

Report of the Directors and Audited Financial Statements

DSSP GLOBAL LIMITED

31 March 2023



DSSP GLOBAL LIMITED

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DSSP GLOBAL LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Group for the year ended 31 March 2023.

Principal activities

The principal activities of the Company are investment holding and garment sample trading. The principal activities of subsidiary comprise garment and textile manufacturing. There were no significant changes in the nature of the Group's principal activities during the year.

Results and dividends

The Group's profit for the year ended 31 March 2023 and the Group's financial position at that date are set out in the financial statements on pages 6 to 41.

The directors do not recommend the payment of any dividend in respect of the year.

Directors

The directors of the Company during the year were:

Deepak Kumar SETH
Pulkit SETH
Sumit LATH

The persons who were directors of the subsidiary of the Company during the year were:

Deepak Kumar SETH
Pulkit SETH
Amit KUMAR

There being no provision in the Company's Articles of Association for retirement by rotation, all directors continue in office.

Directors' interests

At no time during the year was the Company, its subsidiary or any of its holding companies or its fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts

No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company, its subsidiary or any of its holding companies or fellow subsidiaries was a party during the year.

Permitted indemnity provisions

During the year ended 31 March 2023, a permitted indemnity provision as defined in the Hong Kong Companies Ordinance was in force for an indemnity against a liability incurred by the directors of the Company, to a third party.

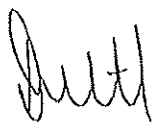
DSSP GLOBAL LIMITED

REPORT OF THE DIRECTORS

Auditors

Erist & Young refile and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD



Deepak Kumar SBTH
Chairman

Hong Kong
5 May 2023

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 41, which comprise the consolidated statement of financial position as at 31 March 2023, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the 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 31 March 2023, 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 ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the 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 report of the directors.

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.

Independent auditor's report (continued)
To the member of DSSP Global Limited
(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors for the consolidated financial statements

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

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism 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.
- 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.



Independent auditor's report (continued)
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 (continued)

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

Certified Public Accountants
Hong Kong
5 May 2023

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2023

	Note	2023 US\$	2022 US\$
REVENUE	4	50,463,133	46,095,583
Cost of sales		(45,692,872)	(42,309,674)
Gross profit		4,770,261	3,785,909
Other income and gains, net	5	572,900	161,051
Administrative expenses		(3,817,308)	(3,730,253)
Other operating expenses		(229,727)	(165,764)
Finance costs	6	(467,392)	(130,740)
PROFIT/(LOSS) BEFORE TAX	7	828,734	(79,797)
Income tax expense	9	(188,140)	(131,422)
PROFIT/(LOSS) FOR THE YEAR		<u>640,594</u>	<u>(211,219)</u>
Attributable to:			
Owner of the parent		560,618	(329,000)
Non-controlling interests		<u>79,976</u>	<u>117,781</u>
		<u>640,594</u>	<u>(211,219)</u>

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2023

	2023 US\$	2022 US\$
PROFIT/(LOSS) FOR THE YEAR	<u>640,594</u>	<u>(211,219)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss that will not be reclassified to profit or loss in subsequent period:		
Remeasurement loss on defined benefit obligations, net of tax	<u>(81,391)</u>	<u>(118,855)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>559,203</u>	<u>(330,074)</u>
Attributable to:		
Owner of the parent	<u>503,709</u>	<u>(412,094)</u>
Non-controlling interests	<u>55,494</u>	<u>82,020</u>
	<u>559,203</u>	<u>(330,074)</u>

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 US\$	2022 US\$
NON-CURRENT ASSETS			
Property, plant and equipment	10	5,353,984	3,616,438
Right-of-use assets	11(a)	4,784	226,697
Deposits		5,034	69,591
Deferred tax assets	13	80,934	118,463
Total non-current assets		<u>5,444,736</u>	<u>4,031,189</u>
CURRENT ASSETS			
Inventories	12	2,154,966	2,025,043
Trade and other receivables	14	245,698	-
Prepayments and deposits		1,022,784	1,373,274
Amounts due from fellow subsidiaries	19(b)	17,167,141	16,167,706
Amount due from the ultimate holding company	19(b)	-	2,438,272
Cash and cash equivalents		968,727	619,882
Total current assets		<u>21,559,316</u>	<u>22,624,177</u>
CURRENT LIABILITIES			
Trade and other payables		4,616,451	1,354,769
Amount due to the immediate holding company	19(b)	592,193	3,786,691
Amounts due to fellow subsidiaries	19(b)	-	2,311,154
Interest-bearing bank borrowings	15	12,638,658	10,610,587
Lease liabilities	11(b)	-	65,564
Tax payable		43,986	75,884
Total current liabilities		<u>17,891,288</u>	<u>18,204,649</u>
NET CURRENT ASSETS		<u>3,668,028</u>	<u>4,419,528</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,112,764</u>	<u>8,450,717</u>
NON-CURRENT LIABILITIES			
Loan from a non-controlling shareholder		225,000	225,000
Defined benefit obligations	16	699,132	596,288
Total non-current liabilities		<u>924,132</u>	<u>821,288</u>
Net assets		<u>8,188,632</u>	<u>7,629,429</u>

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2023

	Note	2023 US\$	2022 US\$
EQUITY	17	1,680,121	1,680,121
Share capital		4,060,215	3,556,506
Reserves		5,740,336	5,236,627
		2,448,296	2,392,802
Non-controlling interests			
		8,188,632	7,629,429
Total equity			



Deepak Kumar SETHI
Director



Pulkat SETHI
Director

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Attributable to owners of the parent					Non-controlling interests US\$	Total equity US\$
	Share capital US\$	Remeasurement reserve US\$	Revaluation surplus US\$	Retained profits US\$	Total US\$		
At 1 April 2021	1,505,121	-	341,941*	3,626,659*	5,473,721	2,235,782	7,709,503
(Loss)/profit for the year	-	-	-	(329,000)	(329,000)	117,781	(211,219)
Other comprehensive loss for the year:							
Remeasurement of defined benefit obligation, net of tax	-	-	-	(83,094)	(83,094)	(35,761)	(118,855)
Total comprehensive (loss)/income for the year	-	-	-	(412,094)	(412,094)	82,020	(330,074)
Increase in share capital	175,000	-	-	-	175,000	-	175,000
Capital contribution from non-controlling interests	-	-	-	-	-	75,000	75,000
At 31 March 2022 and 1 April 2022	1,680,121	-	341,941*	3,214,565*	5,236,627	2,392,802	7,629,429
Profit for the year	-	-	-	560,618	560,618	79,976	640,594
Other comprehensive loss for the year:							
Remeasurement of defined benefit obligation, net of tax	-	(56,909)	-	-	(56,909)	(24,482)	(81,391)
Total comprehensive income for the year	-	(56,909)	-	560,618	503,709	55,494	559,203
At 31 March 2023	<u>1,680,121</u>	<u>(56,909)</u>	<u>341,941*</u>	<u>3,775,183*</u>	<u>5,740,336</u>	<u>2,448,296</u>	<u>8,188,632</u>

* These reserve accounts comprise the reserves of US\$4,060,215 (2022: US\$3,556,506) in the consolidated statement of financial position.

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 US\$	2022 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		828,734	(79,797)
Adjustments for:			
Bank interest income	5	(2,694)	(1,097)
Gain on disposals of property, plant and equipment, net	5	(45,209)	(27,013)
Interest expenses	6	467,392	191,949
Depreciation of property, plant and equipment	7	354,175	380,884
Depreciation of right-of-use assets	7	221,913	258,165
Pension scheme costs, net	7	81,995	(48,206)
		1,906,306	674,885
(Increase)/decrease in inventories		(129,923)	217,470
Increase in trade and other receivables		(245,698)	(1,377,195)
Decrease/(increase) in deposits and prepayments		415,047	(689,517)
Increase in trade and other payables		3,261,682	495,263
Decrease/(increase) in an amount due from the ultimate holding company		2,438,272	(2,071,719)
(Decrease)/increase in an amount due to the immediate holding company		(3,194,498)	2,661,401
Changes in balances with fellow subsidiaries, net		(3,310,589)	(7,406,967)
		1,140,599	(7,496,379)
Cash generated from/(used in) operations		2,694	1,097
Bank interest received		(83,497)	(15,114)
Employee benefits obligations paid		(465,774)	(186,449)
Interest paid		(159,554)	(63,925)
Income tax paid		434,468	(7,760,770)
Net cash flows from/(used in) operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(2,124,631)	(1,782,150)
Proceeds from disposal of items of property, plant and equipment		78,119	27,013
Net cash flows used in investing activities		(2,046,512)	(1,755,137)

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2023

	Notes	2023 US\$	2022 US\$
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from increase in share capital		-	175,000
Capital contribution from non-controlling interests		-	75,000
New bank borrowings		87,200,623	23,170,181
Repayment of bank borrowings		(85,172,552)	(14,031,545)
Capital element of lease rentals paid		(65,564)	(183,161)
Interest element of lease rentals paid		(1,618)	(5,500)
Cash flows from financing activities		<u>1,960,889</u>	<u>9,199,975</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		348,845	(315,932)
Cash and cash equivalents at beginning of year		<u>619,882</u>	<u>935,814</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>968,727</u></u>	<u><u>619,882</u></u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		<u><u>968,727</u></u>	<u><u>619,882</u></u>

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

1. CORPORATE INFORMATION

DSSP Global Limited (“the Company”) is a limited liability company incorporated in Hong Kong. Its registered office is located at Room 1801, 18/F, Kimberland Centre, No. 55 Wing Hong Street, Cheung Sha Wan, Kowloon. The principal activities of the Company and its subsidiaries (collectively, the “Group”) are investment holding, garment sample trading and garment and textile manufacturing.

The Company is a wholly-owned subsidiary of Pearl Global (HK) Limited, a company incorporated in Hong Kong.

In the opinion of the directors, the ultimate holding company is Pearl Global Industries Limited, a company incorporated in India and listed on Bombay Stock Exchange and National Stock Exchange in India.

Information about subsidiary

Particulars of the Company’s subsidiary as at 31 March 2023 are as follows:

Name	Place of incorporation/ registration and business	Percentage of equity holding attributable to the Company		Principal activities
		Direct	Indirect	
PT Pinnacle Apparels	Indonesia	69.91	-	Garment and textile manufacturing

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These consolidated financial statements have been prepared under the historical cost convention and are presented in United States dollars (“US\$”).

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary for the year ended 31 March 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's consolidated financial statements.

Amendments to HKFRS 3
Amendments to HKFRS 16
Amendments to HKAS 16
Amendments to HKAS 37
Annual Improvements to HKFRSs
2018-2020

Reference to the Conceptual Framework
Covid-19-Related Rent Concessions beyond 30 June 2021
Property, Plant and Equipment: Proceeds before Intended Use
Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRS 1, HKFRS 9, Illustrative
Examples accompanying HKFRS 16, and HKAS 41

The nature and impact of the revised HKFRSs has had no significant financial effect on these consolidated financial statements.

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied any of the new and revised HKFRSs, that have been issued but are not yet effective in the accounting year ended 31 March 2023, in these consolidated financial statements.

The Group is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's consolidated financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and 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 Company or of a parent of the Group;or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group 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;
 - (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); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Building	5%
Infrastructure	12.5%
Machineries	12.5%
Furniture and fixtures	25%
Motor vehicles	12.5 to 25%
Office equipment	25%
Tools and equipment	25%

The gain or loss on disposal of items 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 profit or loss.

The assets' residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If such an indication exists, the Group makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit). In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of the impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. The reversal of the impairment loss is credited to profit or loss in the year in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. All leases with a term of more than 12 months are recognised as assets representing the right of use of the underlying asset and liabilities representing the obligation to make lease payments, unless the underlying asset is of low value. Both the assets and the liabilities are initially measured on a present value basis. Right-of-use assets are recognised separately and are measured at cost or valuation less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful lives of the assets and the lease terms. Lease liabilities are initially measured at the present value of lease payments to be made under the lease terms and subsequently adjusted by the effect of the interest on and the settlement of the lease liabilities, and the re-measurement arising from any reassessment of the lease liabilities or lease modifications.

Financial assets

Trade receivables that do not contain a significant financial component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financial component are measured at the transaction price determined under HKFRS 15. All the other financial assets are initially recognised at fair value plus transaction costs that are attributable to the acquisition of the financial assets. Regular way purchases and sales of financial assets are recognised on the trade date, that is, the date when the Group commits to purchase or sell the assets.

(a) Classification and measurement

Debt instruments are measured at amortised cost using the effective interest rate method, subject to impairment if the assets are held for the collection of contractual cash flows where those contractual cash flows represent solely payments of principal and interest.

(b) Impairment

The Group applies the expected credit loss model on all the financial assets that are subject to impairment. For trade receivables without a significant financial component, the Group applies the simplified approach which requires impairment allowances to be measured at lifetime expected credit losses.

For other financial assets, impairment allowances are recognised under the general approach where expected credit losses are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Group is required to provide for credit losses that result from possible default events within the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default.

The Group considers a default has occurred when a financial asset is more than six months past due unless the Group has reasonable and supportable information to demonstrate that a more appropriate default criterion should be applied.

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

(c) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Company has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained.

Financial liabilities

Financial liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when they are extinguished, i.e., when the obligation is discharged or cancelled, or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when the control of goods or services is transferred to the customers, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Marketing fee income is recognised in the period in which the relevant services are rendered.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including time deposits and assets similar in nature to cash, which are not restricted as to use.

Borrowing costs

Borrowing costs are expensed in profit or loss in the year in which they are incurred.

Foreign currency transactions

These consolidated financial statements are presented in US\$, which is the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Employee benefits

Retirement benefit costs

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as and when the contributions fall due.

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Retirement benefit costs (continued)

The Group has made provisions for estimated liabilities for employee benefits paid to the employees of the Group's Indonesian subsidiary as required under the Indonesian Labor Law. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from defined benefit pension plans, comprising actuarial gains and losses are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation in the consolidated statement profit or loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of trade receivables

The impairment provisions for trade receivables are based on assumptions about expected credit losses. The Group uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of each reporting period. Changes in these assumptions and estimates could materially affect the results of the assessment and it may be necessary to make an additional impairment charge to profit or loss.

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainties (continued)

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from change or improvements in the provision of services, or from a change in the market demand for the service output of the asset, the expected usage of the asset, the expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Adjustment of depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of the reporting period based on changes in circumstances.

Write-down of inventories to net realisable value

Management reviews the ageing analysis of inventories of the Group at the end of each reporting period, and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The assessment of the provision amount required involves management judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying value of the inventories and the provision charge/write-back of provision for obsolete and slow-moving inventory items in the period in which estimate has been changed.

4. REVENUE

Revenue recognised at a point in time during the year is as follows:

	2023 US\$	2022 US\$
<i>Revenue from contracts with customers</i>		
Sales of goods	<u>50,463,133</u>	<u>46,095,583</u>

The performance obligation is satisfied at a point in time upon delivery of the garment products and payment is generally due within 30 to 90 days from delivery.

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

5. OTHER INCOME AND GAINS, NET

	2023 US\$	2022 US\$
Bank interest income	2,694	1,097
Gain on disposal of property, plant and equipment, net	48,578	27,013
Marketing fee income from a fellow subsidiary	420,000	-
Government subsidies*	18,509	-
Foreign exchange gains	1,741	-
Others	81,378	132,941
	<u>572,900</u>	<u>161,051</u>

* Government subsidies mainly represent support from the Anti-epidemic Fund received during the year. There were no unfulfilled conditions or contingencies relating to these subsidies.

6. FINANCE COSTS

	2023 US\$	2022 US\$
Interest on trade financing and bank charges	103,152	125,240
Interest on lease liabilities	1,618	5,500
Interest on term loan	362,622	-
	<u>467,392</u>	<u>130,740</u>

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

7. PROFIT/(LOSS) BEFORE TAX

The Company's profit/(loss) before tax is arrived after charging/(crediting):

	2023 US\$	2022 US\$
Cost of inventories sold	45,692,872	42,309,674
Auditor's remuneration	9,585	9,000
Depreciation of property, plant and equipment	354,175	380,884
Depreciation of right-of-use assets	221,913	258,165
Gain on disposal of property, plant and equipment, net	(45,209)	(27,013)
Employee benefit expense (including directors' remuneration (note 8)):		
Salaries and allowances [^]	6,743,770	6,973,947
Pension scheme contribution (defined contribution scheme) [#]	10,778	10,821
Pension scheme costs (defined benefit obligations)	81,993	(48,206)
Staff welfare	31,660	34,182
	<u>6,868,201</u>	<u>6,922,538</u>
Foreign exchange losses/(gains), net	<u>107,928</u>	<u>(27,244)</u>

[^] Salaries and allowances of US\$4,093,035 (2022: US\$4,646,015) has been charged to cost of sales and US\$2,650,735 (2022: US\$2,327,932) has been charged to administrative expenses in the consolidated statement of profit or loss, respectively.

[#] There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

^{*} The foreign exchange gains and losses for the year are included in "Other income and gains, net" and "Other operating expenses" in the consolidated statement of profit or loss, respectively.

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

8. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1)(a) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	2023 US\$	2022 US\$
Fee	-	-
Other emoluments:		
Salary, bonus and other allowances	157,503	124,476
Pension scheme contribution (defined contribution scheme)	<u>2,314</u>	<u>2,314</u>
	<u>159,817</u>	<u>122,162</u>

9. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2022: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2023 US\$	2022 US\$
Current – Overseas		
Charge for the year	100,650	96,565
Underprovision in prior years	27,006	15,766
Deferred tax (note 13)	<u>60,484</u>	<u>19,091</u>
Total tax charge for the year	<u>188,140</u>	<u>131,422</u>

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

9. INCOME TAX (continued)

A reconciliation of the tax expense applicable to the profit/(loss) before tax at the Hong Kong statutory rate to the tax expense at the effective tax rate is as follows:

	2023 US\$	2022 US\$
Profit/(loss) before tax	<u>828,734</u>	<u>(79,797)</u>
Tax at the applicable statutory income tax rate	161,712	15,686
Adjustments in respect of current tax of previous periods	27,006	15,766
Expenses not deductible for tax	13,596	6,321
Income not subject to tax	(593)	(5,693)
Tax losses not recognised	-	99,342
Tax losses utilised from previous periods	(61,828)	-
Temporary difference not recognised from previous periods	<u>48,247</u>	<u>-</u>
Tax charge at the Company's effective rate of	<u>188,140</u>	<u>131,422</u>

As at 31 March 2023, the Group has aggregated estimated tax losses arising in Hong Kong of US\$711,591 (2022: US\$1,086,307), subject to the agreement by the corresponding tax authorities, that are available indefinitely for offsetting against future taxable profits of the Group. No deferred tax asset in respect of the Group's tax losses has been recognised on account of the unpredictability of future profit streams of the Group.

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

10. PROPERTY, PLANT AND EQUIPMENT

31 March 2023

	Freehold Land US\$	Building improvement US\$	Leasehold improvement US\$	Machineries US\$	Furniture and fixture US\$	Office equipment US\$	Motor vehicles US\$	Tools and equipment US\$	Construction in progress US\$	Total US\$
At 1 April 2022:										
Cost	1,454,383	668,989	600,169	3,432,633	350,974	8,967	327,907	609,037	283,517	7,736,576
Accumulated depreciation	-	(25,110)	(452,867)	(2,648,162)	(218,368)	(8,967)	(186,133)	(580,531)	-	(4,120,138)
Net carrying amount	1,454,383	643,879	147,302	784,471	132,606	-	141,774	28,506	283,517	3,616,438
At 1 April 2022, net of accumulated depreciation	1,454,383	643,879	147,302	784,471	132,606	-	141,774	28,506	283,517	3,616,438
Additions	-	-	-	341,213	4,594	-	160,855	41,401	1,576,568	2,124,631
Disposals	-	-	-	(24,065)	-	-	(8,845)	-	-	(32,910)
Depreciation provided during the year	-	(33,449)	(37,088)	(191,701)	(31,844)	-	(37,303)	(22,790)	-	(354,175)
At 31 March 2023	1,454,383	610,430	110,214	909,918	105,356	-	256,481	47,117	1,860,085	5,353,984
At 31 March 2023:										
Cost	1,454,383	668,989	600,169	3,421,830	355,568	-	325,383	649,979	1,860,085	9,336,386
Accumulated depreciation	-	(58,559)	(489,955)	(2,511,912)	(250,212)	-	(68,902)	(602,862)	-	(3,982,402)
Net carrying amount	1,454,383	610,430	110,214	909,918	105,356	-	256,481	47,117	1,860,085	5,353,984

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

10. PROPERTY, PLANT AND EQUIPMENT (continued)

31 March 2022

	Freehold Land US\$	Building improvement US\$	Leasehold improvement US\$	Machineries US\$	Furniture and fixture US\$	Office equipment US\$	Motor vehicles US\$	Tools and equipment US\$	Construction in progress US\$	Total US\$
At 31 March 2021 and at 1 April 2021:										
Cost	182,932	-	600,169	3,354,405	280,245	8,967	383,312	599,049	649,187	6,058,266
Accumulated depreciation	-	-	(405,078)	(2,406,800)	(194,951)	(8,722)	(276,341)	(551,202)	-	(3,843,094)
Net carrying amount	182,932	-	195,091	947,605	85,294	245	106,971	47,847	649,187	2,215,172
At 1 April 2021, net of accumulated depreciation	182,932	-	195,091	947,605	85,294	245	106,971	47,847	649,187	2,215,172
Additions	1,271,451	19,802	-	52,907	70,729	-	73,756	9,988	283,517	1,782,150
Transfer	-	649,187	-	-	-	-	-	-	(649,187)	-
Depreciation provided during the year	-	(25,110)	(47,789)	(216,041)	(23,417)	(245)	(38,953)	(29,329)	-	(380,884)
At 31 March 2022	1,454,383	643,879	147,302	784,471	132,606	-	141,774	28,506	283,517	3,616,438
At 31 March 2022:										
Cost	1,454,383	668,989	600,169	3,432,633	350,974	8,967	327,907	609,037	283,517	7,736,576
Accumulated depreciation	-	(25,110)	(452,867)	(2,648,162)	(218,368)	(8,967)	(186,133)	(580,531)	-	(4,120,138)
Net carrying amount	1,454,383	643,879	147,302	784,471	132,606	-	141,774	28,506	283,517	3,616,438

At 31 March 2023, certain of the Group's property, plant and equipment were pledged to secure banking facilities granted to the Group.

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

11. LEASES

The Group has lease contracts for various items of office premises and factories with lease term between 1.5 and 5 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Office premises US\$	Factories US\$	Total US\$
As at 1 April 2021	27,399	293,914	321,313
Additions	-	163,549	163,549
Depreciation charge	(27,399)	(230,766)	(258,165)
As at 31 March 2022 and 1 April 2022	-	226,697	226,697
Depreciation charge	-	(221,913)	(221,913)
As at 31 March 2023	-	4,784	4,784

(b) Lease liabilities

The carrying amounts of the Group's lease liabilities and the movements during the year are as follows:

	2023 US\$	2022 US\$
As at 1 April	65,564	85,176
Additions	-	163,549
Accretion of interests	1,618	5,500
Payments	(67,182)	(188,661)
As at 31 March	-	65,564

Maturity profile of lease liabilities as at 31 March 2023 and 2022 is as follows:

	2023 US\$	2022 US\$
Within one year	-	68,291

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

11. LEASES (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 US\$	2022 US\$
Interest on lease liabilities	1,618	5,500
Depreciation of right-of-use assets	<u>221,913</u>	<u>258,165</u>
	<u>223,531</u>	<u>263,665</u>

(d) The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2023 US\$	2022 US\$
Within financing activities	<u>67,182</u>	<u>188,661</u>

12. INVENTORIES

	2023 US\$	2022 US\$
Raw material	848,123	719,923
Work in progress	1,015,554	571,227
Finished goods	<u>291,289</u>	<u>733,893</u>
	<u>2,154,966</u>	<u>2,025,043</u>

At 31 March 2023, certain of the Group's inventories are pledged to secure banking facilities granted to the Group.

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

13. DEFERRED TAX ASSETS

The movements in deferred tax assets during the year were as follows:

	Depreciation allowance in excess of related depreciation US\$	Right-of-use asset US\$	Defined benefit obligations US\$	Total US\$
At 1 April 2021	(4,752)	(2,808)	111,591	104,031
Deferred tax credited/(charged) to profit or loss during the year (note 9)	(22,872)	17,712	(13,931)	(19,091)
Deferred tax credited to other comprehensive income during the year	-	-	33,523	33,523
At 31 March 2022 and 1 April 2022	(27,624)	14,904	131,183	118,463
Deferred tax charged to profit or loss during the year (note 9)	(46,302)	(13,852)	(330)	(60,484)
Deferred tax credited to other comprehensive income during the year	-	-	22,955	22,955
At 31 March 2023	<u>(73,926)</u>	<u>1,052</u>	<u>153,808</u>	<u>80,934</u>

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

14. TRADE AND OTHER RECEIVABLES

	Notes	2023 US\$	2022 US\$
Trade receivables	(a)	51,156	-
Other receivables	(b)	194,542	-
		<u>245,698</u>	<u>-</u>

- (a) The Group's trading terms with its customers are mainly on credit. The credit period is generally 7 days to 90 days. Trade receivables are non-interest-bearing. They are stated net of loss allowance. The Group does not hold any collateral or other credit enhancements over these balances.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss model for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses have also incorporated forward-looking information.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 March 2023

	Current US\$	Past due			Total US\$
		Less than 1 month US\$	1 to 3 months US\$	Over 3 months US\$	
Gross carrying amount	-	6,102	45,054	-	51,156
Expected credit loss rate	0%	0%	0%	0%	0%
Expected credit losses	-	-	-	-	-

As at 31 March 2022

	Current US\$	Past due			Total US\$
		Less than 1 month US\$	1 to 3 months US\$	Over 3 months US\$	
Gross carrying amount	-	-	-	-	-
Expected credit loss rate	0%	0%	0%	0%	0%
Expected credit losses	-	-	-	-	-

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

14. TRADE AND OTHER RECEIVABLES (continued)

(a) (continued)

At 31 March 2023, certain of the Group's trade receivables are pledged to secure banking facilities granted to the Group.

- (b) The carrying amount of other receivables approximated to their fair value as at 31 March 2023. Their recoverability was assessed with reference to the credit status of the debtors, and the expected credit losses as at 31 March 2023 were considered to be minimal.

15. INTEREST-BEARING BANK BORROWINGS

	2023 US\$	2022 US\$
Current		
Secured:		
Trust receipt loans	12,571,830	9,151,759
Bank overdraft	-	200,000
Import loans	66,828	683,706
Export loan	-	575,122
	<u>12,638,658</u>	<u>10,610,587</u>

- (a) The bank borrowing facilities are secured by part of the Group's property, plant and equipment, inventories, and trade receivables. The bank borrowings also have corporate guarantee provided by the ultimate holding company and a fellow subsidiary and personal guarantee provided by directors of the Company.
- (b) The Group's bank borrowings bear floating interest rate with reference to benchmark rates of SOFR and the bank internal best lending rate.
- (c) The bank borrowings were denominated in USD.

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

16. DEFINED BENEFIT OBLIGATIONS

The Group has made provision for estimated liabilities for employee benefits to meet the statutory requirement for employees in Indonesia. The Group is required to pay separation, appreciation and compensation benefits to their employees if the specific conditions in the corresponding jurisdictions are met.

The Group is primarily exposed to interest rate risk and salary risk.

The principal actuarial assumption used as at the end of the reporting period are as follows:

	2023	2022
Discount rate	7.0%	7.0%
Expected rate of salary increase	7.0%	3.0%

A quantitative sensitivity analysis for significant assumption as at the end of the reporting period is shown below:

	Increase in rate obligations %	Increase/ (decrease) in net defined benefit obligations US\$	Decrease in rate %	Increase/ (decrease) in net defined benefit US\$
At 31 March 2023				
Discount rate	1.0	(57,706)	1.0	65,487
Expected rate of salary increases	1.0	73,160	1.0	(65,121)
At 31 March 2022				
Discount rate	1.0	(55,040)	1.0	63,707
Expected rate of salary increases	1.0	69,648	1.0	(60,861)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

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NOTES TO FINANCIAL STATEMENTS

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16. DEFINED BENEFIT OBLIGATIONS (continued)

The total expense/(income) recognised in consolidated statement of profit or loss in respect of the defined benefit obligations is as follows:

	2023 US\$	2022 US\$
Current service cost	72,814	60,050
Interest cost	41,522	37,790
Past service cost	(83,144)	(161,592)
Loss on settlement	<u>50,803</u>	<u>15,546</u>
Net benefit expense/(income)	<u>81,995</u>	<u>(48,206)</u>

The movements in the present value of the defined benefit obligations are as follows:

	2023 US\$	2022 US\$
At 1 April	596,288	507,230
Net benefit expense/(income)	81,995	(48,206)
Actuarial gains/(losses) arising from changes in:		
- financial assumptions	128,956	148,980
- demographic assumptions	-	(77)
- Experience adjustments	(24,610)	3,475
Benefit paid	<u>(83,497)</u>	<u>(15,114)</u>
At 31 March	<u>699,132</u>	<u>596,288</u>

17. SHARE CAPITAL

	2023 US\$	2022 US\$
Issued and fully paid:		
11,709,844 (2022: 11,709,844) ordinary shares	<u>1,680,121</u>	<u>1,680,121</u>

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18. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities are as follows:

	Bank borrowings US\$	Lease liabilities US\$	Total US\$
At 1 April 2021	1,471,951	85,176	1,557,127
Changes from financing cash flow	9,138,636	(188,661)	8,949,975
New leases	-	163,549	163,549
Interest expense	186,449	5,500	191,949
Interest paid classified as operating cash flows	(186,449)	-	(186,449)
At 31 March 2022 and at 1 April 2022	10,610,587	65,564	10,676,151
Changes from financing cash flows	2,028,071	(67,182)	1,960,889
Interest expense	465,774	1,618	467,392
Interest paid classified as operating cash flows	(465,774)	-	(465,774)
At 31 March 2023	<u>12,638,658</u>	<u>-</u>	<u>12,638,658</u>

19. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions, arrangements and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year:

	Notes	2023 US\$	2022 US\$
Ultimate holding company:			
Sales of products	(i)	499,603	2,438,272
Purchase of stocks	(ii)	-	1,200
Immediate holding company:			
Sales of products	(i)	-	135,269
Fellow subsidiaries:			
Sales of products	(i)	47,533,998	41,986,976
Marketing fee income	(iii)	<u>420,000</u>	<u>-</u>

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19. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes:

- (i) The sales of products were based on terms mutually agreed between the parties.
- (ii) The purchase of stocks were based on terms mutually agreed between the parties.
- (iii) The fee was paid for the marketing fee services provided to a fellow subsidiary. The fee was charged pursuant to the terms in the agreement.

(b) Outstanding balances with related parties

The balances with the ultimate holding company, immediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.

- (c) The key management personnel of the Group comprises the directors of the Company. Further details of directors' emoluments are included in note 8 to the financial statements.

20. CONTINGENT LIABILITIES

The Group has not undertaken any letter of credit (2022: US\$1,825,370) granted to third party suppliers for sourcing of raw materials as at the end of the reporting period. Accordingly, the Group has not made any provision arising from the letter of credit.

21. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Group comprise trade and other receivables, deposits, amounts due from the ultimate holding company and fellow subsidiaries, and cash and cash equivalent, which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown either on the consolidated statement of financial position or in notes to the financial statements.

The financial liabilities of the Group comprise financial liabilities included in trade and other payables, interest-bearing bank borrowings, lease liabilities and amounts due to immediate holding company and fellow subsidiaries, which are categorised as financial liabilities at amortised cost. Except for the carrying amounts of financial liabilities included in trade and other payables amounted to US\$654,449 (2022: US\$802,701), the carrying amounts of other financial liabilities are the amounts shown on the consolidated statement of financial position or in notes to the financial statements.

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22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's exposure to credit risk, liquidity risk and interest rate risk arises in the normal course of its business. These risks are managed by the Group's financial management policies and practices described below:

Credit risk

The Group's exposure to credit risk mainly arises from granting credit to customers and other counterparties in the ordinary course of its operations.

Trade receivables

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are usually due within 7-90 days from the date of billing. Debtors with balances that are past due are usually requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 14 to the financial statements.

Other financial assets at amortised cost

All the Group's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality.

The credit quality of the financial assets included in deposits and other receivables are considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful". All the other financial assets at amortised cost were considered to be normal as at 31 March 2023 and 31 March 2022.

Liquidity risk

The Group aims to maintain sufficient cash and credit lines to meet its liquidity requirements. Due to the dynamic business nature, the Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings, including bank overdrafts, import loan, export loan and trust receipt loans.

Except for lease liabilities as set out in note 11(b) to the financial statements, the maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was either repayable on demand or less than one year.

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates. The Group mitigates the risk by monitoring closely the movements in interest rates and reviewing its banking facilities regularly. The Group has not used any interest rate swap to hedge its exposure to interest rate risk.

As at 31 March 2023, if the interest rates on borrowings had been 100 basis points higher/lower, which was considered reasonably possible by management, with all other variables held constant, the profit before tax for the year would have decreased/increased by US\$126,387 (2022: US\$106,106) as a result of higher/lower interest expenses on interest-bearing bank and other borrowings with floating interest rates.

Capital management

The primary objectives of the Group's capital management are to (i) safeguard the Group's ability to continue as a going concern; (ii) provide returns for shareholder and benefits for other stakeholders; (iii) support the Group's stability and growth; and (iv) provide capital for the purpose of strengthening the Group's risk management capability.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. 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 shareholder, return capital to shareholder, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

Capital of the Group comprises all components of shareholder's equity.

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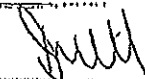
NOTES TO FINANCIAL STATEMENTS

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23. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 US\$	2022 US\$
NON-CURRENT ASSETS		
Investment in a subsidiary	1,224,980	1,224,980
Property, plant and equipment	-	-
Total non-current assets	<u>1,224,980</u>	<u>1,224,980</u>
CURRENT ASSETS		
Deposits and prepayment	354,128	515,399
Loans to a subsidiary	525,000	525,000
Amounts due from fellow subsidiaries	13,707,235	11,410,116
Amount due from the ultimate holding company	-	2,438,272
Cash and cash equivalents	138,888	147,300
Total current assets	<u>16,705,251</u>	<u>15,036,087</u>
CURRENT LIABILITIES		
Trade payables	3,434,425	99,849
Other payables and accounts	54,788	9,336
Amounts due to fellow subsidiaries	-	2,311,154
Amount due to the ultimate holding company	592,193	3,786,691
Interest-bearing bank borrowings	12,371,830	9,151,758
Total current liabilities	<u>16,653,236</u>	<u>15,358,788</u>
NET CURRENT ASSETS/(LIABILITIES)	<u>52,015</u>	<u>(322,701)</u>
Net assets	<u>1,276,995</u>	<u>902,279</u>
EQUITY		
Share capital	1,480,121	1,480,121
Accumulated losses (note)	(403,126)	(777,842)
Total equity	<u>1,276,995</u>	<u>902,279</u>


Deepak Kumar SETHI
Director


Pankaj SETHI
Director

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

23. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Accumulated losses US\$
At 1 April 2021	(175,191)
Total comprehensive loss for the year	(602,651)
At 31 March 2022 and 1 April 2022	(777,842)
Total comprehensive income for the year	<u>374,716</u>
At 31 March 2023	<u>(403,126)</u>

24. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation. The directors consider that such reclassifications will allow a more appropriate presentation of the Group's financial position, financial performance and cash flows and better reflect the nature of the transactions.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 5 May 2023.

