

PCRD FINANCIAL SERVICES (HK) LIMITED

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 7 DECEMBER 2022 (DATE OF INCORPORATION)

TO 31 DECEMBER 2023

PCRD FINANCIAL SERVICES (HK) LIMITED

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the period from 7 December 2022 (date of incorporation) to 31 December 2023 (the “Period”).

Principal activities

The principal activities of the Company are business administration management and financial consultancy services. There are no services provided in the current period.

Business review

No business review is presented for the financial period from 7 December 2022 (date of incorporation) to 31 December 2023 as the Company has been able to claim an exemption under Section 388(3) of the Hong Kong Companies Ordinance (Cap. 622) (the “Companies Ordinance”).

Results and appropriations

The results of the Company for the period are set out in the statement of comprehensive income on page 7.

The directors do not recommend the payment of a dividend.

Shares issued in the Period

The Company was incorporated in the Hong Kong Special Administrative Region (“Hong Kong”) under the Hong Kong Companies Ordinance (Cap. 622) on 7 December 2022. At the date of incorporation, 1,000 ordinary shares of the Company were issued at a total consideration of HK\$1,000. Details of the share capital of the Company are set out in note 10 to the financial statements.

Directors

The directors of the Company during the Period and up to the date of this report were:

Peter A. Allen	(Appointed on 7 December 2022)
Lim Beng Jin	(Appointed on 7 December 2022)

In accordance with Articles 22(2) of the Company’s Articles of Association, both directors appointed by the founder member shall continue to remain in office.

Management contracts

PCRD Services Pte Ltd, a fellow subsidiary, provides services to various related companies and, under the arrangement, no recharge has been made to the Company in the Period. This arrangement will continue until terminated by either party.

PCRD FINANCIAL SERVICES (HK) LIMITED
REPORT OF THE DIRECTORS (CONTINUED)

Permitted indemnity provision

According to the Company's Articles of Association and subject to the provisions of the Companies Ordinance, every director of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him/her in the execution and discharge of his/her duties or in relation thereto including any liability incurred by him/her in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him/her and in which judgement is given in his/her favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty of his/her part) or in which he/she is acquitted. Pacific Century Regional Developments Limited ("PCRD"), the immediate holding company of the Company, has maintained appropriate directors' and officers' liability insurance cover for the directors and officers of PCRD and its subsidiaries.

Auditor

PricewaterhouseCoopers was appointed and engaged as auditor of the Company on 22 November 2023 and 24 November 2023 respectively.

The financial statements of the Company for the Period have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment.

On behalf of the board of directors



Peter A. Allen
Director

24 May 2024

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF PCRD FINANCIAL SERVICES (HK) LIMITED**
(Incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The financial statements of PCRD Financial Services (HK) Limited (the "Company"), which are set out on pages 7 to 22, comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the period from 7 December 2022 (date of incorporation) to 31 December 2023 (the "Period");
- the statement of changes in equity for the Period;
- the statement of cash flows for the Period; and
- the notes to the financial statements, which include principal accounting policies and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF PCRD FINANCIAL SERVICES (HK) LIMITED
(CONTINUED)**

(Incorporated in Hong Kong with limited liability)

Other Information

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

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

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF PCRD FINANCIAL SERVICES (HK) LIMITED
(CONTINUED)**
(Incorporated in Hong Kong with limited liability)

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 HKSA's 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 HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



羅兵咸永道

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF PCRD FINANCIAL SERVICES (HK) LIMITED
(CONTINUED)**

(Incorporated in Hong Kong with limited liability)

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 May 2024

PCRD FINANCIAL SERVICES (HK) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 7 DECEMBER 2022 (DATE OF INCORPORATION)
TO 31 DECEMBER 2023**

	Note	For the period from 7 December 2022 (date of incorporation) to 31 December 2023 HK\$
Administrative expenses	3	(140,856)
Finance costs	4	(19,168,356)
Loss before income tax		<u>(19,309,212)</u>
Income tax expense	5	-
Loss after tax and total comprehensive loss		<u><u>(19,309,212)</u></u>


The notes on pages 11 to 22 form an integral part of these financial statements.

PCRD FINANCIAL SERVICES (HK) LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Note	As at 31 December 2023 HK\$
ASSETS		
Non-current asset		
Prepayments	7	977,190
Current assets		
Prepayments	7	999,088
Amount due from the immediate holding company	8	138,912,024
		139,911,112
Total assets		140,888,302
LIABILITIES		
Non-current liability		
Borrowings	9	160,000,000
Current liability		
Accruals		196,514
Total liabilities		160,196,514
Net liabilities		(19,308,212)
Equity		
Share capital	10	1,000
Accumulated losses		(19,309,212)
		(19,308,212)

Approved and authorised for issue by the board of directors (the "Board") on 24 May 2024 and signed on behalf of the Board by


.....
Peter A. Allen
Director


.....
Lim Beng Jin
Director

The notes on pages 11 to 22 form an integral part of these financial statements.

PCRD FINANCIAL SERVICES (HK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 7 DECEMBER 2022 (DATE OF INCORPORATION)
TO 31 DECEMBER 2023**

	Share capital HK\$	Accumulated losses HK\$	Total equity HK\$
Issuance of shares on 7 December 2022 (date of incorporation)	1,000	-	1,000
Comprehensive loss			
Total comprehensive loss for the Period	-	(19,309,212)	(19,309,212)
Balance at 31 December 2023	<u>1,000</u>	<u>(19,309,212)</u>	<u>(19,308,212)</u>

The notes on pages 11 to 22 form an integral part of these financial statements.

PCRD FINANCIAL SERVICES (HK) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 7 DECEMBER 2022 (DATE OF INCORPORATION)
TO 31 DECEMBER 2023**

	Note	For the period from 7 December 2022 (date of incorporation) to 31 December 2023 HK\$
Cash flows from operating activities		
Loss before income tax		(19,309,212)
Adjustments for:		
- Finance costs		19,168,356
Net cash used in operating activities		<u>(140,856)</u>
Cash flows from investing activities		
Advances to the immediate holding company		(500,001,000)
Net cash used in investing activities		<u>(500,001,000)</u>
Cash flows from financing activities		
Issuance of shares		1,000
Finance costs paid		(20,948,120)
Advances from the immediate holding company		361,088,976
Proceeds from borrowings		500,000,000
Repayment of borrowings		(340,000,000)
Net cash provided by financing activities		<u>500,141,856</u>
Net change in cash and cash equivalents		-
Cash and cash equivalents at beginning of Period		-
Cash and cash equivalents at end of Period	14	<u>-</u>

The notes on pages 11 to 22 form an integral part of these financial statements.

PCRD FINANCIAL SERVICES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

1 General information

PCRD Financial Services (HK) Limited (the “Company”) is a limited liability company incorporated in Hong Kong. The address of its registered office is 38/F, Champion Tower, 3 Garden Road, Central, Hong Kong.

The Company is a wholly-owned subsidiary of Pacific Century Regional Developments Limited (“PCRD” or “immediate holding company”), a company incorporated and listed in the Republic of Singapore. The Company’s ultimate holding company is OS Holdings Limited, a company incorporated in Bermuda.

The principal activities of the Company are business administration management and financial consultancy services. There are no services provided in the current period.

The financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

The financial statements have been approved for issue by the Board on 24 May 2024.

2 Summary of principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) and requirements of the Hong Kong Companies Ordinance Cap. 622. The financial statements have been prepared under the historical convention.

As at 31 December 2023, the Company is in a net liabilities position of HK\$19,308,212. The immediate holding company, has indicated its intention to provide continuing financial support to the Company to enable it to meet its liabilities as they fall due and to carry on its business without a significant curtailment of operations in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

This is the first set of financial statements of the Company since its date of incorporation, therefore the comparative information as required by HKAS 1 “Presentation of Financial Statements” is not available.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. There are no critical areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

PCRD FINANCIAL SERVICES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

2 Summary of principal accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing from 7 December 2022 to 31 December 2023:

- HKAS 1 (Revised) (Amendments), *Presentation of Financial Statements*
- HKAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors*
- HKAS 12 (Amendments), *Income Taxes*
- HKAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets*
- Annual Improvements to HKFRSs 2018 – 2020

The amendments to HKAS 12 require disclosure about income tax arising from Pillar Two model rules (“Pillar Two Income Taxes”) published by the Organisation for Economic Co-operation and Development.

The amendments listed above are not expected to significantly affect the current or future periods.

(b) New and amended standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Company.

However, management anticipates that the adoption of these standards, amendments and interpretations will not have a material impact on the financial statements of the Company in the period of their initial adoption.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in HK\$, which is the Company’s functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

PCRD FINANCIAL SERVICES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

2 Summary of principal accounting policies (Continued)

2.3 Financial assets

The Company classifies its financial assets as financial assets at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's financial assets at amortised cost comprise "amount due from the immediate holding company" in the statement of financial position.

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets are subsequently carried at amortised cost using the effective interest method.

2.4 Impairment of financial assets

Assets carried at amortised cost

The Company assesses on forward-looking basis the expected credit losses associated with its amount due from the immediate holding company carried at amortised cost.

For amount due from the immediate holding company, the Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition by considering available reasonable and supportive forward-looking information. Considerations may include:

- internal credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower; and
- significant changes in the expected performance and behaviour of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is delinquent and in default status when there are unsettled amounts remaining on the account on the day after the invoice due date.

At each reporting date, the Company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. If, at the reporting date, the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for that financial asset at an amount equal to 12-month expected credit losses.

PCRD FINANCIAL SERVICES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

2 Summary of principal accounting policies (Continued)

2.4 Impairment of financial assets (Continued)

Financial assets are written off when there is no reasonable expectation of recovery. The Company categorises a financial asset for write off when a debtor fails to make contractual payments for a period greater than predefined limit. Where financial assets have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the statement of comprehensive income.

2.5 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.7 Prepayments

The classification of prepayments depends on the nature of their underlying assets and expenses. Prepayments are classified as current, except for prepayments for acquisition of non-current assets and prepayments for expenses over 12 months where these are classified as non-current.

2.8 Accruals

Accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company expects, and has the discretion, to refinance or roll over the obligations for at least 12 months after the end of the reporting period under existing loan facilities.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

PCRD FINANCIAL SERVICES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

2 Summary of principal accounting policies (Continued)

2.11 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) *Deferred income tax*

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, and the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

PCRD FINANCIAL SERVICES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

2 Summary of principal accounting policies (Continued)

2.12 Related parties

For the purposes of these financial statements, a party is considered to be related to the Company if:

- i. the party has the ability, directly or indirectly through one or more intermediaries, to control the Company or exercise significant influence over the Company in making financial and operating policy decisions, or has joint control over the Company;
- ii. the Company and the party are subject to common control;
- iii. the party is an associate of the Company or a joint venture in which the Company is a venturer;
- iv. the party is a member of key management personnel of the Company or the Company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individual;
- v. the party is a close family member of a party referred to in (i) above or is an entity under the control, joint control or significant influence of such party;
- vi. the party is a post-employment benefit plan which is for the benefit of employees of the Company or of any entity that is a related party of the Company; or
- vii. the entity, or any member of the Company of which it is a part, provides key management personnel services to the Company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

PCRD FINANCIAL SERVICES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

3 Administrative expenses

	For the period from 7 December 2022 (date of incorporation) to 31 December 2023 HK\$
Auditor's remuneration	138,601
Professional fees	2,150
Other expenses	105
	<u>140,856</u>

No remuneration was paid or payable to the directors in respect of their services to the Company during the Period.

4 Finance costs

	For the period from 7 December 2022 (date of incorporation) to 31 December 2023 HK\$
Interest expense - bank borrowings	17,826,085
Finance facility fees	318,548
Front end fees	1,023,723
	<u>19,168,356</u>

5 Income tax expense

No provision for Hong Kong profits tax has been made as the Company did not have any assessable profits arising in Hong Kong during the Period.

The tax on the Company's loss before income tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

	For the period from 7 December 2022 (date of incorporation) to 31 December 2023 HK\$
Loss before income tax	(19,309,212)
Tax calculated at the tax rate of 16.5%	(3,186,020)
Expenses not deductible for tax	3,186,020
Income tax expense	<u>-</u>

No deferred income tax asset or liability was recognised as at 31 December 2023.

PCRD FINANCIAL SERVICES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

6 Benefits and interests of directors

No directors' emoluments, retirement benefits and payments or benefits in respect of termination of directors' services have been paid to or were receivable by the directors during the Period.

No consideration was provided to or receivable by third parties for making available directors' services during the Period. There were no loans, quasi-loans or other dealings in favour of directors, their controlled bodies corporate and connected entities.

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the Period.

7 Prepayments

As at 31 December
2023
HK\$

Prepayments on front end fees

Non-current	977,190
Current	999,088
	<u>1,976,278</u>

8 Amount due from the immediate holding company

The amount due from the immediate holding company is unsecured, interest-free and receivable on demand.

9 Borrowings

As at 31 December
2023
HK\$

<i>Non-current</i>	
Revolving loan facilities	<u>160,000,000</u>

The secured revolving loan facilities for the Company are denominated in HK\$. The immediate holding company issued a corporate guarantee to the bank for these bank loans.

As at 31 December 2023, the amounts advanced under the revolving loan facilities were classified as non-current liabilities as the Company have the discretion and intend to roll the facilities for at least 12 months after the balance sheet date, and have the discretion to do so.

The revolving loan facilities are priced at HIBOR plus a margin of 1.45%.

PCRD FINANCIAL SERVICES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

10 Share capital

	As at 31 December 2023 HK\$
Issued and fully paid: Issued on 7 December 2022 (date of incorporation) and as at 31 December 2023 1,000 ordinary shares	<u>1,000</u>

11 Related party transactions

The amounts represent significant transactions conducted in the ordinary course of business which were charged at rates agreed in accordance with the standard industry practice and on the basis of estimated market value.

- (a) The following transactions were carried out with related parties:

	For the period from 7 December 2022 (date of incorporation) to 31 December 2023 HK\$
Advances to the immediate holding company	(500,001,000)
Advances from the immediate holding company	<u>361,088,976</u>

In the opinion of the directors, the directors of the Company represent the key management personnel of the Company. During the Period, no compensation was paid to the key management personnel.

There is no key management remuneration as the key management having authority and responsibility for planning, directing and controlling the activities of the Company, namely the directors of the Company, is employed by the immediate holding company and related companies. The Company does not reimburse the immediate holding company and related companies for the services rendered by the directors.

- (b) Related company refers to a company which is controlled or significantly influenced by the key management personnel of the immediate holding company.
- (c) Details of the Company's balance with the immediate holding company are disclosed in Note 8 to the financial statements.

PCRD FINANCIAL SERVICES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

12 Financial risk management

The table below analyses financial instruments by category:

	2023 HK\$
<i>Financial assets at amortised cost</i>	
31 December	
Assets as per statement of financial position	
Amount due from the immediate holding company	138,912,024
Total	<u>138,912,024</u>
<i>Financial liabilities at amortised cost</i>	
Liabilities as per statement of financial position	
Accruals	196,514
Borrowings	160,000,000
Total	<u>160,196,514</u>

The Company is exposed to market risk (including cash flow and fair value interest rate risks), credit risk and liquidity risk which arise in the normal course of its business. Financial risk management is carried out under policies approved by the Board.

(a) Market risk

Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to cash flow interest rate risks arises from non-current variable-rate borrowings.

At 31 December 2023, if the interest rates had been higher/lower by 1% with all other variables including tax rate being held constant, the loss after tax would be higher/lower by HK\$1,336,000 as a result of higher/lower interest expense on these borrowings.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company have insignificant exposures to fair value interest rate risks.

(b) Credit risk

The Company's credit risk is primarily attributable to amount due from the immediate holding company.

Amount due from the immediate holding company

The Company monitors the credit risk of the immediate holding company based on the past due information to assess if there is any significant increase in credit risk. The immediate holding company is a listed company on the Singapore Exchange Securities Trading Limited and is considered to have a low risk of default. Hence, the credit loss is immaterial.

PCRD FINANCIAL SERVICES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

12 Financial risk management (Continued)

(c) Liquidity risk

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year HK\$	Between 1 and 5 years HK\$
At 31 December 2023		
Accruals	196,514	-
Borrowings	10,672,000	170,496,570
	<u>10,868,514</u>	<u>170,496,570</u>

The Company's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The current liability as stated on the Company's statement of financial position is due in less than 12 months.

(d) Offsetting financial assets and financial liabilities

The Company has the following financial instruments subject to enforceable master netting arrangements or other similar agreements as follows:

	Related amounts set off in the balance sheet		
	Gross amount – financial assets HK\$	Gross amount – financial liabilities HK\$	Net amount HK\$
At 31 December 2023			
Amount due from the immediate holding company	500,001,000	(361,088,976)	138,912,024
Amount due to the immediate holding company	361,088,976	(361,088,976)	-

PCRD FINANCIAL SERVICES (HK) LIMITED

NOTES TO FINANCIAL STATEMENTS

13 Capital management

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern.

Management monitors its capital based on total capital. Total capital is calculated as total equity plus net debt. Net debt is calculated as borrowings plus accruals.

	As at 31 December 2023 HK\$
Net debt	160,196,514
Total equity	(19,308,212)
Total capital	<u>140,888,302</u>

14 Notes to the statement of cash flows

Movement of financial liabilities/(assets) arising from investing and financing activities for the Period are as follows:

HK\$	Borrowings	Interest payable (including in accruals)	Prepaid finance costs (including in prepayments)	Amount due from the immediate holding company
As at 7 December 2022 (date of incorporation)	-	-	-	-
<i>Cash flows in investing activities</i>				
Advances to the immediate holding company	-	-	-	(500,001,000)
<i>Cash flows in financing activities</i>				
Advances from the immediate holding company	-	-	-	361,088,976
Proceeds from borrowings	500,000,000	-	-	-
Repayment of borrowings	(340,000,000)	-	-	-
Finance costs paid	-	(17,948,120)	(3,000,000)	-
Non-cash movements	-	18,144,634	1,023,722	-
As at 31 December 2023	<u>160,000,000</u>	<u>196,514</u>	<u>(1,976,278)</u>	<u>(138,912,024)</u>