

**DSSP GLOBAL LIMITED**

**REPORTS**

**AND**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2018**

**LOUIS LAI & LUK CPA LIMITED  
CERTIFIED PUBLIC ACCOUNTANTS**

# DSSP GLOBAL LIMITED

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# DSSP GLOBAL LIMITED

## DIRECTORS' CONSOLIDATED REPORT

The directors present their consolidated report and the annual audited financial statements of the Group for the year ended March 31, 2018.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and sampling trading. The principle activity of subsidiary is set out in Note (20a) to the consolidated financial statements.

### RESULT AND APPROPRIATIONS

The results of the Company and its subsidiary (the "Group") for year ended March 31, 2018 are set out in the statement of profit or loss and other comprehensive income on page 6.

The directors do not recommend the payment of a dividend.

### SHARE CAPITAL AND RESERVES

Details and movements of share capital of the Group are set out in Note (19) to the financial statements.

There were no movement in reserves except for change to retained earnings which arose from profit or loss.

### PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are set out in Note (12) to the consolidated financial statements.

### DIRECTORS

The directors of the Group during the year and up to the date of this report were:

#### Holding Company

Deepak Kumar SETH  
Pulkit SETH  
Sweta AGARWAL

#### Subsidiary

Deepak Kumar SETH  
Pulkit SETH  
Amit KUMAR

There being no provision in the Company's Articles of Association to the contrary, all directors continue in office for the ensuring year.

## DSSP GLOBAL LIMITED

### DIRECTORS' CONSOLIDATED REPORT (CONT'D)

#### DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

Except for the related party transactions as disclosed in Note (23) to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Group was a party and in which directors of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

#### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group or its subsidiary were entered into or existed during the year.

#### PERMITTED INDEMNITY PROVISION

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of the directors of the Group and holding Group (whether made by the Group or otherwise) or an associated Group (if made by the Group).

#### BUSINESS REVIEW

The Company is a wholly owned subsidiary of another body corporate. Accordingly, the Company is exempted from preparing a business review.

#### AUDITORS

The Company's auditors, Messrs. Louis Lai & Luk CPA Limited, retire and, being eligible, offer themselves for re-appointment.

By Order of the Board



Deepak Kumar SETH  
Chairman

X DKS

Hong Kong, May 25, 2018.

**LOUIS LAI & LUK CPA LIMITED** CERTIFIED PUBLIC ACCOUNTANTS  
**黎劍民、陸永熙會計師事務所有限公司**

LOUIS K.M. LAI FCCA CPA (PRACTISING) 黎劍民會計師

LUK WING HAY FCCA CPA (PRACTISING) 陸永熙會計師

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBER OF  
DSSP GLOBAL LIMITED  
(incorporated in Hong Kong with limited liability)**

**Opinion**

We have audited the consolidated financial statements of DSSP Global Limited (the "Company") and its subsidiary ("the Group") set out on pages 6 to 33, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2018, and of its consolidated financial performance and its consolidated 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 ("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 ("HKSAAs") 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 Group 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.

**Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

**LOUIS LAI & LUK CPA LIMITED** CERTIFIED PUBLIC ACCOUNTANTS  
**黎劍民、陸永熙會計師事務所有限公司**

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**INDEPENDENT AUDITOR'S REPORT (CONT'D)**  
**TO THE MEMBER OF**  
**DSSP GLOBAL LIMITED**  
**(Incorporated in Hong Kong with limited liability)**

**Responsibilities of Directors and Those charged with Governance for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622) 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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.

**LOUIS LAI & LUK CPA LIMITED** CERTIFIED PUBLIC ACCOUNTANTS  
黎劍民、陸永熙會計師事務所有限公司

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**INDEPENDENT AUDITOR'S REPORT (CONT'D)**  
**TO THE MEMBER OF**  
**DSSP GLOBAL LIMITED**  
(incorporated in Hong Kong with limited liability)

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)**

- 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.



Louis Lai & Luk CPA Limited  
Certified Public Accountants

Luk Wing Hay  
Practising Certificate Number P01623

Hong Kong, May 25, 2018.

**DSSP GLOBAL LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED MARCH 31, 2018**

|                                           | <u>NOTES</u> | <u>2018</u> | <u>2017</u> |
|-------------------------------------------|--------------|-------------|-------------|
|                                           |              | US\$        | US\$        |
| Non-Current Assets                        |              |             |             |
| Property, plant and equipment             | (12)         | 1,750,468   | 1,814,363   |
| Deposits                                  |              | 173,692     | 173,692     |
| Deferred tax assets                       |              | 117,667     | 111,664     |
|                                           |              | 2,041,827   | 2,099,719   |
| Current Assets                            |              |             |             |
| Inventories                               | (13)         | 762,359     | 701,004     |
| Deposits and prepayments                  |              | 310,512     | 285,108     |
| Trade deposit paid                        |              | 557,094     | 484,799     |
| Trade and other receivables               | (14)         | 5,729,188   | 4,140,893   |
| Amount due from immediate holding company | (15)         | -           | 191,408     |
| Amount due from ultimate holding company  | (15)         | -           | 84,281      |
| Amount due from fellow subsidiaries       | (15)         | 276,445     | 351,608     |
| Cash and cash equivalents                 |              | 526,293     | 795,378     |
|                                           |              | 8,161,891   | 7,034,479   |
| Current Liabilities                       |              |             |             |
| Amount due to ultimate holding company    | (16)         | 44,032      | -           |
| Amount due to immediate holding company   | (16)         | 398,542     | -           |
| Trade and other payables                  | (17)         | 1,632,028   | 2,057,013   |
| Secured bank borrowings                   |              | 759,484     | -           |
| Provision for taxation                    |              | 30,896      | 136,740     |
|                                           |              | 2,864,982   | 2,193,753   |
| Net Current Assets                        |              | 5,296,909   | 4,840,726   |
| Total Assets Less Current Liabilities     |              | 7,338,736   | 6,940,445   |
| Non-Current Liabilities                   |              |             |             |
| Employee benefits obligation              | (18)         | 467,706     | 302,257     |
| NET ASSETS                                |              | 6,871,030   | 6,638,188   |

THE NOTES ON PAGES 12 TO 33 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

# DSSP GLOBAL LIMITED

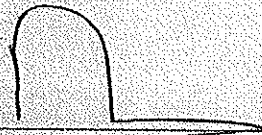
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

FOR THE YEAR ENDED MARCH 31, 2018

|                                                            | <u>NOTES</u> | <u>2018</u>             | <u>2017</u>             |
|------------------------------------------------------------|--------------|-------------------------|-------------------------|
|                                                            |              | US\$                    | US\$                    |
| <b>EQUITY</b>                                              |              |                         |                         |
| Share capital                                              | (19)         | 1,505,121               | 1,505,121               |
| Retained earnings                                          |              | 3,074,610               | 3,012,266               |
| Revaluation surplus                                        |              | <u>341,941</u>          | <u>341,941</u>          |
| Total equity attributable to equity holders of the company |              | 4,921,672               | 4,859,328               |
| Non-controlling interests                                  |              | <u>1,949,358</u>        | <u>1,778,860</u>        |
| <b>TOTAL EQUITY</b>                                        |              | <u><u>6,871,030</u></u> | <u><u>6,638,188</u></u> |

APPROVED BY THE BOARD OF DIRECTORS ON MAY 25, 2018 AND SIGNED ON BEHALF OF THE BOARD BY:

  
 \_\_\_\_\_ x DKS  
 Deepak Kumar SETH  
 Director

  
 \_\_\_\_\_ x PS  
 Pulkit SETH  
 Director

THE NOTES ON PAGES 12 TO 33 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

**DSSP GLOBAL LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED MARCH 31, 2018**

|                                            | <u>Share<br/>Capital</u> | <u>Revaluation<br/>Surplus</u> | <u>Retained<br/>Earnings</u> | <u>Non-<br/>controlling<br/>Interests</u> | <u>Total<br/>Equity</u> |
|--------------------------------------------|--------------------------|--------------------------------|------------------------------|-------------------------------------------|-------------------------|
|                                            | US\$                     | US\$                           | US\$                         | US\$                                      | US\$                    |
| At April 1, 2016                           | 1,505,121                | -                              | 2,482,283                    | 1,423,728                                 | 5,411,132               |
| Total comprehensive income<br>for the year | <u>-</u>                 | <u>341,941</u>                 | <u>529,983</u>               | <u>355,132</u>                            | <u>1,227,056</u>        |
| At March 31, 2017<br>and April 1, 2017     | 1,505,121                | 341,941                        | 3,012,266                    | 1,778,860                                 | 6,638,188               |
| Total comprehensive<br>income for the year | <u>-</u>                 | <u>-</u>                       | <u>62,344</u>                | <u>170,498</u>                            | <u>232,842</u>          |
| At March 31, 2018                          | <u>1,505,121</u>         | <u>341,941</u>                 | <u>3,074,610</u>             | <u>1,949,358</u>                          | <u>6,871,030</u>        |

THE NOTES ON PAGES 12 TO 33 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

**DSSP GLOBAL LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

|                                                         | <u>2018</u> | <u>2017</u> |
|---------------------------------------------------------|-------------|-------------|
|                                                         | US\$        | US\$        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>             |             |             |
| Profit before taxation                                  | 500,391     | 974,858     |
| Adjustment for:                                         |             |             |
| Bank interest income                                    | -           | (1,165)     |
| Interest expenses                                       | 59,871      | 44,833      |
| Depreciation                                            | 290,441     | 269,715     |
| Remeasurement of define benefits plan                   | (62,318)    | 5,769       |
| Gain on disposal of plant and equipment                 | (19,031)    | (6,449)     |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>  | 769,354     | 1,287,561   |
| Increase in deposits                                    | -           | (39,834)    |
| (Increase)/decrease in inventories                      | (61,355)    | 84,648      |
| (Increase)/decrease in deposits and prepayments         | (25,404)    | 48,989      |
| Increase in trade deposit paid                          | (72,295)    | (55,378)    |
| Increase in trade and other receivables                 | (1,588,295) | (1,802,879) |
| (Decrease)/increase in trade and other payables         | (424,985)   | 953,727     |
| Net receipts from/(payment to) ultimate holding company | 128,313     | (82,615)    |
| Net receipts from immediate holding company             | 589,950     | 242,938     |
| Net receipts from/(payment to) a fellow subsidiary      | 75,163      | (358,457)   |
| <b>NET CASH (USED IN)/GENERATED FROM OPERATIONS</b>     | (609,554)   | 278,700     |
| Bank interest income                                    | -           | 1,165       |
| Interest paid                                           | (59,871)    | (44,833)    |
| Income tax paid                                         | (307,504)   | (197,053)   |
| Net cash (used in)/generated from operating activities  | (976,929)   | 37,979      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>             |             |             |
| Proceeds from disposal of plant and equipment           | 21,496      | 6,449       |
| Payment to acquire property, plant and equipment        | (229,011)   | (168,905)   |
| Employee benefits obligations paid                      | (12,439)    | -           |
| Increase in employee benefits obligation                | 165,449     | 91,799      |
| Net cash used in investing activities                   | (54,505)    | (70,657)    |

THE NOTES ON PAGES 12 TO 33 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

**DSSP GLOBAL LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)**  
**FOR THE YEAR ENDED MARCH 31, 2018**

|                                                           | <u>2018</u>           | <u>2017</u>           |
|-----------------------------------------------------------|-----------------------|-----------------------|
|                                                           | US\$                  | US\$                  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>               |                       |                       |
| Net receipts from secured bank borrowings                 | <u>759,484</u>        | <u>-</u>              |
| Net cash generated from financing activities              | <u>759,484</u>        | <u>-</u>              |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>          | (271,950)             | (32,678)              |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b> | 795,378               | 828,056               |
| Effects of changes in foreign exchange rates              | <u>2,865</u>          | <u>-</u>              |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>       | <u><u>526,293</u></u> | <u><u>795,378</u></u> |

THE NOTES ON PAGES 12 TO 33 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

# DSSP GLOBAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL

DSSP Global Limited is a company incorporated in Hong Kong with limited liability. Its principal activities are investment holding and sampling trading. The address of its registered office is Unit 801-3, 8/F., 9 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong. The directors consider that the ultimate holding company and immediate holding company are Pearl Global Industries Limited and Pearl Global (HK) Limited respectively. The ultimate holding company and immediate holding company are respectively in India and Hong Kong incorporated. The shares of the ultimate holding company are listed on the Bombay Stock Exchange and National Stock Exchange in India.

### 2. PRINCIPAL ACCOUNTING POLICIES

#### a. Basis of Preparation

These consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS(s)") (which also include Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)")) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention and are presented in United States Dollars ("US\$"), which is also the Company's functional and presentation currency.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note (5) to the consolidated financial statements.

#### b. Changes in Accounting Policies and Disclosures

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Group, and accordingly, they have had no material impact on the Group's financial statements for the year ended March 31, 2018.

#### c. Issued but Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the accounting year ended March 31, 2018, in these consolidated financial statements. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

# DSSP GLOBAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

#### d. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary made up to March 31. Subsidiary is an entity over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiary is consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balance and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non controlling interests and the shareholders of the Company.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of the controlling and non-controlling interests within consolidated equity to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received recognised directly in equity and attributed to the owners of the Company.

In the Company's statements of financial position the investments in subsidiary is stated at cost less allowance for impairment losses. The results of subsidiary is accounted for by the Company on the basis of dividends received and receivable.

## DSSP GLOBAL LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

##### e. Property, Plant and Equipment

Property, plant and equipment except land and construction in progress, are stated at cost less aggregate depreciation and aggregate identified impairment loss, if any.

Depreciation is provided to write off the cost less residual value of property, plant and equipment over its expected useful lives.

|                        |             |
|------------------------|-------------|
| Infrastructures        | 5 years     |
| Machineries            | 5 years     |
| Furniture and fixtures | 3 - 5 years |
| Motor vehicles         | 5 years     |
| Tools and equipment    | 5 years     |

Land is stated at cost and not depreciated. Land titles represent building usage rights of Taman Pasadenia Apartment at Jakarta ("Hak Milik atas Satuan Rumah Susun") for a maximum period of 20 years and could be extended.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated statement of profit or loss and other comprehensive income.

When assets are sold or otherwise disposed of, their carrying amounts are written off from the consolidated financial statements and any resulting gain or loss is included in the consolidated statement of profit or loss and other comprehensive income.

##### f. Impairment of Assets

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

# DSSP GLOBAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

#### g. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

#### h. Financial Assets

The Group's financial assets are only classified under loans and receivables category.

#### i. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortized cost using effective interest method, less any identified impairment losses. An impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the assets recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### j. Financial Liabilities

Financial liabilities of the Group are classified, at initial recognition, as loans and borrowings or derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables amounts due to immediate holding company and a director, and secured bank borrowings which are subsequently measured at amortized cost, using the effective interest method.

#### k. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The Group's equity instrument represents its issued share capital and is recorded at the share subscription received/receivable at the date of issuance of shares.

#### l. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted average method.

# DSSP GLOBAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

#### m. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

#### n. Translation of Foreign Currency

##### (i) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United States Dollars ("US\$"), which is the Group'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 recognised in the Consolidated statement of profit or loss and other comprehensive income.

#### o. 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 net profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of specific assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the consolidated statement of profit or loss and other comprehensive income.

## DSSP GLOBAL LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

p. Turnover

Turnover represents invoiced amount of sales less discounts and returns.

q. Recognition of Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the bases as follows:

- Revenue from sales of goods is recognised when goods are delivered to buyers.
- Interest income from bank deposit is accrued on a time proportion basis on the principal outstanding and at the rate applicable.
- Management fee income is recognised when the service are rendered.
- Other income is recognised on a receipt basis.

r. Borrowing Costs

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

s. Bank Borrowings

Interest bearing bank loans and overdrafts are initially measured as fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs, if any) and the settlement or redemption of borrowings is recognised over the terms of borrowings in accordance with the Group's policy for borrowing cost as stated in the preceding note.

t. Employee Benefits Obligation

The Group determines its post-employment benefits obligation under the Labor Law of the Republic of Indonesia No. 13/2003. The cost of providing post-employment benefits is determined using "Projected Unit Credit" method. Actuarial gains or losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting year exceeded the higher of 10% of the defined benefit obligation and 10% of the fair value of plan assets at that date. These gains or losses are recognized on a straight-line basis method over the expected average remaining working lives of the employees. Past service cost arising from the introduction of a defined benefit plan or changes in the benefits obligation of an existing plan are required to be amortized over the period until the benefits concerned become vested.

## DSSP GLOBAL LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

##### ii. Related Parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or a parent of the Group.

(B) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (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 group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the 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).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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.

## DSSP GLOBAL LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

##### v. Financial Risks

The financial risks in connection with the Group's financial instruments include risks as follows.

(i) Market risk includes three types of risk as below:

- Currency risk: the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.
- Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.
- Price risk: the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Market risk embodies not only the potential for loss but also the potential for gain.

(ii) Credit risk: the risk that the corresponding party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss.

(iii) Liquidity risk (also referred to as funding risk): the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

(iv) Cash flow interest rate risk: the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

#### 3. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- (i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- (ii) To support the Group's stability and growth; and
- (iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

# DSSP GLOBAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

#### (i) Financial instruments by category

The financial assets of the Group comprise trade and other receivable, deposits, amounts due from immediate holding company, and cash and cash equivalents which are categorized as loans and receivables. The carrying amounts of these financial assets are the amounts shown on the Consolidated and Company statements of financial position or in the corresponding notes to the consolidated financial statements. The financial liabilities of the Group comprise trade and other payables, and amounts due to immediate holding company and a director, and secured bank borrowings which are categorized as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the Consolidated Statement of Financial Position or in the corresponding notes to the consolidated financial statements.

#### (ii) Financial risk management

The Group's financial risks are limited by the financial management policies and practices described below:

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk and interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

- Foreign exchange risk: the Group exposed to foreign exchange risk from various currency exposures primarily Indonesian Rupiah. The Group has some forward deals with bank to hedge its exposure to foreign currency risk in connection with the recording currency.
- Credit risk: the Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any customers.
- Interest rate risk: the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets.

### 5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (a) Estimate of fair values of current assets and liabilities

The nominal values of current assets and liabilities are assumed to approximate their fair values.

# DSSP GLOBAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONT'D)

#### (b) Employee benefits

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality bonds that are denominated in the currency in which the benefits will be paid (Rupiah currency), and that have maturity approximating the terms of the related post employment benefit liability.

#### (c) Income taxes

The Group is subject to income tax in Indonesian tax jurisdictions. Significant judgment is required in determining local provision for income tax, among other, non deductible expenses. The Group recognises provision for income tax based on self assessment. Where the final tax outcome as a result of tax audit 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. Prepaid taxes are impaired as the carrying amounts may not be recoverable.

### 6. REVENUE, OTHER INCOME AND GAINS

|                                                                    | <u>2018</u>              | <u>2017</u>              |
|--------------------------------------------------------------------|--------------------------|--------------------------|
|                                                                    | US\$                     | US\$                     |
| Revenue recognised during the year including revenue arising from: |                          |                          |
| Turnover:                                                          |                          |                          |
| Export sales                                                       | 25,581,810               | 24,223,189               |
| Other income and gains, net:                                       |                          |                          |
| Bank interest income                                               | -                        | 1,165                    |
| Claim and recovery                                                 | 282,702                  | -                        |
| Exchange gain, net                                                 | 6,435                    | -                        |
| Management fee income                                              | 75,000                   | -                        |
| Sampling income                                                    | 88,329                   | 598,292                  |
| Other income                                                       | 1,791                    | -                        |
|                                                                    | <u>454,257</u>           | <u>599,457</u>           |
| Total revenue recognised                                           | <u><u>26,036,067</u></u> | <u><u>24,822,646</u></u> |

# DSSP GLOBAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7. FINANCE COSTS

|                                | <u>2018</u>   | <u>2017</u>   |
|--------------------------------|---------------|---------------|
|                                | US\$          | US\$          |
| Bank interest and bank charges | 59,871        | 44,833        |
|                                | <u>59,871</u> | <u>44,833</u> |

### 8. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging and (crediting):

|                                                   |                  |                  |
|---------------------------------------------------|------------------|------------------|
| Depreciation                                      | 290,441          | 269,716          |
| Exchange differences, net                         | (6,435)          | (49,426)         |
| Gain on disposal of plant and equipment           | (19,031)         | (6,449)          |
| Staff costs (including directors' remuneration)   |                  |                  |
| - Salaries and allowance                          | 2,890,209        | 2,371,650        |
| - Employee benefit                                | 124,177          | 102,709          |
| - Employee welfare                                | 22,102           | 44,881           |
| - Contribution to retirement benefit scheme - MPF | 20,465           | 11,411           |
|                                                   | <u>2,906,853</u> | <u>2,579,936</u> |

### 9. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS

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

|                                  | <u>2018</u>   | <u>2017</u>   |
|----------------------------------|---------------|---------------|
|                                  | US\$          | US\$          |
| Emoluments:                      |               |               |
| Acting as directors              | -             | -             |
| Provision of management services | 60,000        | 60,000        |
| Retirement benefits              | -             | -             |
|                                  | <u>60,000</u> | <u>60,000</u> |

# DSSP GLOBAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS (CONT'D)

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

Loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director

| <u>Name of borrower</u>      | <u>Relevant director</u>          | <u>Outstanding principal</u> |                       |                             |
|------------------------------|-----------------------------------|------------------------------|-----------------------|-----------------------------|
|                              |                                   | <u>At beginning of year</u>  | <u>At end of year</u> | <u>Greatest outstanding</u> |
|                              |                                   | US\$                         | US\$                  | US\$                        |
| Pearl Global Industries Ltd. | Deepak Kumar SETH                 | 84,281                       | Credit balance        | 84,281                      |
| Pearl Global (HK) Ltd.       | Deepak Kumar SETH and Pulkit SETH | 191,408                      | Credit balance        | 191,408                     |

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

Guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director

During the year, no guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director.

- (iii) Material interests of directors (including shadow directors) of the Group disclosed pursuant to section 383(1)(e) of the Hong Kong Companies Ordinance and Part 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

In the opinion of the directors, except for the related party transactions as disclosed in Note (23) to the financial statements, the directors or shadow directors, if any, of the Group had no material interests in those significant transactions, arrangements or contracts in relation to the Group's business entered into by the Group or another company in the same group of companies or subsisted during the year.

# DSSP GLOBAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10. TAXATION

Hong Kong profits tax has not been provided since the Company has no assessable profit for the year. Income tax of subsidiary has been provided at the prevailing rate of the country the subsidiary operates.

|                                 | <u>2018</u>    | <u>2017</u>    |
|---------------------------------|----------------|----------------|
|                                 | US\$           | US\$           |
| Hong Kong Profits tax:          |                |                |
| Current year                    | -              | 12,724         |
| Overprovision for previous year | (807)          | -              |
| Overseas income tax:            |                |                |
| Current year                    | 212,042        | 232,674        |
| Overseas deferred tax           | <u>9,575</u>   | <u>(2,687)</u> |
| Total                           | <u>220,810</u> | <u>242,711</u> |

- a. The tax charge for the year can be reconciled to the profit per consolidated statement of profit or loss and other comprehensive income as follows:

|                                                                                 | <u>2018</u>    | <u>2017</u>    |
|---------------------------------------------------------------------------------|----------------|----------------|
|                                                                                 | US\$           | US\$           |
| Profit before taxation                                                          | <u>500,391</u> | <u>974,858</u> |
| Tax at the domestic income tax rate                                             | 153,538        | 236,643        |
| Tax effect of expenses that are not deductible<br>in determining taxable profit | 17,910         | 9,025          |
| Tax effect of income that are not taxable<br>in determining taxable profit      | (5,153)        | (2,028)        |
| Net tax allowance claimed                                                       | (9,461)        | 1,758          |
| Tax loss not recognised                                                         | 55,208         | -              |
| Overprovision for previous year                                                 | (807)          | -              |
| Current year deferred tax                                                       | <u>9,575</u>   | <u>(2,687)</u> |
| Taxation expense for the year                                                   | <u>220,810</u> | <u>242,711</u> |

## DSSP GLOBAL LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 10. TAXATION (CONT'D)

- b. The following is the analysis of deferred tax balance presented on the consolidated statement of financial position.

|                     | <u>2018</u>    | <u>2017</u>    |
|---------------------|----------------|----------------|
|                     | US\$           | US\$           |
| Subsidiary:         |                |                |
| Deferred tax assets | <u>117,667</u> | <u>111,664</u> |

#### 11. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Included in the profit of US\$28,334 of (2017: profit of US\$525,951) attributable to shareholders of the Group is a loss of US\$334,593 (2017: profit of US\$70,480) which is dealt with in the Company's own accounts.

# DSSP GLOBAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13. INVENTORIES

|                  | <u>2018</u>    | <u>2017</u>    |
|------------------|----------------|----------------|
|                  | US\$           | US\$           |
| Work in progress | <u>762,359</u> | <u>701,004</u> |

### 14. TRADE AND OTHER RECEIVABLES

|                              |                  |                  |
|------------------------------|------------------|------------------|
| Trade receivables (Note (i)) | 5,342,436        | 3,979,620        |
| Other receivables            | <u>386,752</u>   | <u>161,273</u>   |
|                              | <u>5,729,188</u> | <u>4,140,893</u> |

(i) Aging analysis of trade receivables is as follows:

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Neither past due nor impaired | 5,297,980        | 3,979,620        |
| Past due but not impaired     | <u>44,456</u>    | <u>-</u>         |
|                               | <u>5,342,436</u> | <u>3,979,620</u> |

### 15. AMOUNTS DUE FROM IMMEDIATE HOLDING COMPANY/ULTIMATE HOLDING COMPANY/FELLOW SUBSIDIARIES

The amounts due from immediate holding company/ultimate holding company/fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayments. No provision for bad and doubtful debts have been recognised on the amounts due from immediate holding company, ultimate holding company and fellow subsidiaries. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

### 16. AMOUNTS DUE TO ULTIMATE HOLDING COMPANY/ IMMEDIATE HOLDING COMPANY

The amounts due to a ultimate holding company/immediate holding company are unsecured, interest free and have no fixed terms of repayment. The ultimate holding company and immediate holding company had agreed not demand repayment until the Group is financially capable of repayment. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

### 17. TRADE AND OTHER PAYABLES

|                           | <u>2018</u>      | <u>2017</u>      |
|---------------------------|------------------|------------------|
|                           | US\$             | US\$             |
| Trade payables (Note (i)) | 750,067          | 1,195,547        |
| Other payables            | 15,404           | 136,038          |
| Accruals                  | <u>866,557</u>   | <u>725,428</u>   |
|                           | <u>1,632,028</u> | <u>2,057,013</u> |

(i) Maturity of the trade payables is as follows:

|                         |                |                  |
|-------------------------|----------------|------------------|
| Due for payment:        |                |                  |
| Not later than one year | <u>750,067</u> | <u>1,195,547</u> |

# DSSP GLOBAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18. EMPLOYEE BENEFITS OBLIGATION

|                                                                                       | <u>2018</u>     | <u>2017</u>    |
|---------------------------------------------------------------------------------------|-----------------|----------------|
|                                                                                       | US\$            | US\$           |
| Balance brought forward                                                               | 302,257         | 210,458        |
| Charged to consolidated statement of profit or loss<br>and other comprehensive Income | 177,888         | 92,263         |
| Payment during the year                                                               | <u>(12,439)</u> | <u>(464)</u>   |
| Balance carried forward                                                               | <u>467,706</u>  | <u>302,257</u> |

### 19. SHARE CAPITAL

|                                           | <u>2018</u>              |                   | <u>2017</u>              |                   |
|-------------------------------------------|--------------------------|-------------------|--------------------------|-------------------|
|                                           | <u>No. of<br/>shares</u> | <u>Amount</u>     | <u>No. of<br/>shares</u> | <u>Amount</u>     |
|                                           |                          | HK\$              |                          | HK\$              |
| Issued and fully paid:<br>Ordinary shares |                          |                   |                          |                   |
| At March 31                               | <u>11,709,844</u>        | <u>11,709,844</u> | <u>11,709,844</u>        | <u>11,709,844</u> |
| Translated into US\$                      |                          | <u>1,505,121</u>  |                          | <u>1,505,121</u>  |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

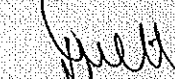
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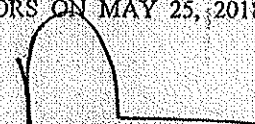
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 20. COMPANY LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY

|                                           | NOTES | 2018      | 2017      |
|-------------------------------------------|-------|-----------|-----------|
|                                           |       | US\$      | US\$      |
| <b>Non-Current Assets</b>                 |       |           |           |
| Investment in a subsidiary                | (20a) | 1,049,980 | 1,049,980 |
| Plant and equipment                       |       | 4,017     | 4,923     |
|                                           |       | 1,053,997 | 1,054,903 |
| <b>Current Assets</b>                     |       |           |           |
| Amount due from ultimate holding company  | 9(ii) | -         | 84,281    |
| Amount due from immediate holding company | 9(ii) | -         | 191,408   |
| Amounts due from fellow subsidiaries      | (15)  | 276,445   | 351,608   |
| Prepayment                                |       | 9,858     | -         |
| Trade and other receivables               |       | 885,781   | 129,433   |
| Trade deposits paid                       |       | 107,562   | -         |
| Tax repayable                             |       | 10,153    | -         |
| Cash and cash equivalents                 |       | 36,739    | 157,997   |
|                                           |       | 1,326,538 | 914,727   |
| <b>Current Liabilities</b>                |       |           |           |
| Amount due to ultimate holding company    | (16)  | 44,032    | -         |
| Amount due to immediate holding company   | (16)  | 398,542   | -         |
| Trade payables                            |       | 449,190   | 177,513   |
| Accrual and other payables                |       | 5,453     | 1,237     |
| Provision for taxation                    |       | -         | 13,799    |
| Bills payables                            |       | 40,023    | -         |
|                                           |       | 937,240   | 192,549   |
| <b>Net Current Assets</b>                 |       | 389,298   | 722,178   |
| <b>NET ASSETS</b>                         |       | 1,443,295 | 1,777,081 |
| <b>EQUITY</b>                             |       |           |           |
| Share capital                             | (19)  | 1,505,121 | 1,505,121 |
| (Accumulated losses)/Retained earnings    | (21)  | (61,826)  | 271,960   |
| <b>TOTAL EQUITY</b>                       |       | 1,443,295 | 1,777,081 |

APPROVED BY THE BOARD OF DIRECTORS ON MAY 25, 2018 AND SIGNED ON BEHALF OF THE BOARD BY:

  
 Deepak Kumar SETH  
 Director

  
 Pulkit SETH  
 Director

# DSSP GLOBAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 20. COMPANY LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONT'D)

#### (a) Particulars of principal subsidiary

| <u>Name of subsidiary</u> | <u>Place of Incorporation</u> | <u>Percentage of equity attributable to the Company</u> |             | <u>Principal activity</u>                |
|---------------------------|-------------------------------|---------------------------------------------------------|-------------|------------------------------------------|
|                           |                               | <u>2018</u>                                             | <u>2017</u> |                                          |
| PT Pinnacle Apparels *    | Indonesia                     | 69.91%                                                  | 69.91%      | Engaged in garment and textiles industry |

\* Not audited by Louis Lai & Luk CPA Limited

### 21. MOVEMENT IN THE RESERVES OF THE COMPANY

|                                          | <u>Retained Earnings</u> |
|------------------------------------------|--------------------------|
|                                          | US\$                     |
| At April 1, 2016                         | 201,480                  |
| Total comprehensive income for the year  | <u>70,480</u>            |
| At March 31, 2017 and April 1, 2017      | 271,960                  |
| Total comprehensive expense for the year | <u>(333,786)</u>         |
| At March 31, 2018                        | <u>( 61,826)</u>         |

### 22. OPERATING LEASE COMMITMENTS

At the end of reporting period, the Group had the outstanding commitments under its non-cancellable operating leases, which fall due as follows:

|                                        | <u>2018</u> | <u>2017</u>    |
|----------------------------------------|-------------|----------------|
|                                        | US\$        | US\$           |
| Within one year                        | -           | 288,594        |
| In the second to fifth years inclusive | -           | <u>446,082</u> |
|                                        | -           | <u>734,676</u> |

Operating lease payments represent rental payments payable by the Group for its leased premises. Leases are negotiated for an averaged term four to five years.

# DSSP GLOBAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 23. RELATED PARTY TRANSACTIONS

During normal course of business, the Group had the following material transactions with its related parties below.

| <u>Name of Company</u>                              | <u>Relationship</u>       | <u>Nature of transaction</u>          | <u>2018</u> | <u>2017</u> |
|-----------------------------------------------------|---------------------------|---------------------------------------|-------------|-------------|
|                                                     |                           |                                       | US\$        | US\$        |
| Pearl Global Industries Ltd.                        | Ultimate holding company  | Sales                                 | 841,545     | 494,029     |
|                                                     |                           | Sampling income                       | -           | 2,559       |
|                                                     |                           | Purchase                              | 46,921      | -           |
| Pearl Global (HK) Ltd.                              | Immediate holding company | Sampling income                       | 2,033       | 7,062       |
| Norp Knit Industries Ltd.                           | Fellow subsidiary         | Sales                                 | 1,253,722   | 694,787     |
|                                                     |                           | Sampling income                       | 1,645       | 588,672     |
|                                                     |                           | Amount due from                       | 195,156     | 351,608     |
|                                                     |                           | Trade receivable                      | 83,863      | -           |
| Pearl Grass Creation Ltd.                           | Fellow subsidiary         | Sales                                 | 886,003     | -           |
|                                                     |                           | Claim and recovery                    | 282,702     | -           |
|                                                     |                           | Management fee income                 | 37,500      | -           |
|                                                     |                           | Amount due from                       | 37,686      | -           |
|                                                     |                           | Trade receivable                      | 112,439     | -           |
| Vin Pearl Global Vietnam Ltd.                       | Fellow subsidiary         | Amount due from Management fee income | 43,603      | -           |
|                                                     |                           |                                       | 37,500      | -           |
| Pearl Global Vietnam Co.                            | Fellow subsidiary         | Sales                                 | 589,393     | -           |
|                                                     |                           | Amount due from                       | 53,667      | -           |
| Pearl Global Chang Zhou Textile Technology Co. Ltd. | Fellow subsidiary         | Consulting fee                        | 19,150      | -           |

# DSSP GLOBAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 24. CURRENCY RISK

#### (i) Exposure to currency risk

The following table details the Group's exposure at the end of reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the Group to which they relate. For presentation purpose, the amounts of the exposure are shown in United States dollars, translated using the spot rate at the end of reporting period.

|                                                             | (Expressed in US\$) |                  |            |            |                  |
|-------------------------------------------------------------|---------------------|------------------|------------|------------|------------------|
|                                                             | 2018                |                  |            |            |                  |
|                                                             | HK\$                | IDR              | GBP        | SGD        | Total            |
| Deposits and prepayments                                    | 34,620              | 300,655          | -          | -          | 335,275          |
| Trade and other receivables                                 | ( 845)              | 9,684            | -          | -          | 8,839            |
| Cash and bank balances                                      | 18,290              | 465,094          | 210        | 215        | 483,809          |
| Trade and other payables                                    | 10,574              | -                | -          | -          | 10,574           |
| Provision for taxation                                      | <u>10,153</u>       | <u>( 41,049)</u> | <u>-</u>   | <u>-</u>   | <u>( 30,896)</u> |
| Net exposure arising from recognised assets and liabilities | <u>72,792</u>       | <u>734,384</u>   | <u>210</u> | <u>215</u> | <u>807,601</u>   |

|                                                             | (Expressed in US\$) |                  |            |            |                  |
|-------------------------------------------------------------|---------------------|------------------|------------|------------|------------------|
|                                                             | 2017                |                  |            |            |                  |
|                                                             | HK\$                | IDR              | GBP        | SGD        | Total            |
| Deposits and prepayments                                    | 4,578               | 285,108          | -          | -          | 289,686          |
| Trade and other receivables                                 | 9,466               | 31,840           | -          | -          | 41,306           |
| Cash and bank balances                                      | 38,645              | 107,392          | 210        | 225        | 146,472          |
| Trade and other payables                                    | ( 8,717)            | -                | -          | -          | ( 8,717)         |
| Provision for taxation                                      | <u>(13,799)</u>     | <u>(122,941)</u> | <u>-</u>   | <u>-</u>   | <u>(136,740)</u> |
| Net exposure arising from recognised assets and liabilities | <u>30,173</u>       | <u>301,399</u>   | <u>210</u> | <u>225</u> | <u>332,007</u>   |

# DSSP GLOBAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 24. CURRENCY RISK (CONT'D)

#### (ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit/loss before tax in response to reasonably possible changes (e.g.±10%) in the foreign exchange rates to which the Group has significant exposure at the end of reporting period.

|                         | <u>2018</u>     |                 | <u>2017</u>     |                 |
|-------------------------|-----------------|-----------------|-----------------|-----------------|
|                         | <u>Increase</u> | <u>Decrease</u> | <u>Increase</u> | <u>Decrease</u> |
|                         | US\$            | US\$            | US\$            | US\$            |
| Hong Kong Dollar (HKD)  | 7,279           | ( 7,279)        | -               | -               |
| Indonesian Rupiah (IDR) | 73,438          | (73,438)        | 25,167          | (25,167)        |
| British Pound (GBP)     | 21              | ( 21)           | 17              | ( 17)           |
| Singapore Dollar (SGD)  | <u>22</u>       | <u>( 22)</u>    | <u>19</u>       | <u>( 19)</u>    |
|                         | <u>80,760</u>   | <u>(80,760)</u> | <u>25,203</u>   | <u>(25,203)</u> |

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of reporting period and had been applied to the Group's exposure to currency risk for the variables.

The stated changes represent management's assessment of reasonably possible change in foreign exchange rates over the period until the next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the Hong Kong dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on Group's profit after tax and equity measured in the respective functional currencies, translated into United States dollars at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2017.

### 25. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

### 26. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Company's Board of Directors on May 25, 2018.