

Hamleys Asia Limited

Financial Statements  
For the Year Ended 31 December 2022

**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 6 to 26 which comprise the statement of financial position as at 31 December 2022, and the statement of profit and loss and comprehensive income, statement of change in equity and statement of cash flow 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 2022, 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 (“HKSA”) 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 of the Company are responsible for the other information. The other information comprises the information included in the directors’ report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be 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.

## **Responsibilities of Directors for the Financial Statements**

The Directors of the Company 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**

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. We 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. 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 scepticism throughout the audit. We also:

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

**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, 06 April 2023

Fung Tze Wa

Practising Certificate Number – P01138

**HAMLEYS ASIA LIMITED****Statement of Profits or Loss and Other Comprehensive Income or Expense  
For the year ended 31 December 2022**

	Note	2022 HK\$	2021 HK\$
<b>Revenue</b>	5	<b>4,480,765</b>	4,884,217
<b>Operating expenses</b>			
Other revenue	6	<b>132,412</b>	-
Administrative expenses		<b>(4,381,058)</b>	(4,965,230)
Finance costs	7	<b>(21,288)</b>	(35,578)
<b>Profit / (loss) before tax</b>	8	<b>210,831</b>	(116,591)
Income tax expense	10	-	-
<b>Profit/(loss) and total comprehensive income (expense) for the year</b>		<b>210,831</b>	(116,591)

**HAMLEYS ASIA LIMITED****Statement of Financial Position  
As at 31 December 2022**

	Note	2022 HK\$	2021 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	11	825,709	394,634
Rental deposits	12	201,090	201,090
		<u>1,026,799</u>	<u>595,724</u>
<b>Current assets</b>			
Other receivables		283,333	-
Prepayments	12	72,646	75,157
Amount due from a fellow subsidiary	13	-	23,444
Cash and cash equivalents		159,450	131,368
		<u>515,429</u>	<u>229,969</u>
<b>Current liabilities</b>			
Trade and other payables	14	303,936	709,134
Lease liabilities	15	465,840	416,719
Amount due to a fellow subsidiary	13	496,827	-
		<u>1,266,603</u>	<u>1,125,853</u>
<b>Net current liabilities</b>		<u>(751,174)</u>	<u>(895,884)</u>
<b>Total assets less current liabilities</b>		<u>275,625</u>	<u>(300,160)</u>
<b>Non-current liabilities</b>			
Lease liabilities	15	364,954	-
<b>NET LIABILITIES</b>		<u>(89,329)</u>	<u>(300,160)</u>

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

	Note	2022 HK\$	2021 HK\$
<b>EQUITY</b>			
Share capital	16	1	1
Accumulated losses		<u>(89,330)</u>	<u>(300,161)</u>
<b>CAPITAL DEFICIT</b>		<u><u>(89,329)</u></u>	<u><u>(300,160)</u></u>

The financial statements were approved and authorised for issue by the directors on 06 April 2023.

\_\_\_\_\_  
Mehta Darshan Rasiklal  
Director

\_\_\_\_\_  
Patil Ashish Mahadeo  
Director

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

**HAMLEYS ASIA LIMITED****Statement of Changes in Equity  
For the year ended 31 December 2022**

	<b>Share capital HK\$</b>	<b>Accumulated losses HK\$</b>	<b>Total HK\$</b>
At 1 January 2021	1	(183,750)	(183,749)
Loss and total comprehensive loss for the year	<u>-</u>	<u>(116,591)</u>	<u>(116,591)</u>
At 31 December 2021	1	(300,161)	(300,160)
<b>Profit and total comprehensive income for the year</b>	<u>-</u>	<u>210,831</u>	<u>210,831</u>
<b>At 31 December 2022</b>	<u><u>1</u></u>	<u><u>(89,330)</u></u>	<u><u>(89,329)</u></u>



**HAMLEYS ASIA LIMITED****Statement of Cash Flows  
For the year ended 31 December 2022**

	Note	2022 HK\$	2021 HK\$
<b>Cash flows from operating activities</b>			
Profit / (loss) before taxation		210,831	(116,591)
Adjustments for:			
Depreciation for right-of-use assets	8	512,592	563,985
Interest expenses	7	-	3,941
Interest expenses on lease liabilities	7	18,359	27,269
		<u>741,782</u>	<u>478,604</u>
<b>Operating profit before movements in working capital</b>			
Decrease in prepayments		2,511	702
Increase in other receivables		(283,333)	-
(Decrease) / increase in trade payables		(405,198)	109,110
		<u>55,762</u>	<u>588,416</u>
<b>Cash generated from operations</b>			
		<u>55,762</u>	<u>588,416</u>
<b>New cash from operating activities</b>			
		<u>55,762</u>	<u>588,416</u>
<b>Cash flows from investing activities</b>			
Net movement in current account of a fellow subsidiary		520,271	(104,224)
		<u>520,271</u>	<u>(104,224)</u>
<b>Net cash from / (used in) investing activities</b>			
		<u>520,271</u>	<u>(104,224)</u>
<b>Cash flows from financing activities</b>			
Interest paid		-	(3,941)
Interest paid on lease	17	(18,359)	(27,269)
Principal repayments of lease liabilities	17	(529,592)	(530,131)
		<u>(547,951)</u>	<u>(561,341)</u>
<b>Net cash used in financing activities</b>			
		<u>(547,951)</u>	<u>(561,341)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>			
		<u>28,082</u>	<u>(77,149)</u>
<b>Cash and cash equivalents at the beginning of year</b>			
		<u>131,368</u>	<u>208,517</u>
<b>Cash and cash equivalents at the end of the year</b>			
		<u>159,450</u>	<u>131,368</u>
<b>Components of cash and cash equivalents</b>			
Cash and bank balances		<u>159,450</u>	<u>131,368</u>

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

**HAMLEYS ASIA LIMITED****Notes to the Financial Statements  
For the year ended 31 December 2022****1. Corporate Information**

Hamleys Asia Limited (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.

In the opinion of the directors, the immediate and ultimate holding company of the Company are Reliance Brands Holding UK Limited and Reliance Industries Limited respectively, 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.

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

**2. Basis of preparation****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.

**Going concern**

The Company had net current liabilities of HK\$751,174 (2021: 895,884) and net liabilities of HK\$ 89,329 (2021: 300,160) as at 31 December 2022. 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.

**HAMLEYS ASIA LIMITED****Notes to the Financial Statements  
For the year ended 31 December 2022****2. Basis of preparation (continued)****Application of new and revised HKFRS****Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The directors of the Company consider that the application of the amendments to HKFRS in the current year had no material impact on the Group’s financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

**New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup>Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup>Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup>Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

**HAMLEYS ASIA LIMITED****Notes to the Financial Statements  
For the year ended 31 December 2022****2. Basis of preparation (continued)****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.

**(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. The revenue of the company is based on mutually agreed terms with the group companies. Other revenue includes exchange gain (net of exchange loss), gain on disposal of capital assets and reversal of provisions.

Revenue is recognized 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 Measure 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 recognized in the year when services are rendered

**HAMLEYS ASIA LIMITED****Notes to the Financial Statements  
For the year ended 31 December 2022****3. Summary of Significant accounting policies (continued)****(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 recognized 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 recognized 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 recognized, 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.

**(b) Lease liabilities**

Lease liabilities are recognized 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 recognized 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.

**HAMLEYS ASIA LIMITED****Notes to the Financial Statements  
For the year ended 31 December 2022****3. Summary of Significant accounting policies (continued)****(c) Leases (continued)****(i) As a lessee (continued)****(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 recognized 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, amortization of discounts or premiums relating to borrowings, amortization 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 recognized 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 recognized in other comprehensive income is recognized 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 recognized 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 recognized 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 recognized 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 utilized. Such deferred tax assets are not recognized 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.

**HAMLEYS ASIA LIMITED****Notes to the Financial Statements  
For the year ended 31 December 2022****3. Summary of Significant accounting policies (continued)****(f) Income tax (continued)**

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 recognized 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 realized, 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 capitalized.

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 Improvement	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 derecognized and any gain or loss resulting from the disposal is recognized in profit or loss.

**HAMLEYS ASIA LIMITED****Notes to the Financial Statements  
For the year ended 31 December 2022****3. Summary of Significant accounting policies (continued)****(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 amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 amortized cost using the effective interest method.

**(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.



**HAMLEYS ASIA LIMITED****Notes to the Financial Statements  
For the year ended 31 December 2022****3. Summary of Significant accounting policies (continued)****(k) Related Parties (continued)**

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

- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (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.

**4. Critical judgement and key estimates****Critical judgements in applying accounting policies**

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognized 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 belong. 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 2022 were HK\$825,709 (2021: HK \$394,634).

**HAMLEYS ASIA LIMITED****Notes to the Financial Statements  
For the year ended 31 December 2022****4. Critical judgement and key estimates (continued)****Key sources of estimation uncertainty (continued)****(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 (2021: Nil) was charged to statement of comprehensive income based on the estimated profit from continuing operations.

**5. Revenue**

	<b>2022</b>	<b>2021</b>
	<b>HK\$</b>	<b>HK\$</b>
Commission Income	<u>4,480,765</u>	<u>4,884,217</u>

**6. Other revenue**

	<b>2022</b>	<b>2021</b>
	<b>HK\$</b>	<b>HK\$</b>
Exchange gain	<u>132,412</u>	<u>-</u>

**7. Finance cost**

	<b>2022</b>	<b>2021</b>
	<b>HK\$</b>	<b>HK\$</b>
Bank interest expense	-	3,941
Bank charges	2,929	4,368
Interest expenses on lease liabilities	<u>18,359</u>	<u>27,269</u>
	<u>21,288</u>	<u>35,578</u>

**8. Profit / (loss) before tax**

The following items have been recognized as expenses in determining profit / (loss) before tax;

	<b>2022</b>	<b>2021</b>
	<b>HK\$</b>	<b>HK\$</b>
Auditor's remuneration	70,000	70,000
Salary, wages and other benefits	2,950,355	3,202,547
Expenses for defined contribution scheme	96,537	111,697
Exchange loss net	-	51,275
Depreciation on right-of-use assets	<u>512,592</u>	<u>563,985</u>

**HAMLEYS ASIA LIMITED****Notes to the Financial Statements  
For the year ended 31 December 2022****9. Directors' remuneration, loans and other material interest**

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance are as follows:

	<b>2022</b> <b>HK\$</b>	<b>2021</b> <b>HK\$</b>
Fees	-	-
Other emoluments		
- salaries, wages and other benefits	-	-
- contributions to defined contribution retirement plan	-	-
	<u>-</u>	<u>-</u>

**10. Income tax expense**

No provision for Hong Kong Profits Tax has been provided as the Company has no assessable profit for the year (2021: Nil).

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

No deferred tax assets were recognized 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:

	<b>2022</b> <b>HK\$</b>	<b>2021</b> <b>HK\$</b>
Profit / (loss) before tax	<u>210,831</u>	<u>(116,591)</u>
Tax at the domestic income tax rate of 8.25% (2021:8.25%)	17,394	(9,619)
Depreciation in excess of capital allowances	(3,858)	(3,825)
Income not allowable for tax purposes	(10,924)	-
Tax loss not recognized	-	13,444
Utilisation of tax losses	<u>(2,612)</u>	<u>-</u>
<b>Income tax expenses</b>	<u>-</u>	<u>-</u>

**HAMLEYS ASIA LIMITED****Notes to the Financial Statements  
For the year ended 31 December 2022****11. Property, plant and equipment**

	<b>Leasehold improvement HK\$</b>	<b>Furniture and fixtures HK\$</b>	<b>Office equipment HK\$</b>	<b>Right-of- Use assets HK\$</b>	<b>Total HK\$</b>
<b>Year ended</b>					
<b>31 December 2021</b>					
Opening net book amount	-	-	37,806	920,813	958,619
Depreciation	-	-	(37,806)	(526,179)	(563,985)
<b>Closing net book value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>394,634</b>	<b>394,634</b>
<b>At 31 December 2021</b>					
Cost	1,125,498	102,000	209,137	1,578,537	3,015,172
Accumulated depreciation	(1,125,498)	(102,000)	(209,137)	(1,183,903)	(2,620,538)
<b>Net book value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>394,634</b>	<b>394,634</b>
<b>Year ended</b>					
<b>31 December 2022</b>					
Opening net book amount	-	-	-	394,634	394,634
Depreciation	-	-	-	(512,592)	(512,592)
Addition	-	-	-	943,667	943,667
<b>Closing net book value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>825,709</b>	<b>825,709</b>
<b>At 31 December 2022</b>					
Cost	1,125,498	102,000	209,137	2,522,204	3,958,839
Accumulated depreciation	(1,125,498)	(102,000)	(209,137)	(1,696,495)	(3,133,130)
<b>Net book value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>825,709</b>	<b>825,709</b>

Depreciation expense of HK\$ 512,592 (2021: HK\$ 563,985) have been charged in Other Operating Expenses.

**HAMLEYS ASIA LIMITED****Notes to the Financial Statements  
For the year ended 31 December 2022****12. Deposits and prepayments**

	<b>2022</b>	<b>2021</b>
	<b>HK\$</b>	<b>HK\$</b>
Deposits	<b>201,090</b>	201,090
Prepayments	<b>72,646</b>	75,157
	<b>273,736</b>	276,247
Less: Current portion	<b>(72,646)</b>	(75,157)
Non – Current portion of deposits	<b>201,090</b>	201,090

**13. Amount due from (to) a fellow subsidiary**

The amount due 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:

<b>Name of fellow subsidiary</b>	<b>Maximum amount outstanding during the year HK\$</b>	<b>2022</b>	<b>2021</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Hamleys of London Limited	23,444	-	23,444

**14. Trade and other payables**

	<b>2022</b>	<b>2021</b>
	<b>HK\$</b>	<b>HK\$</b>
Trade payable	<b>243,038</b>	127,549
Accrued expenses	<b>60,898</b>	581,585
	<b>303,936</b>	709,134

**HAMLEYS ASIA LIMITED****Notes to the Financial Statements  
For the year ended 31 December 2022****15. Lease liabilities**

The Company leases land and buildings for its office space. The leases of office space run for a period of 2 years.

	<u>Minimum lease payments</u>		<u>Present value of minimum lease payments</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Within one year	<b>496,800</b>	423,450	<b>465,840</b>	416,719
In the second to fifth years, inclusive	<b>372,600</b>	-	<b>364,954</b>	-
	<b>869,400</b>	423,450	<b>830,794</b>	416,719
Less: Future finance charges	<b>(38,606)</b>	(6,731)	-	-
Present value of lease obligations	<b>830,794</b>	416,719		
Less: Amount due for settlement within 12 months (shown under current liabilities)			<b>465,840</b>	416,719
Amount due for settlement after 12 months			<b>364,954</b>	-

**16. Share capital**

	<u>No. of share</u>	<u>HK\$</u>
<b>Ordinary share:</b>		
<b>Issued and fully paid</b>		
At 31 December 2021, 1 January 2022 and 31 December 2022	<u>1</u>	<u>1</u>

**17. Reconciliation of liabilities arising from financing activities**

	<u>Lease liabilities (Note 15) HK\$</u>
At 1 January 2021	946,850
Changes from financing cash flows	(557,400)
Other changes:	
Interest expenses (note 7)	<u>27,269</u>
At 31 December 2021 and 1 January 2022	416,719
Additions during the year	<b>943,667</b>
Changes from financing cash flows	<b>(547,951)</b>
Other changes:	
Interest expenses (note 7)	<u>18,359</u>
At 31 December 2022	<b>830,794</b>

**HAMLEYS ASIA LIMITED****Notes to the Financial Statements  
For the year ended 31 December 2022****18. 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.

	<b>2022</b>	<b>2021</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Related party transaction</b>		
Commission income from fellow subsidiary	<b>4,480,765</b>	4,884,217
Management fee paid to fellow subsidiary	<b><u>157,603</u></b>	<u>180,675</u>

- (b) Members of key management during the year comprised only of the directors whose remuneration is set out in note 9 to the financial statements.

**19. 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 2022 was a deficit of HK\$ 89,329 (2021: deficit of HK\$ 300,160).

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.

**20. 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.

**(a) 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.

**HAMLEYS ASIA LIMITED****Notes to the Financial Statements  
For the year ended 31 December 2022****20. Financial risk statement (continued)****(b) 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:

	<u>As at 31 December 2022</u>			Total contractual undiscounted cashflow HK\$
	Carrying amount HK\$	Within 1 year or on demand HK\$	More than 1 year but within 2 years HK\$	
Trade and other payables	243,038	243,038	-	243,038
Amount due to fellow subsidiary	496,827	496,827	-	496,827
Lease liabilities	830,794	496,800	372,600	869,400
	<u>1,570,659</u>	<u>1,236,665</u>	<u>372,600</u>	<u>1,609,265</u>
	<u>As at 31 December 2021</u>			Total contractual undiscounted cashflow HK\$
	Carrying Amount HK\$	Within 1 year or on demand HK\$	More than 1 year but within 2 years 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>

**(c) Categories of financial instruments at 31 December**

	2022 HK\$	2021 HK\$
<b>Financial assets:</b>		
Amount due from a fellow subsidiary	-	23,444
Cash and cash equivalents	<u>159,450</u>	<u>131,368</u>
Financial assets at amortised cost	<u>159,450</u>	<u>154,812</u>
<b>Financial liabilities:</b>		
Trade and other payables	218,429	709,134
Lease liabilities	830,794	416,719
Amount due to a fellow subsidiary	<u>496,827</u>	<u>-</u>
Financial liabilities at amortised cost	<u>1,546,050</u>	<u>1,125,853</u>



**HAMLEYS ASIA LIMITED**

**Notes to the Financial Statements  
For the year ended 31 December 2022**

**20. Financial risk statement (continued)**

**(d) Fair value measurement**

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2022 and 31 December 2021.

**21. Approval of financial statement**

The statement of financial position was approved and the financial statements were authorized issue by the Directors on 06 April 2023.