

HAMLEYS ASIA LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER, 2020

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 4 to 22, which comprise the statement of financial position as at 31st December 2020, 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 31st December 2020 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRS") 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 ("HKSA's") 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 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 materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with the HKFRS 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HAMLEYS ASIA LIMITED**

(Incorporated in Hong Kong with limited liability)

(Cont'd)

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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's 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 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.

Sky Best CPA Limited
Certified Public Accountants (Practising)
JIU Pui Hong
Practising number (P02259)
Hong Kong

HAMLEYS ASIA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 HK\$	2019 HK\$
Revenue	(4)	4,414,010	5,093,047
Other Revenue and Net Gains	(4)	529	110,484
Total Revenue		4,414,539	5,203,531
Operating Expenses			
Administrative Expenses		(3,962,096)	(5,384,194)
Financial Expenses		(62,937)	(21,125)
Other Operating Expenses		(568,006)	(500,234)
Loss before tax	(5)	(178,500)	(702,022)
Income Tax Income / (Expenses)	(8)	-	-
Loss for the Year		(178,500)	(702,022)
Other Comprehensive Income		-	-
Total Comprehensive Income (Loss) for the Year		(178,500)	(702,022)

HAMLEYS ASIA LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	2020 HK\$	2019 HK\$
Non-Current Assets			
Property, Plant and Equipment	(9)	958,619	1,526,625
Rental Deposits	(10)	201,090	201,090
		<u>1,159,709</u>	<u>1,727,715</u>
Current Assets			
Prepayment	(10)	75,859	129,272
Amount due from fellow subsidiary	(6), (14)	-	334,624
Current Tax Assets		-	-
Cash and Cash Equivalents		208,517	3,578
		<u>284,376</u>	<u>467,474</u>
Current Liabilities			
Trade and Other Payable	(11)	600,025	483,666
Lease Liabilities	(12)	530,131	507,772
Amount due to fellow subsidiary	(14)	80,780	261,970
Current Tax Liabilities		-	-
		<u>1,210,936</u>	<u>1,253,408</u>
Net Current Liabilities		(926,559)	(785,934)
Non-current Liability			
Lease Liabilities	(12)	416,719	946,850
		<u>416,719</u>	<u>946,850</u>
Net Liabilities		<u>(183,569)</u>	<u>(5,069)</u>
Equity			
Share Capital	(13)	1	1
Retained Earnings		(183,570)	(5,070)
		<u>(183,569)</u>	<u>(5,069)</u>

Approved and authorised for issue by the directors on April 22 ,2021

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Darshan Mehta
Director

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Ashish Patil
Director

HAMLEYS ASIA LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	<u>HK\$</u>	<u>HK\$</u>
Share Capital		
Balance at beginning of year	1	1
Issue of shares	<u>-</u>	<u>-</u>
Balance at end of year	<u>1</u>	<u>1</u>
Retained Earnings		
Balance at beginning of year	(5,070)	696,952
Total Comprehensive Income (Loss) for the year	<u>(178,500)</u>	<u>(702,022)</u>
Balance at end of year	<u>(183,570)</u>	<u>(5,070)</u>
Total Equity	<u><u>(183,569)</u></u>	<u><u>(5,069)</u></u>

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

HAMLEYS ASIA LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 HK\$	2019 HK\$
Cash flows from operating activities		
Loss before taxation	(178,500)	(702,022)
Depreciation	568,006	500,234
Interest income	-	-
Interest expenses	14,436	1,853
Interest paid on lease	47,228	14,835
	451,170	(185,100)
Changes in trade and other receivable	53,413	(34,140)
Changes in trade and other payables	116,359	(283,664)
Cash generated from operation	620,942	(502,904)
Interest received	-	-
Interest paid	(14,436)	(1,853)
Interest paid on lease	(47,228)	(14,835)
Income tax refunded	-	120,796
Net Cash (used in) /from operating activities	<u>559,278</u>	<u>(398,796)</u>
Cash flows from investing activities		
Payments to acquire property, plant and equipment	-	(1,578,537)
Movement in fellow subsidiary account	153,434	412,982
Net Cash (used in) / from investing activities	<u>153,434</u>	<u>(1,165,555)</u>
Cash flows from financing activities		
Repayment of bank borrowings	-	-
Movement of lease liabilities	(507,772)	1,454,622
Net Cash (used in) / from Financing activities	<u>(507,772)</u>	<u>1,454,622</u>
Net increase / (decrease) in cash and cash equivalents	204,939	(109,729)
Cash and cash equivalents at beginning of year	<u>3,578</u>	<u>113,307</u>
Cash and cash equivalents at end of Year (Note A)	<u>208,517</u>	<u>3,578</u>
A. Components of cash and cash equivalents		
Cash and bank balances	208,517	3,578
Bank overdrafts	-	-
Cash and cash equivalents reported in statement of cash flows and in statement of financial position	<u>208,517</u>	<u>3,578</u>

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

HAMLEYS ASIA LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 Companies Ordinance	Hong Kong Companies Ordinance (Cap. 622) which came into operation on 3rd March 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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2. BASIS OF PREPARATION

(a) Statement of Compliance

These financial statements comply with all of the requirements of each applicable standard and each applicable interpretations in HKFRSs effective at the beginning of the reporting period and have been prepared under the accrual basis of accounting and on the basis that the Company is a going concern.

(b) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The Company has incurred loss for years. At the end of reporting period, the total liabilities of the Company exceeded its total assets and the Company sustained capital deficiency. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. 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 shareholders to provide continued financial support to the Company. On the basis that continued financial support will be provided by the Company's shareholders 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 satisfied 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 recognised 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.

HAMLEYS ASIA LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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.

(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.

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.

- (i) Commission income is recognised in the year when services are rendered ;
- (ii) Dividend income is recognised in the financial year of receipt ; and
- (iii) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(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.

HAMLEYS ASIA LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Leases

The Company has applied IFRS 16 Lease Accounting effective 1 January 2019.

As a Lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease terms. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or the Company changes its assessment of whether it will exercise a purchase, extensions or termination options.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(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.

HAMLEYS ASIA LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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 recognised 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.

(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 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.

HAMLEYS ASIA LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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. 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

At the end of each reporting period, non-current assets other than financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is any indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is less than the carrying amount, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

HAMLEYS ASIA LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Trade and other receivables

Trade and other receivables are measured at initial recognition at transaction price (including transaction costs) and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss.

(j) 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.

(k) 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.

(l) Borrowings

Borrowings are measured at initial recognition at the transaction price and are subsequently measured at amortised cost. All borrowings are classified as current liabilities unless the Company has a pre-defined repayment schedule or an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Interest expense is recognised on the basis of the effective interest method and is recognised in profit or loss.

When the borrowing agreement contains clause that gives the lender unconditional right to demand repayment at any time disregarding the pre-defined repayment schedule, the borrowing is classified as a current liability in the statement of financial position irrespective of the probability that the lender will invoke the clause without cause.

(m) Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

(n) Related Companies

Companies over which members of key management of the Company are able to exercise control or significant influence are considered to be related.

HAMLEYS ASIA LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

4. REVENUE

	2020	2019
	HK\$	HK\$
Commission Income	4,414,010	5,093,047
	<u>4,414,010</u>	<u>5,093,047</u>
	2020	2019
	HK\$	HK\$
Included in other revenue and other net gains		
Bank Interest Income	-	-
Exchange Gain	-	110,484
Sundry Income	529	-
	<u>529</u>	<u>110,484</u>
	<u>4,414,539</u>	<u>5,203,531</u>

5. LOSS BEFORE TAX

The following items have been recognised as expenses / (income) in determining profit before tax :

	2020	2019
	HK\$	HK\$
Employee costs :-		
Salary, wages and other benefits	2,838,421	3,689,956
Expenses for defined contribution scheme	106,741	102,303
Exchange Loss / (Gain), net	101,620	(110,484)
Depreciation Charges	<u>568,006</u>	<u>500,234</u>

6. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS

Remuneration of the directors (including former directors and shadow directors) of the Company disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

	2020	2019
	HK\$	HK\$
Emoluments (including benefit in kind)		
Acting as directors	-	-
Salaries, allowances and benefits in kind	-	124,506
Provision on management services	-	-
	<u>-</u>	<u>124,506</u>

HAMLEYS ASIA LIMITED**NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2020**

6. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS (Cont'd)

Loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Company and its holding company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

Due from Fellow Subsidiary

Name of Borrower	2020 HK\$	2019 HK\$	Greatest outstanding HK\$	Provision HK\$
Hamleys of London Limited	-	334,624	334,624	-

The loans, quasi-loans and credit transactions are interest-free, unsecured and have no fixed repayment terms.

7. AUDITOR'S REMUNERATION

Auditor's remuneration and expenses for the year disclosed pursuant to Part 2 of Schedule 4 of the Hong Kong Companies Ordinance are as follow:

	2020 HK\$	2019 HK\$
Auditor's Remuneration	70,000	147,000
Auditor's Expenses	-	-
	<u>70,000</u>	<u>147,000</u>

8. INCOME TAX INCOME / (EXPENSES)

No Hong Kong profits tax has been provided as the Company has assessable loss for the year and accumulated losses brought forward from last year (2019 : NIL).

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

No deferred tax assets were recognised as their realisation was remote.

	2020 HK\$	2019 HK\$
Current Tax		
Tax overstated for previous year	-	-
Provision for current year	-	-
Deferred Tax	-	-
	<u>-</u>	<u>-</u>

HAMLEYS ASIA LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

9. PROPERTY, PLANT AND EQUIPMENT

	Cost HK\$	Accumulated Depreciation HK\$	Carrying Amount HK\$
Leasehold Improvements			
Balance as at 01.01.20	1,125,498	(1,125,498)	-
Additions	-	-	-
Written Off	-	-	-
Depreciation	-	-	-
Balance as at 31.12.20	<u>1,125,498</u>	<u>(1,125,498)</u>	<u>-</u>
Furniture and Fixtures			
Balance as at 01.01.20	102,000	(102,000)	-
Additions	-	-	-
Written Off	-	-	-
Depreciation	-	-	-
Balance as at 31.12.20	<u>102,000</u>	<u>(102,000)</u>	<u>-</u>
Office Equipment			
Balance as at 01.01.20	209,137	(129,504)	79,633
Additions	-	-	-
Written Off	-	-	-
Depreciation	-	(41,827)	(41,827)
Balance as at 31.12.20	<u>209,137</u>	<u>(171,331)</u>	<u>37,806</u>
Properties Leased for Own Use			
Balance as at 01.01.20	1,578,537	(131,545)	1,446,992
Additions	-	-	-
Written Off	-	-	-
Depreciation	-	(526,179)	(526,179)
Balance as at 31.12.20	<u>1,578,537</u>	<u>(657,724)</u>	<u>920,813</u>
Total			
As at December 31, 2020	<u>3,015,172</u>	<u>(2,056,553)</u>	<u>958,619</u>
As at December 31, 2019	<u>3,015,172</u>	<u>(1,488,547)</u>	<u>1,526,625</u>

HAMLEYS ASIA LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

10. TRADE AND OTHER RECEIVABLES

	Related parties HK\$	Third parties HK\$	Total HK\$
2020			
Deposits	-	201,090	201,090
Prepayment	-	75,859	75,859
	-	276,950	276,950
2019			
Deposits	-	201,090	201,090
Prepayment	-	129,272	129,272
	-	330,362	330,362

11. TRADE AND OTHER PAYABLES

	Related parties HK\$	Third parties HK\$	Total HK\$
2020			
Trade Payable	-	75,269	75,269
Accrued Expenses	-	524,756	524,756
	-	600,025	600,025
Current Liabilities	-	(600,025)	(600,025)
Non-Current Liabilities	-	-	-
2019			
Trade Payable	-	67,514	67,514
Accrued Expenses	-	416,152	416,152
	-	483,666	483,666
Current Liabilities	-	(483,666)	(483,666)
Non-Current Liabilities	-	-	-

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NOTES TO FINANCIAL STATEMENTS
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12. 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

	2020	2019
	US\$	US\$
Right-of-use Assets		
Property		
Balance at 1 January 2020	1,446,992	-
Addition / Retirement	-	1,578,537
Depreciation / Retirement	(526,179)	(131,545)
Balance at 31 December 2020	<u>920,813</u>	<u>1,446,992</u>
Lease Liabilities		
<u>Maturity analysis</u>		
Within 1 year	530,131	507,772
Between 1 to 2 years	416,719	530,131
Between 2 to 5 years	-	416,719
Lease Liabilities	<u>946,850</u>	<u>1,454,622</u>
Current	530,131	507,772
Non-current	416,719	946,850
Lease Liabilities	<u>946,850</u>	<u>1,454,622</u>
Interest on lease liabilities	<u>47,228</u>	<u>14,835</u>
Total cash outflow for leases		
- Lease Liabilities	<u>555,000</u>	<u>138,750</u>

13. SHARE CAPITAL

	2020		2019	
	No. of shares	HK\$	No. of shares	HK\$
Issued and fully paid				
Ordinary share without par value	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

HAMLEYS ASIA LIMITED
NOTES TO FINANCIAL STATEMENTS
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14. RELATED PARTY DISCLOSURES

	2020 HK\$	2019 HK\$
Related parties transactions		
Commission Income from fellow subsidiary	4,414,010	5,093,047
Management Fee paid to fellow subsidiary	182,040	-
Loan from / (to) fellow subsidiary, net of repayment	153,434	412,982
	2020 HK\$	2019 HK\$
Amounts due from fellow subsidiary		
Hamleys of London Limited	-	334,624
	-	334,624

The amounts due from a fellow subsidiary are unsecured, interest-free and recoverable on demand.

	2020 HK\$	2019 HK\$
Amounts due to fellow subsidiary		
Hamleys of London Limited	80,780	261,970
	80,780	261,970

The amounts due to a fellow subsidiary is unsecured, interest-free and has no fixed term of repayment.

15. 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 2020 was a deficit of HK\$183,569 (2019: deficit of HK\$5,069).

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.

HAMLEYS ASIA LIMITED**NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2020**

16. FINANCIAL RISK MANAGEMENT

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.

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:

As at 31 December 2020						
	Carrying amount	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years		
Trade and Other Payables	HKD 600,025	HKD 600,025	HKD -	HKD -		
Amount due to a fellow subsidiary	80,780	80,780	-	-		
Lease Liabilities	946,850	530,131	416,719	-		
	<u>HKD 1,627,655</u>	<u>HKD 1,210,936</u>	<u>HKD 416,719</u>	<u>HKD -</u>		
As at 31 December 2019						
	Carrying amount	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years		
Trade and Other Payables	HKD 483,666	HKD 483,666	HKD -	HKD -		
Amount due to a fellow subsidiary	261,970	261,970	-	-		
Lease Liabilities	1,454,622	507,772	530,131	416,719		
	<u>HKD 2,200,258</u>	<u>HKD 1,253,408</u>	<u>HKD 530,131</u>	<u>HKD 416,719</u>		

Fair Value Measurement

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2020 and 31 December 2019.

HAMLEYS ASIA LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

17. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2020, the directors consider the immediate and ultimate holding company of the Company to be Reliance Brands Holding 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.

18. APPROVAL OF FINANCIAL STATEMENTS

The statement of financial position was approved and the financial statements were authorized for issue by the Directors on April 22,2021