

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

*This Management's Discussion and Analysis (this "MD&A") provides a review of the results of operations, financial condition and cash flows for Entertainment District Asia Ltd. ("EDA" or the "Company"), on a consolidated basis, for the three months ended March 31, 2020.*

*This document should be read in conjunction with the information contained in the Company's audited consolidated financial statements and related notes for the three months ended March 31, 2020 (the "2020 Q1 Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Unless otherwise indicated, all dollar ("\$") and "USD" amounts and references in this MD&A are in United States dollars ("USD").*

*Unless otherwise stated, in preparing this MD&A the Company has taken into account information available to it up to the date of this MD&A, August 24, 2020. All quarterly information contained herein is unaudited.*

### **CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION**

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that infer actions, events or results with terminology such as "may", "could", "would", "might", "will be taken", "occur" or "be achieved".

Forward-looking information is provided for the purposes of assisting the reader in understanding the Company and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments and, therefore, the reader is cautioned that such information may not be appropriate for other purposes.

Forward-looking information is based upon numerous assumptions and is subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, the risk factors that are discussed in greater detail under "Risk Factors and Uncertainties".

Although the forward-looking information contained herein is based upon what we believe are reasonable assumptions, readers are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. Certain assumptions were made in preparing the forward-looking information concerning availability of capital resources, business performance, market conditions, and customer demand. Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date hereof, and we do not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

## **OVERVIEW AND SIGNIFICANT EVENTS**

### *Overview*

Entertainment Direct Asia Ltd. is a company incorporated and domiciled in the British Virgin Islands and has its registered office and principal place of business at the offices of Trident Trust Company (BVI) Limited, Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands. The principal activities of the company are management services and investment holding.

Entertainment Direct Asia, using the brand name “Yooya” was originally established with a business model that closely followed the Google /YouTube MCN (Multi-Channel Network) model. The idea was to build a platform on top of a platform, a video network bringing together hundreds, or thousands, of video creators, all operating on someone else’s tech platform (mostly You Tube originally), but gaining better terms by leveraging the scale of the network. This type of “virtual network”, which were known as MCNs in the U.S. became popular as part of a greater move to introduce monetization of independent creators to the YouTube platform. Before this most creators made content for their own enjoyment, and to attract followers, and could monetize using Google’s Ad Sense system which measured the views and placed ads against the creator videos, but they lacked tools and approved IP to build their revenue, and they lacked scale to negotiate for better revenue share with the platform.

The founders of Yooya believed that there was an opportunity to replicate this type of “network upon network” approach in the Chinese market. However, instead of YouTube, which was banned in the PRC, it would be on the domestic Chinese platforms run by Baidu, Tencent, Alibaba, and others. This new business called for licensing primarily video content from independent creators (and content owners outside of China who were not in the market) and then sublicensing to distribution channels (mostly the major video platforms in China), but instead of just gaining leverage through scale, the concept was to enable creators across multiple platforms, as while the China market did not have one major player like YouTube, it had many similar types of video sites, all vying for market share, and all scaling due to the market size.

The Chinese market was forecast to develop along similar lines to “YouTube model” under which creator networks were built on video platforms, aggregating the passive revenue share from advertising, which was then shared with the individual creators. As the various platforms competed for great content creators, and their followers, the assumption was that the platforms would be even more inclined to offer better terms to the individual creators, or even better, to their network, which could provide a lineup of hundreds of great creators.

However, the market ended up developing quite differently with little or no revenue sharing from platforms, and creators were forced to monetize through collaborations with advertisers directly and other fan engagement. Despite the competition in the market, several platforms gained traction and market size, and partially due to liberal use of copyrighted material in the market, these platforms did not feel it necessary to do revenue share with the creators, and when they did the terms were not that attractive, and the actual tracking and payment of the ad share was perhaps less than transparent and efficient. This led the creators and advertisers in the market to start to collaborate on influencer marketing brand deals, where the influencers would get paid by the brands, and then create original content for that brand, and post on their channels. As the influencers were not making money from the ads placed on their channels by the tech platforms, they were forced to monetize by receiving payment directly from the brands.

Yooya pivoted the business in China away from trying to negotiate revenue shares from the platforms, and instead focused on expanding the creator network, and becoming a bridge between the creators and the brands in China. This type of virtual network involved bringing hundreds of leading influencers into the network, tracking their content and views across all platforms, and providing the highest quality data available to the brands to validate the value proposition with the influencer marketing in these early days of this new trend in China. The network grew to billions of views, across hundreds of creators, and the number of platform partners grew to over 40 in the market. With leading brands increasingly interested in accessing the younger generation of Chinese consumers who do not watch TV, but rather get their information from the internet, and mostly mobile, this direction was pursued. The business model further evolved to a fee-based agency model, whereby Yooya was mainly engaged in business information consulting, enterprise management consulting, corporate image planning, marketing planning, graphic design and production, design, production, distribution, agency and domestic and foreign advertising.

In mid-2019, Yooya entered into discussions with Yooma to sell the company and complete a strategic pivot of the business. Yooya management believed the tax efficient legal structure, operating subsidiaries in Hong Kong and

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China, and an existing management team with deep knowledge of various Asian markets would be valuable assets. The founders of Yooma were looking to capitalize on their knowledge of the emerging cannabis and hemp markets in North America and Europe, where they founded and built several companies and achieved successful exits, to create one of Asia's leaders in the marketing, distribution and sale of hemp-derived CBD products.

***Highlights for the year ended December 31, 2018***

- The Company continued to build out its network of leading Chinese social influencers, and platform partners, to provide a turnkey solution for brands in China to reach mass market by leveraging these social influencers and their followers.
- The Company partnered with various Japanese brands, and partners wishing to connect Chinese consumers to Japanese travel and lifestyle products through social media.
- The Company partnered with Japanese companies in the music industry to track and develop market entry plans for leading management companies and record labels.
- The Company partnered with a US based digital competition company, Paint.one, to build out the China side of its global digital art competition.

***Highlights for the year ended December 31, 2019***

- The Company launched its Chinese platform focused on a Mandarin centric competition in China on behalf of Paint.one. Competitions were held in Shanghai and Beijing, following multiple clinics around the country with various Chinese partners and sponsors. Competitors competed in Tokyo for the World Grand Prix on June 1, 2019.
- A strategic decision was made by the EDA board, supported by major investors, to pivot the business and focus on the wellness/CBD space in China.
- The Company recruited and hired a new CEO, Ron Wardle, to lead new social e-commerce strategy
- The Company developed best of breed team in Greater China to drive the business.
- The Company secured a short term loan from investors to enable the hiring of the new CEO, and recruiting of new key staff members, as well as development of key e-commerce platform partners in China, brands from the US, Australia, and Europe, and launching a new subsidiary in Tokyo, Japan.

***Highlights for the three months ended March 31, 2020***

- As the world slowed down, and shut down, during the COVID-19 Pandemic, the e-commerce space continued to boom in China, and EDA continued to prepare for launch of its online initiatives in China.
- The Company secured a key partnership with Alibaba owned T-Mall Global, enabling EDA to become an early partner scheduled to launch foreign CBD products in the beauty and wellness sectors in the China market.
- The Company secured distribution agreements with multiple wellness brands such as Lab to Beauty, Kalologie, and Saya Skin Care, to provide exclusive representation for T Mall Global and other e-commerce platforms in China for these products.

**SUBSEQUENT EVENTS**

***YOOMA Transaction***

On April 22, 2020, the Company entered into a transaction with Yooma Corp. ("Yooma") for all of the issued and outstanding shares of EDA. The Company was in the process of winding down its business at the time of the acquisition by YOOMA. Yooma intends to utilize its existing corporate structure and management team to develop one of Asia's leading cannabinoid (CBD) products social commerce companies through the distribution and sale of CBD beauty and skincare products via a strategically curated network of sales channels and experience in digital, ecommerce and social media. Yooma issued a total of 13,000,000 shares to the former shareholders of EDA in exchange for all issued and outstanding shares in EDA. The transaction was valued at \$0.03 per share or \$390,000.

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**COVID-19**

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the successful completion of the contemplated transaction or potential delays in the timing of closing a transaction and condition of the Company in future periods.

**SELECTED FINANCIAL INFORMATION**

Selected financial information of the Company for the three months ended March 31, 2020 and 2019 and the year ended December 31, 2019.

	<b>Three months ended March 31,</b>		<b>Year Ended December 31,</b>
	<b>2020</b>	<b>2019</b>	<b>2019</b>
Net income (loss) and comprehensive income (loss)	\$ (432,963)	\$ 8,999	\$ (482,903)
Total assets	\$ 490,445	\$ 178,440	\$ 932,231
Total liabilities	\$ 1,421,094	\$ 180,452	\$ 1,427,651

**DISCUSSION OF OPERATIONS**

**Comparison of the Three Months Ended March 31, 2020 and 2019**

	<b>Three months ended March 31,</b>			
	<b>2020</b>	<b>2019</b>	<b>Variance</b>	<b>% Change</b>
Sales revenue	\$ 36,943	\$ 146,922	\$ (109,979)	(75%)
Other operating income	\$ 285	\$ 16,233	\$ (15,948)	(98%)
Cost of sales	\$ 4,113	\$ 8,044	\$ (3,931)	(49%)
Operating expenses	\$ 465,409	\$ 146,229	\$ 319,180	218%

**Revenue**

During the three months ended March 31, 2020, the Company earned \$36,943 in revenue as compared to \$146,922 for the prior year period representing a decrease of 75%. The cause of the decrease in revenue was the result of the Company’s decision to pivot to hemp and CBD related products. As a result of this pivot, the Company experienced a reduction in the value of certain media contracts, especially sports clients, particularly where these clients no longer wished to continue affiliations with brands and products that might come with any associations with hemp and CBD.

**Other operating income**

During the three months ended March 31, 2020, the Company earned \$285 in other operating income as compared to \$16,233 for the prior year period representing a decrease of 98%. The decrease in other operating income was related to i) termination of legacy business in late 2019 resulting in the Company no longer collecting certain service income from clients, and ii) elimination of rental income associated with facilities leased for use by media clients.

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**Cost of sales**

Cost of sales is primarily related to providing commercial production work including the cost of creating video content for advertising companies, video producers, and the like. Cost of sales for the three months ended March 31, 2020 was \$4,113 as compared to \$8,044 for the prior year period, representing a decrease of 49%. The Company ultimately downsized by closing most of the projects as a result of the Company's pivot to CBD products. This led to a very rapid and immediate decrease in cost of services.

**Operating expenses**

Operating expenses increased from \$146,229 for the three months ended March 31, 2019, to \$465,409 for the three months ended March 31, 2020, an increase of 218%. The increase in operating expense for the three months ended March 31, 2020 as compared to the prior year period was primarily the result of i) critical new executive hires (including the CEO) in late 2019, as well as new ecommerce staff, ii) resuming travel for business (US, Japan, Canada, Hong Kong, Japan, others), iii) consulting costs primarily for senior executives, and iv) basic additional cost of benefits, primarily health insurance.

**SUMMARY OF QUARTERLY RESULTS**

The following financial data for each of the eight most recently completed quarters has been prepared in accordance with IFRS.

	<b>For the three months ended (unaudited)</b>			
	<b>June 30, 2018</b>	<b>September 30, 2018</b>	<b>December 31, 2018</b>	<b>March 31, 2019</b>
Revenue	\$ 198,324	\$ 118,517	\$ 77,321	\$ 146,922
Net income (loss)	\$ 3,577	\$ (63,034)	\$ (127,911)	\$ 8,999
Earnings per share	\$ 0.03	\$ (0.49)	\$ (1.00)	\$ 0.07

	<b>For the three months ended (unaudited)</b>			
	<b>June 30, 2019</b>	<b>September 30, 2019</b>	<b>December 31, 2019</b>	<b>March 31, 2020</b>
Revenue	\$ 141,369	\$ 76,414	\$ 62,589	\$ 36,943
Net income (loss)	\$ (57,453)	\$ (159,146)	\$ (275,303)	\$ (432,963)
Earnings per share	\$ (0.45)	\$ (1.23)	\$ (2.12)	\$ (3.33)

**LIQUIDITY AND CAPITAL RESOURCES**

The Company is reliant on external financing to take advantage of growth opportunities and its ability to continue as a going concern is dependent on the Company's ability to profitably operate. The company incurred a net loss of \$432,963 during the three months ended March 31, 2020 and, as of that date, the Company's current liabilities exceeded its total assets by \$930,649. The financial statements have been prepared on a going concern basis because the member has agreed to provide adequate funds to enable the company to meet in full its financial obligations as they fall due for the foreseeable future.

## **CASH FLOWS BY ACTIVITY**

### *Comparison of the Three Months Ended March 31, 2020 and 2019*

The table below outlines a summary of cash inflows and outflows by activity for the three months ended March 31, 2020 and 2019.

	<b>Three months ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Net cash used in (provided by) operating activities	\$ (432,699)	\$ 11,324
Net cash provided by financing activities	\$ —	\$ 37,064
Net cash used in investing activities	\$ —	\$ (3,927)

### **Cash used in (provided by) Operating Activities**

The Company generated cash outflows from operating activities for the three months ended March 31, 2020 of \$432,699 as compared to the prior period of inflows of \$11,324. The outflows for 2020 of the Company's operating cash flows, resulted from the repositioning of new business focus which saw the company i) increase head count by hiring a new CEO and executive team in late 2019, ii) incur consulting related costs to establish licenses and operations in new markets, iii) decreased revenues related to shut down of legacy operations. Cash provided by operating activities for the three months ended March 31, 2019 were primarily the result of the Company providing office subletting services while the rest of the business operations operated on a break-even basis.

### **Cash provided by Financing Activities**

During the three months ended March 31, 2020, the Company had \$nil funds used in or provided by financing activities. During the three months ended March 31, 2019, the Company's cash provided by financing activities was the result of certain loans from a certain director.

### **Cash used in Investing Activities**

During the three months ended March 31, 2020, the Company had \$nil funds used in or provided by investing activities. During the three months ended March 31, 2019, the Company's cash outflows in investing activities relate to the purchase of various fixed and long-term assets.

## **SIGNIFICANT ACCOUNTING POLICIES**

### **Financial year**

The financial year starts from January 1 and ends on December 31.

### **Reporting currency**

The reporting currency is USD.

### **Method of preparing consolidated financial statements**

### *Consolidated Scope*

The consolidated scope of the consolidated financial statements shall be determined on the basis of control, including the financial statements of the company and all its subsidiaries for the three months ended March 31, 2020. A

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subsidiary refers to the entity controlled by the company (including the enterprise, the divisible part of the invested entity and the structured entity controlled by the company). Control, refers to the investor has the right to the investor, through the participation of the investor's related activities and enjoy variable returns, and have the ability to use the power of the investor to affect its return amount.

***Method of preparing consolidated financial statements***

The company prepares consolidated financial statements based on its own and its subsidiaries' financial statements and other relevant information.

The company prepares consolidated financial statements, regards the whole enterprise group as an accounting entity, and reflects the overall financial status, operating results and cash flow of the enterprise group in accordance with the recognition, measurement and presentation requirements of relevant accounting standards for enterprises and unified accounting policies

In the preparation of the consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiaries and the company are inconsistent, the necessary adjustments shall be made to the financial statements of the subsidiaries in accordance with the accounting policies and accounting periods of the company. For subsidiaries acquired from business combinations not under the same control, the financial statements are adjusted based on the fair value of identifiable net assets at the acquisition date.

***Presentation of minority shareholders' equity and profit and loss***

The share of the owner's equity of a subsidiary that does not belong to the parent company shall be listed as minority shareholder's equity under the item of owner's equity in the consolidated balance sheet as "minority shareholder's equity".

The share of the net profit and loss of subsidiaries that belongs to the minority shareholders' equity in the current period shall be listed as "minority shareholders' profit and loss" under the item of net profit in the consolidated income statement.

***Handling of excess losses***

In the consolidated financial statements, if the current loss shared by the minority shareholders of the subsidiaries exceeds the minority shareholder's share of the owner's equity at the beginning of the subsidiary, the balance will still reduce the minority shareholders' equity.

***The consolidated financial statement processing of increase or decrease subsidiaries in the current period***

During the reporting period, for the added subsidiary companies under the same control, the balance of the beginning balance of the consolidated balance sheet was adjusted when preparing the consolidated balance sheet. For subsidiaries that are not consolidated under the same control, when the consolidated balance sheet is prepared, the balance at the beginning of the consolidated balance sheet is not adjusted. When the subsidiaries are disposed during the reporting period, the consolidated balance sheet is not adjusted for the beginning balance of the consolidated balance sheet.

During the reporting period, for the added subsidiary companies under the same control, the subsidiary's income, expenses and profits from the beginning of the current period to the end of the reporting period are included in the consolidated income statement. Cash flows of subsidiary from the beginning of the current period to the end of the reporting period are included in the consolidated cash flow statement. For subsidiaries that are not consolidated under the same control, the income, expenses and profits of the subsidiary from the date of acquisition to the end of the reporting period are included in the consolidated income statement, and the cash flows from the acquisition date to the end of the reporting period are included in the consolidated cash flow statement. Dispose of the subsidiary during the reporting period, the income, expenses and profits of the subsidiary from the beginning of the period to the disposal

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date shall be involved into the consolidated income statement, and the subsidiary's cash flow from the beginning of the period to the disposal date shall be included in the consolidated cash flow statement.

When the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity investment after disposal is re-measured according to its fair value on the date of loss of control. The difference, between sum of the consideration obtained from the disposal of the equity, the fair value of the remaining equity and the share of the net assets that have been continuously calculated from the date of purchase from the original shareholding, is included into the investment income in the current period of loss of control. Other comprehensive income related to the original subsidiary's equity investment will be converted into current investment income when control is lost.

For the difference between the long-term equity investment newly acquired for the purchase of minority shares and the share of the identifiable net assets of the subsidiary as calculated by the proportion of new shareholding, and when partial disposal of the equity investment of the subsidiary without loss of control, the difference between the disposal price obtained and the share of the net assets of the subsidiaries, the share premium in the capital reserve in the consolidated balance sheet shall be adjusted. If the share premium in the capital reserve is insufficient to be offset, retained earnings adjusted accordingly.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position

**Foreign currency transactions**

i. 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 company operates (the functional currency). The financial statements are presented in United States Dollars, which is the company's functional and presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

All foreign exchange gains and losses are presented in profit or loss within "other revenue" or "administrative expenses".

**Employee benefit obligations**

Salaries, annual bonuses, paid annual 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, the amounts are stated at their present values.

**Impairment of non- financial assets, other than inventories**

At each reporting date, property, plant and equipment, intangible assets, and investments in a subsidiary and an associate are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an 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 an estimated recoverable amount is lower, the carrying



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amount is reduced to its estimated recoverable amount, and an impairment loss is recognized 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 amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**Intangible assets**

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses and are amortized on a systematic basis over their estimated useful lives using the straight-line method

**Investment In subsidiaries**

A subsidiary is an entity (including special purpose entity) over which the company has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally but not necessarily accompanying a shareholding of more than half of the voting power.

In the statement of financial position, the investment in subsidiary is stated at cost less provision for impairment loss. The results of the subsidiary are accounted for on the basis of dividends received and receivable.

**Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases

Rights to assets held under finance leases are recognized as assets of the company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are Included In property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease

**Other Investments**

Other investment is investment in which the company's interest is not more than 20% of the issued share capital of the investee company and is held for long term. Other investment is stated at cost less accumulated impairment losses.

**Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of items of property, plant and equipment comprises the following:

The purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;

Any costs directly attributable to bringing the asset to the location and condition necessary for them to be capable of operating in the manner intended by management;

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The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. Assets held under finance leases, for which there is no reasonable certainty that the company will obtain ownership at the end of the lease term, are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the relevant lease. The annual rate used for the depreciation of property, plant and equipment is 20%.

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**Related parties**

For the purpose of the financial statements, related party includes a person and entity as defined below:

- (a) A person or a close member of that person's family is related to the company if that person:
  - i. Is a member of the key management personnel of the company or of a parent of the Company;
  - ii. Has control over the company; or
  - iii. Has joint control or significant influence over the reporting entity or has significant voting power in it.
  
- (b) An entity is related to the company if any of the following conditions applies:
  - i. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - ii. Either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member);
  - iii. Both entities are joint ventures of a third entity;
  - iv. Either entity is a joint venture of a third entity and the other entity is an associate of the third party;
  - v. The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the reporting entity is itself such a plan the sponsoring employers are also related to the plan;
  - vi. The entity is controlled or jointly controlled by a person identified in (a); or
  - vii. A person identified in (a)(i) has significant voting power in the entity.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and is shown net of discounts, rebates, returns and sales-related taxes.

Revenue is recognized in profit or loss provided it is probable that the economic benefits will flow to the company and the revenue and costs, if applicable, can be measured reliably, as follows:

(i) Interest income

Interest income is recognized on a time proportion basis on the principal outstanding and at the rate applicable.

(ii) Service income

Service income is recognized on an appropriate basis over the relevant period in which the services are rendered.

## **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently, payable is based on taxable profit for the year. Taxable profit differs from profits as reported in the statement of income and retained earnings because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. However, the measurement of deferred tax liabilities associated with an investment property measured at fair value does not exceed the amount of tax that would be payable on its sale to an unrelated market participant at fair value at the reporting date. Deferred tax is recognized in profit or loss, except when it relates to items that are recognized in other income or directly in equity, in which case the deferred tax is also recognized in other income or directly in equity respectively.

## **Trade receivables**

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade 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.

## **Impairment of assets**

In addition to impairment provision for accounts receivable and inventory in the above-mentioned accounting policy, an asset is impaired when its carrying amount exceeds its recoverable amount. Apart from the accounts receivables and inventories which have been stated above, other assets would be tested for impairment at different times. Provision for devaluation is determined by the difference between the carrying amount and net realizable value.

As signs of previous periods lead to the impairment of the asset may have all or part disappeared, re-calculation of the recoverable amount within the range of impairment losses recognized in prior years should be reversed.

**RELATED PARTY TRANSACTIONS**

(1) Related party goods and services

None

(2) Related party assets transfer, debt restructuring

None

**OFF BALANCE SHEET ARRANGEMENTS**

As at March 31, 2020, the Company had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.