to the Company and when the amount of revenue as well as costs incurred for the transaction can be measured reliably. Revenue is measured at fair value of the consideration received or receivable and is shown net of discounts, rebates, returns and sales-related taxes on the following bases.

Commission income is recognised in the year when services are rendered;

**(b) Employee Benefits**

Salaries, annual bonuses, paid annual leave and other leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are measured at their present values.

The Company operates a defined contribution plan under mandatory provident fund plan. The Company pays contributions to independent administrator on a mandatory basis. The Company has no further payment obligations once the contributions are paid. The contributions are recognised as employee benefit expense when they are incurred and the cost can be measured reliably.

**(c) Leases**

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a year of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

**(i) As a lessee****(a) Right-of-use assets**

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

**HAMLEYS ASIA LIMITED**

(Incorporated in Hong Kong with limited liability)

**Notes to Financial Statements****3 Significant accounting policies (continued)****(b) Lease liabilities**

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

**(c) Short-term lease**

The Company applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

**(d) Borrowing costs**

Borrowing costs include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance charges in respect of finance leases and exchange difference arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are recognised as an expense in the period in which they are incurred.

**(e) Foreign currency transactions**

The functional currency of the Company is Hong Kong Dollar. Foreign currency transactions are translated into the functional currency at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of reporting period are translated at the approximate rates of exchange ruling at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rates at that date when the fair value was determined. Exchange differences arising on the settlement or translation of foreign currency monetary items are recognized in profit or loss. However, exchange differences relating to a gain or loss on a non-monetary item that is recognised in other comprehensive income is recognised in other comprehensive income too.

**HAMLEYS ASIA LIMITED**

(Incorporated in Hong Kong with limited liability)

**Notes to Financial Statements****3 Significant accounting policies (continued)****(f) Income tax**

Income tax comprises current tax and deferred tax.

Current tax is measured based on estimated taxable profit for the year.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases using in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, except to the extent that the deferred tax liabilities arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of an asset or liability in a transaction that affects neither accounting profit nor taxable profit or tax loss. The measurement of deferred tax liabilities associated with an investment property measured at fair value shall not exceed the amount of tax that would be payable on its sales to an unrelated market participant at fair value at the end of reporting period. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such deferred tax assets are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of an asset and liability in a transaction that affects neither the accounting profit nor the taxable profit or tax loss.

The net carrying amount of deferred tax assets is reviewed at the end of each reporting period and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Current and deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

**(g) Property, plant and equipment**

Property, plant and equipment [, including investment properties whose fair value cannot be measured reliably without undue cost or effort,] are measured at initial recognition at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost comprises purchase price, conversion cost and estimated cost of dismantling and restoration. Expenditure such as repairs and maintenance, overhaul costs and borrowing costs are normally charged to profit or loss when they are incurred. Where expenditure has resulted in increases in the future economic benefits from the use of the property, plant and equipment, the expenditure is capitalised.

The residual values and useful lives of the property, plant and equipment are reviewed when there are indications that the residual value or useful life of an asset has been a significant change since the end of previous reporting period. If necessary, the residual value, depreciation method or useful life of that asset is amended prospectively to reflect the new expectation. Depreciation is calculated using the straight-line method to write off the depreciable amount of each property, plant and equipment to profit or loss unless it is included in the carrying amount of another asset over its estimated useful life.

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**Notes to Financial Statements****3 Significant accounting policies (continued)****(g) Property, plant and equipment (continued)**

The following estimated useful lives are used for the depreciation of property, plant and equipment.

|                               |  |
|-------------------------------|--|
| Leasehold Improvements        | Over the shorter of term of leases and 3 years |
| Office Equipment              | 5 years  |
| Furniture and Fixtures        | 3 years  |
| Properties leased for Own Use | Over the shorter of term of leases and 3 years |

On disposal or retirement, the cost together with associated accumulated depreciation and impairment losses, if any, of the property, plant and equipment are derecognised and any gain or loss resulting from the disposal is recognised in profit or loss.

**(h) Impairment of non-current assets other than financial assets**

Assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generation units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**(i) Components of cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the statement of cash flows.

**(j) Trade and other payables**

Trade and other payables are measured at initial recognition at the transaction price (including transaction costs) and subsequently measured at amortised cost using the effective interest method.

**HAMLEYS ASIA LIMITED**

(Incorporated in Hong Kong with limited liability)

**Notes to Financial Statements****3 Significant accounting policies (continued)****(k) 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.
- (b) An entity is related to the Company if any of the following conditions applies:
- (i) The entity is member of the same Company (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 Company 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).

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) Dependents of that person or that person's spouse or domestic partner.



**HAMLEYS ASIA LIMITED**

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**Notes to Financial Statements****4 Critical judgement and key estimates**

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

**Key sources of estimation uncertainty**

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 discussed below.

**(a) Impairment of property, plant and equipment and right-of-use assets**

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Company has to exercise judgment and make estimation, particularly in assessing:

- (1) whether an event has occurred or any indicators that may affect the asset value;
- (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and
- (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Company estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

The carrying amount of property, plant and equipment and right-of-use assets as at 31 December 2021 were HK\$394,634 (2020: HK\$958,619).

**(b) Income taxes**

The Company is subject to income taxes in Hong Kong. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, no income tax (2020: Nil) was charged to statement of comprehensive income based on the estimated profit from continuing operations.

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**Notes to Financial Statements****5 Revenue**

|  | 2021<br>HK\$     | 2020<br>HK\$     |
|--|------------------|------------------|
| Revenue  |                  |                  |
| Commission Income                                    | 4,884,217        | 4,414,010        |
|  | <u>4,884,217</u> | <u>4,414,010</u> |
| <b>Included in other revenue and other net gains</b> |                  |                  |
| Sundry Income  | -                | 529              |
|  | <u>4,884,217</u> | <u>4,414,539</u> |

**6 Finance cost**

|  | 2021<br>HK\$  | 2020<br>HK\$  |
|--|---------------|---------------|
| Interest expenses on lease liabilities | 27,269        | 47,228        |
| Bank interest expenses                 | 3,941         | 14,436        |
| Bank charges                           | 4,368         | 1,273         |
|  | <u>35,578</u> | <u>62,937</u> |

**7 Loss before Tax**

The following items have been recognised as expenses in determining loss before tax:

|  | 2021<br>HK\$     | 2020<br>HK\$     |
|--|------------------|------------------|
| Auditor's remuneration                   | 70,000           | 70,000           |
| Salary, wages and other benefits         | 3,202,547        | 2,838,421        |
| Expenses for defined contribution scheme | 111,697          | 106,741          |
| Exchange loss ,net                       | 51,275           | 101,620          |
| Depreciation charges                     | 563,985          | 568,006          |
|  | <u>4,500,504</u> | <u>4,084,788</u> |

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**Notes to Financial Statements****8 Directors' remuneration, loans and other material interests**

The following disclosures are made pursuant to section 383(1)(a) to (f) of the Companies Ordinance Cap. 622 and Parts 2 to 4 of the Companies (Disclosure of Information about Benefits of the directors) Regulation Cap. 622G:

(a) Directors' emoluments

No director received any fees or emoluments in respect of their service rendered to the Company during the year ended 31 December 2021 (2020: Nil). No emoluments was paid or receivable in respect of accepting office as director (2020: Nil).

(b) Directors' retirement benefits and termination benefits

None of the director received or will receive any retirement benefits or termination benefits during the year (2020: Nil).

(c) Consideration provided to third parties for making available director's services

During the year ended 31 December 2021, the Company has not paid consideration to any third parties for making available director's services (2020: Nil).

(d) Information about loans, quasi-loan and other dealings in favour of director, bodies corporate controlled by and entities connected with such director.

There were no loans, quasi-loan and other dealing arrangements entered into by the Company in favour of the director or bodies corporate controlled by or entities connected with any of the director subsisted at the end of the year or at any time during the year (2020: Nil).

(e) Director's material interests in transactions, arrangements or contacts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which 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 (2020: Nil).

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**Notes to Financial Statements****9 Income tax expense**

No provision for Hong Kong Profits Tax has been provided as the Company has no assessable profit for the year (2020 : Nil).

No provision for deferred liabilities has been made as the effect of all temporary difference is immaterial.

No deferred tax assets were recognised in respect of tax losses carried forward available for offsetting against future assessable profits due to uncertainty of their recoverability.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

|   | 2021<br>HK\$     | 2020<br>HK\$     |
|---|------------------|------------------|
| Loss before tax   | <u>(116,591)</u> | <u>(178,500)</u> |
| Tax at the domestic income tax rate of 8.25%<br>(2020: 8.25%) | (9,619)          | (14,726)         |
| Depreciation in excess of capital allowances                  | (3,825)          | (26,879)         |
| Tax losses not recognised                                     | <u>13,444</u>    | <u>41,605</u>    |
| <b>Income tax expense</b>                                     | <u>-</u>         | <u>-</u>         |

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**Notes to Financial Statements****10. Property, Plant and Equipment**

|   | Leasehold<br>improvements<br>HK\$ | Furniture<br>& fixtures<br>HK\$ | Office<br>equipment<br>HK\$ | Right-of -<br>use assets<br>HK\$ | Total<br>HK\$      |
|---|-----------------------------------|---------------------------------|-----------------------------|----------------------------------|--------------------|
| <b>At 1 January 2020</b>                      |                                   |                                 |                             |                                  |                    |
| Cost  | 1,125,498                         | 102,000                         | 209,137                     | 1,578,537                        | 3,015,172          |
| Accumulated<br>depreciation and<br>impairment | <u>(1,125,498)</u>                | <u>(102,000)</u>                | <u>(129,504)</u>            | <u>(131,545)</u>                 | <u>(1,488,547)</u> |
|   | <u>-</u>                          | <u>-</u>                        | <u>79,633</u>               | <u>1,446,992</u>                 | <u>1,526,625</u>   |
| <b>Year ended<br/>31 December 2020</b>        |                                   |                                 |                             |                                  |                    |
| Opening net book<br>amount                    | -                                 | -                               | 79,633                      | 1,446,992                        | 1,526,625          |
| Depreciation                                  | <u>-</u>                          | <u>-</u>                        | <u>(41,827)</u>             | <u>(526,179)</u>                 | <u>(568,006)</u>   |
| <b>Closing net book<br/>value</b>             | <u>-</u>                          | <u>-</u>                        | <u>37,806</u>               | <u>920,813</u>                   | <u>958,619</u>     |
| <b>At 31 December 2020</b>                    |                                   |                                 |                             |                                  |                    |
| Cost  | 1,125,498                         | 102,000                         | 209,137                     | 1,578,537                        | 3,015,172          |
| Accumulated<br>depreciation                   | <u>(1,125,498)</u>                | <u>(102,000)</u>                | <u>(171,331)</u>            | <u>(657,724)</u>                 | <u>(2,056,553)</u> |
| <b>Net book value</b>                         | <u>-</u>                          | <u>-</u>                        | <u>37,806</u>               | <u>920,813</u>                   | <u>958,619</u>     |
| <b>Year ended 31<br/>December 2021</b>        |                                   |                                 |                             |                                  |                    |
| Opening net book<br>amount                    | -                                 | -                               | 37,806                      | 920,813                          | 958,619            |
| Depreciation                                  | <u>-</u>                          | <u>-</u>                        | <u>(37,806)</u>             | <u>(526,179)</u>                 | <u>(563,985)</u>   |
| <b>Closing net book<br/>value</b>             | <u>-</u>                          | <u>-</u>                        | <u>-</u>                    | <u>394,634</u>                   | <u>394,634</u>     |
| <b>At 31 December 2021</b>                    |                                   |                                 |                             |                                  |                    |
| Cost  | 1,125,498                         | 102,000                         | 209,137                     | 1,578,537                        | 3,015,172          |
| Accumulated<br>depreciation                   | <u>(1,125,498)</u>                | <u>(102,000)</u>                | <u>(209,137)</u>            | <u>(1,183,903)</u>               | <u>(2,620,538)</u> |
| <b>Net book value</b>                         | <u>-</u>                          | <u>-</u>                        | <u>-</u>                    | <u>394,634</u>                   | <u>394,634</u>     |

Depreciation expense of HK\$ 563,985 (2020: HK\$ 568,006) have been charged in Other Operating Expenses.

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**Notes to Financial Statements****11 Deposits and prepayments**

|                                   | 2021<br>HK\$   | 2020<br>HK\$   |
|-----------------------------------|----------------|----------------|
| Deposits                          | 201,090        | 201,090        |
| Prepayments                       | 75,157         | 75,860         |
|                                   | <u>276,247</u> | <u>276,950</u> |
| Less: Current portion             | (276,247)      | (75,860)       |
|                                   | <u>-</u>       | <u>201,090</u> |
| Non - Current portion of deposits | <u>-</u>       | <u>201,090</u> |

**12 Amount due from a fellow subsidiary**

The amount due from a fellow subsidiary is unsecured, non-interest bearing and repayable on demand.

Detail of amount due from a fellow subsidiary is disclosed pursuant to section 383(1) of the Companies Ordinance is as follows:

| Name of fellow subsidiary | Maximum<br>amount<br>outstanding<br>during<br>the year<br>HK\$ | 2021<br>HK\$ | 2020<br>HK\$ |
|---------------------------|--|--------------|--------------|
| Hamleys London Limited    | 23,444   | 23,444       | (80,780)     |

**13 Trade and other Payables**

|                         | 2021<br>HK\$   | 2020<br>HK\$   |
|-------------------------|----------------|----------------|
| Trade Payables          | 127,549        | 75,269         |
| Accrued Expenses        | 581,585        | 524,756        |
|                         | <u>709,134</u> | <u>600,025</u> |
| Current Liabilities     | (709,134)      | (600,025)      |
|                         | <u>-</u>       | <u>-</u>       |
| Non-Current Liabilities | <u>-</u>       | <u>-</u>       |

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**Notes to Financial Statements****14 Lease**

The Company leases land and buildings for its office space. The leases of office space run for a period of 3 years.

**As a Lessee**

|                                      | 2021<br>HK\$          | 2020<br>HK\$          |
|--------------------------------------|-----------------------|-----------------------|
| Right-of-use assets                  |                       |                       |
| Balance as on 1 January 2021         | 920,813               | 1,446,995             |
| Additions                            | -                     | -                     |
| Depreciation(note 10)                | <u>(526,179)</u>      | <u>(526,179)</u>      |
| Balance at 31 December 2021          | <u><b>394,634</b></u> | <u><b>920,816</b></u> |
| <b>Lease Liabilities</b>             |                       |                       |
| <u>Maturity Analysis</u>             |                       |                       |
| Within 1 year                        | 416,719               | 530,131               |
| Between 1 to 2 years                 | <u>-</u>              | <u>416,719</u>        |
| Lease liabilities                    | <u><b>416,719</b></u> | <u><b>946,850</b></u> |
| Current                              | 416,719               | 530,131               |
| Non - current                        | <u>-</u>              | <u>416,719</u>        |
| Lease liabilities                    | <u><b>416,719</b></u> | <u><b>946,850</b></u> |
| <b>Interest on lease liabilities</b> | 27,269                | 47,228                |
| Total cash outflow for leases        |                       |                       |
| Payments of lease liabilities        | 530,131               | 507,772               |
| Payments of interest expense         | <u>27,269</u>         | <u>47,228</u>         |
| <b>Total cash outflow for lease</b>  | <u><b>557,400</b></u> | <u><b>555,000</b></u> |

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**Notes to Financial Statements**

|    |   | 2021                                      |                             |
|----|---|---|-----------------------------|
| 15 | Share capital   | Number of shares                          | <u>Amount</u><br>HK\$       |
|    | Issued and Fully Paid   |   |                             |
|    | <u>Ordinary shares without par Value:</u>                       |   |                             |
|    | At 31.12.2021   | 1   | 1                           |
|    |   | <u>                    </u>               | <u>                    </u> |
|    |   | 2020                                      |                             |
|    |   | Number of shares                          | <u>Amount</u><br>HK\$       |
|    | Issued and Fully Paid   |   |                             |
|    | <u>Ordinary shares without par Value:</u>                       |   |                             |
|    | At 31.12.2020   | 1   | 1                           |
|    |   | <u>                    </u>               | <u>                    </u> |
| 16 | Reconciliation of liabilities arising from financing activities |   |                             |
|    |   | Lease<br>liabilities<br>(note 14)<br>HK\$ | Total<br>HK\$               |
|    | At 1 January 2020   | 1,454,622                                 | 1,454,622                   |
|    | Changes from financing cash flows                               | (555,000)                                 | (555,000)                   |
|    | Other changes:  |   |                             |
|    | Interest expenses (note 6)                                      | <u>47,228</u>                             | <u>47,228</u>               |
|    | At 31 December 2020 and 1 January 2021                          | 946,850                                   | 946,850                     |
|    | Changes from financing cash flows                               | (557,400)                                 | (557,400)                   |
|    | Other changes:  |   |                             |
|    | Interest expenses (note 6)                                      | <u>27,269</u>                             | <u>27,269</u>               |
|    | At 31 December 2021   | <u>416,719</u>                            | <u>416,719</u>              |



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**Notes to Financial Statements****17 Related Party Disclosures**

- (a) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Company had the following transactions with its related party during the year.

|  | 2021<br>HK\$                | 2020<br>HK\$                |
|--|-----------------------------|-----------------------------|
| <b>Related Party Transactions</b>        |                             |                             |
| Commission Income from fellow subsidiary | 4,884,217                   | 4,414,010                   |
| Management fee paid to fellow subsidiary | 180,675                     | 182,040                     |
|  | <u>                    </u> | <u>                    </u> |

- (b) Members of key management during the year comprised only of the directors whose remuneration is set out in note 8 to the financial statements.

**18 Capital Management**

The Company's primary objectives when managing capital are to safeguard the Company's ability to Continue as a going concern. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the Group's capital management objectives.

The Company's defines "capital" as including all components of equity. On this basis the amount of capital employed at 31 December 2021 was a deficit of HK\$300,160 (2020: deficit of HK\$183,569).

The Company's capital structure is regularly reviewed and managed with due regard to the capital Management practices of the group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the group, to the extent that these do not conflict with the director's fiduciary duty towards the Company or the requirement of the Hong Kong Companies Ordinance. The results of the directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

The Company was not subject to externally imposed capital requirements in either the current or prior year.

**19 Financial Risk Statement**

The Company does not have significant exposure to interest rate and currency risks. The Company's exposure to credit risk and liquidity risk in the normal course of the Company's business and the financial management policies and practices used by the Company to manage these risks are described below.

**Credit risk**

The Company's credit risk is primarily attributable to amounts due from fellow subsidiaries. The management has a credit policy in place and the exposure to the credit risk are monitored on an ongoing basis. Credit risk in respect of amounts due from fellow subsidiaries is limited as the amounts were due from group companies which have sufficient reserves of resources to settle the amount as they fall due.

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**Notes to Financial Statements****Liquidity risk**

The Company's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from other group companies to meet its liquidity requirements in the short and longer term.

The following shows the remaining contractual maturities at the end of the reporting period of the Company's financial liabilities, which are based on contractual undiscounted cash flow:

|                          | Carrying amount  | As at 31 December 2021     |                                     | Total contractual undiscounted cashflow |
|--------------------------|------------------|----------------------------|-------------------------------------|---|
|                          |                  | Within 1 year or on demand | More than 1 year but within 2 years |   |
|                          | HK\$             | HK\$                       | HK\$                                | HK\$                                    |
| Trade and Other Payables | 709,134          | 709,134                    | -                                   | 709,134                                 |
| Lease Liabilities        | 416,719          | 423,450                    | -                                   | 423,450                                 |
|                          | <u>1,125,853</u> | <u>1,132,584</u>           | <u>-</u>                            | <u>1,132,584</u>                        |

|                                   | Carrying amount  | As at 31 December 2020     |                                     | Total contractual undiscounted cashflow |
|-----------------------------------|------------------|----------------------------|-------------------------------------|---|
|                                   |                  | Within 1 year or on demand | More than 1 year but within 2 years |   |
|                                   | HK\$             | HK\$                       | HK\$                                | HK\$                                    |
| Trade and other payables          | 600,025          | 600,025                    | -                                   | 600,025                                 |
| Amount due to a fellow subsidiary | 80,780           | 80,780                     | -                                   | 80,780                                  |
| Lease liabilities                 | 946,850          | 557,400                    | 423,450                             | 980,850                                 |
|                                   | <u>1,627,655</u> | <u>1,238,205</u>           | <u>423,450</u>                      | <u>1,661,655</u>                        |

**Categories of financial instruments at 31 December**

|   | 2021<br>HK\$     | 2020<br>HK\$     |
|---|------------------|------------------|
| <b>Financial assets:</b>                |                  |                  |
| Amount due from a fellow subsidiary     | 23,444           | -                |
| Cash and cash equivalents               | <u>131,368</u>   | <u>208,517</u>   |
| Financial assets at amortised cost      | <u>154,812</u>   | <u>208,517</u>   |
| <b>Financial liabilities:</b>           |                  |                  |
| Trade and other payables                | 709,134          | 600,025          |
| Lease liabilities                       | 416,719          | 946,850          |
| Amount due to a fellow subsidiary       | <u>-</u>         | <u>80,780</u>    |
| Financial liabilities at amortised cost | <u>1,125,853</u> | <u>1,627,655</u> |

**Fair Value Measurement**

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2021 and 31 December 2020.

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**Notes to Financial Statements**

**20 Immediate and ultimate controlling party**

At 31 December 2021, the directors consider the immediate and ultimate holding company of the Company to be Reliance Brands Holdings UK Limited and Reliance Industries Limited, which are incorporated in England and Wales, and India respectively. Reliance Industries Limited is listed in India and produces financial statements available for public use.

**21 Approval of Financial Statement**

The statement of financial position was approved and the financial statements were authorized issue by the Directors on 19 April 2022 .