

VIN PEARL GLOBAL VIETNAM LIMITED

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VIN PEARL GLOBAL VIETNAM LIMITED

DIRECTORS' REPORT

The directors present their annual report and the annual audited financial statements of the Company for the year ended March 31, 2019.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding. The principle activity of the subsidiary is set out in Note (22a) to the consolidated financial statements.

RESULT AND APPROPRIATIONS

The results of the Company and its subsidiary (the "Group") for year ended March 31, 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 7.

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

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are set out in Note (10) to the consolidated financial statements.

SHARE CAPITAL

Details of share capital of the Company are set out in Note (21) to the consolidated financial statements.

DIRECTORS

(a) Director of the Company

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

Holding Company

Deepak Kumar SETH
Pulkit SETH
Frank Petrus SMITS
Sweta AGARWAL

In accordance with Article 22 of the Company's Articks of Association, all directors continue in office for the ensuring year.

(b) Director of the Company's subsidiary

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

Pulkit SETH	(Appointed on March 19, 2019)
Vinod Ramanlal Kantharia	(Resigned on March 19, 2019)

VIN PEARL GLOBAL VIETNAM 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 transaction as disclosed in Note (24) 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 period or at any time during the period.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors was in force during the year and up to the date of this report.

MANAGEMENT CONTRACTS

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

BUSINESS REVIEW

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

AUDITORS

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

On behalf of the Board

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Deepak Kumar SETH
Chairman

Hong Kong, May 27, 2019.

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
VIN PEARL GLOBAL VIETNAM LIMITED
(incorporated in Hong Kong with limited liability)**

Opinion

We have audited the consolidated financial statements of Vin Pearl Global Vietnam Limited (the "Company") and its subsidiary ("the Group") set out on pages 7 to 44, which comprise the consolidated statement of financial position as at March 31, 2019, 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, 2019, 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 ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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.

Fundamental Uncertainty Relating to the Going Concern Basis

In forming our opinion, we have considered the adequacy of the disclosure made in Note (2b) to the Consolidated financial statements concerning the adoption of the going concern basis on which the Consolidated financial statements have been prepared. The Consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon on-going support from the Company's immediate holding company, and the Company may turn to a commercially viable concern. The Consolidated financial statements do not include any adjustments that may be necessary should the implementation of such measures become unsuccessful.

We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

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

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.

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.

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBER OF
VIN PEARL GLOBAL VIETNAM LIMITED
(incorporated in Hong Kong with limited liability)

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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, 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.
- 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.

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 (CONT'D)
TO THE MEMBER OF
VIN PEARL GLOBAL VIETNAM LIMITED
(incorporated in Hong Kong with limited liability)**

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

- 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 27, 2019.

VIN PEARL GLOBAL VIETNAM LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2019

	<u>NOTES</u>	1/4/2018 <u>-31/3/2019</u>	23/3/2017 <u>-31/3/2018</u>
		US\$	US\$
REVENUE	(5)	12,533,877	5,177,836
OTHER INCOME AND GAINS	(5)	93,353	274,299
COST OF GOODS SOLD		(12,764,976)	(5,286,608)
STAFF COSTS		(610,288)	(481,551)
OTHER OPERATING EXPENSES		<u>(576,833)</u>	<u>(310,163)</u>
LOSS FROM OPERATION		(1,324,867)	(626,187)
FINANCE COSTS	(6)	<u>(46,681)</u>	<u>(35,558)</u>
LOSS BEFORE TAXATION	(7)	(1,371,548)	(661,745)
TAXATION	(9)	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR/PERIOD		(1,371,548)	(661,745)
OTHER COMPREHENSIVE INCOME/(LOSS)			
- Exchange difference on translating foreign operations		<u>26,644</u>	<u>(248)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		<u><u>(1,344,904)</u></u>	<u><u>(661,993)</u></u>

THE NOTES ON PAGES 13 TO 44 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

VIN PEARL GLOBAL VIETNAM LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

	<u>NOTES</u>	<u>2019</u>	<u>2018</u>
		US\$	US\$
Non-Current Assets			
Property, plant and equipment	(10)	1,475,314	1,386,851
Long term prepayment		136,693	128,922
Goodwill	(11)	1,932,750	1,932,750
		3,544,757	3,448,523
Current Assets			
Inventories	(12)	1,142,562	657,758
Prepayment		148,426	121,273
Trade deposit paid		3,517	41,707
Trade and other receivables	(13)	1,445,749	843,474
Cash and cash equivalents		231,021	106,706
		2,971,275	1,770,918
Current Liabilities			
Amount due to ultimate holding company	(14)	17,918	5,334
Amount due to immediate holding company	(14)	1,820,158	1,790,158
Amounts due to fellow subsidiaries	(14)	284,147	132,147
Loan from immediate holding company	(15)	760,248	671,653
Trade and other payables	(16)	4,306,027	1,116,939
Obligation under finance lease	(17)	23,007	24,072
Secured bank borrowings	(18)	661,597	769,572
Unsecured bank borrowing	(19)	346,460	-
		8,219,562	4,509,875
Net Current Liabilities		(5,248,287)	(2,738,957)
Total (Liabilities)/Assets Less Current Liabilities		(1,703,530)	709,566

THE NOTES ON PAGES 13 TO 44 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

VIN PEARL GLOBAL VIETNAM LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

AS AT MARCH 31, 2019

	<u>NOTES</u>	<u>2019</u>	<u>2018</u>
		US\$	US\$
Non-Current Liabilities			
Employee benefits obligation	(20)	71,732	73,567
Loan from immediate holding company	(15)	215,800	1,244,273
Obligation under finance lease	(17)	3,835	41,719
		291,367	1,359,559
NET LIABILITIES		(1,994,897)	(649,993)
DEFICIT			
Share capital	(21)	12,000	12,000
Accumulated losses		(2,033,293)	(661,745)
Translation reserves		26,396	(248)
TOTAL DEFICIT		(1,994,897)	(649,993)

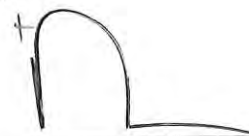
APPROVED BY THE BOARD OF DIRECTORS ON MAY 27, 2019 AND SIGNED ON BEHALF OF THE BOARD BY:

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Deepak Kumar SETH
Director

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Pulkit SETH
Director

THE NOTES ON PAGES 13 TO 44 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

VIN PEARL GLOBAL VIETNAM LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2019

	Attributable to owners of the Company			
	<u>Share Capital</u>	<u>Translation Reserves</u>	<u>Accumulated Losses</u>	<u>Total</u>
	US\$	US\$	US\$	US\$
Issurance of share capital	12,000	-	-	12,000
Loss for the period	-	-	(661,745)	(661,745)
Other comprehensive loss for the period				
Exchange difference on translating foreign operations	<u>-</u>	<u>(248)</u>	<u>-</u>	<u>(248)</u>
At March 31, 2018	12,000	(248)	(661,745)	(649,993)
Loss for the year	-	-	(1,371,548)	(1,371,548)
Other comprehensive loss for the year				
Exchange difference on translating foreign operations	<u>-</u>	<u>26,644</u>	<u>-</u>	<u>26,644</u>
At March 31, 2019	<u>12,000</u>	<u>26,396</u>	<u>(2,033,293)</u>	<u>(1,994,897)</u>

THE NOTES ON PAGES 13 TO 44 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

VIN PEARL GLOBAL VIETNAM LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2019

	1/4/2018 -31/3/2019	23/3/2017 -31/3/2018
	US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,371,548)	(661,745)
Adjustment for:		
Interest expenses	46,681	35,558
Depreciation	182,657	145,439
Amortisation	65,234	-
Gain on disposal of property, plant and equipment	(2,884)	-
Bad debt	-	15,098
Foreign exchange loss arising from translating foreign currency items	-	(497)
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(1,079,860)	(466,147)
Payment for long term prepayment	(75,499)	(112,519)
Increase in inventories	(484,804)	(83,655)
(Increase)/Decrease in prepayment	(27,153)	62,159
Decrease/(Increase) in trade deposit paid	38,190	(41,707)
Increase in trade and other receivables	(602,275)	(656,022)
Increase in amount due to immediate holding company	30,000	1,790,158
Increase in amount due to ultimate holding company	12,584	5,334
Increase in amount due to fellow subsidiaries	152,000	132,147
Increase in trade and other payables	3,189,088	57,818
Payments for employee benefits obligation	-	(1,038)
CASH GENERATED FROM OPERATIONS	1,152,271	686,528
Interest paid	(46,681)	(35,558)
Net cash generated from operating activities	1,105,590	650,970
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from issuance of share capital	-	12,000
Payment to acquire property, plant and equipment	(303,693)	(757,160)
Proceeds from disposal of property, plant and equipment	2,884	-
Net cash paid to acquire a subsidiary	-	(1,847,465)
Net cash used in investing activities	(300,809)	(2,592,625)

THE NOTES ON PAGES 13 TO 44 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

VIN PEARL GLOBAL VIETNAM LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2019

	1/4/2018 <u>-31/3/2019</u>	23/3/2017 <u>-31/3/2018</u>
	US\$	US\$
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayment for)/proceeds from loan from immediate holding company	(939,878)	1,915,926
Net (repayment for)/proceeds from obligation under finance lease	(38,949)	65,791
Net (repayment for)/proceeds from secured bank borrowings	(107,975)	66,644
Net proceeds from unsecured bank borrowing	<u>346,460</u>	<u>-</u>
Net cash (used in)/generated from financing activities	<u>(740,342)</u>	<u>2,048,361</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>64,439</u>	<u>106,706</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	106,706	-
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>59,876</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/ PERIOD	<u>231,021</u>	<u>106,706</u>
	=====	=====

THE NOTES ON PAGES 13 TO 44 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Vin Pearl Global Vietnam Limited is a company incorporated in Hong Kong with limited liability. Its principal activity is investment holding. 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 incorporated in India and Hong Kong respectively. 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 ("HKICPA"), 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 (4) to the consolidated financial statements.

b. Going Concern

The immediate holding company has confirmed its willingness to provide such financial assistance as is necessary to maintain the Group as a going concern. On the strength of this assurance, the financial statements have been prepared on a going concern basis.

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

c. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to March 31, 2019. 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 period 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 statement of financial position, the interest in a subsidiary is stated at cost less allowance for impairment losses. The results of subsidiary are accounted for by the Company on the basis of dividends received and receivable.

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

d. Changes in Accounting Policies and Disclosures

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- (i) HKFRS 9, Financial instruments;
- (ii) HKFRS 15, Revenue from contracts with customers;

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

- (i) HKFRS 9, Financial instruments, including the amendments to HKFRS 9, Prepayment features with negative compensation

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Group has applied HKFRS 9 retrospectively to items that existed at April 1, 2018 in accordance with the transition requirements and there is no material effect of Group's financial results and financial position.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

A. Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

For an explanation of how the Group classifies and measures financial assets and recognises related gains and losses under HKFRS 9, refer to respective accounting policy notes in Notes 2(f), 2(g), 2(h) and 2(i).

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at April 1, 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at April 1, 2018.

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

d. Changes in Accounting Policies and Disclosures (Cont'd)

(i) HKFRS 9, Financial instruments, including the amendments to HKFRS 9, Prepayment features with negative compensation

B. Credit losses

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with the “expected credit loss” (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the “incurred loss” accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade deposits paid, trade and other receivables);

For further details on the Group’s accounting policy for accounting for credit losses, refer to Note 2(f).

C. Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at April 1, 2018. Accordingly, the information presented for 2018 continues to be reported under HKAS 39 and thus may not be comparable with the current period.
- The following assessments have been made on the basis of the facts and circumstances that existed at April 1, 2018 (the date of initial application of HKFRS 9 by the company):
 - the determination of the business model within which a financial asset is held; and
 - the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).
- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

d. Changes in Accounting Policies and Disclosures (Cont'd)

(ii) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method. There is no cumulative effect of initial application of HKFRS 15 as at April 1, 2018. Therefore, comparative information has not been restated and continues to be reported under HKASs 11 and 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before April 1, 2018.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

A. Timing of revenue recognition

Previously, revenue arising from sale of goods was generally recognized at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

d. Changes in Accounting Policies and Disclosures (Cont'd)

(ii) HKFRS 15, Revenue from contracts with customers (Cont'd)

A. Timing of revenue recognition (Cont'd)

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from sales of goods.

B. Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

Previously, the Group only applied such a policy when payments were significantly deferred, which was not common in the Group's arrangements with its customers. The Group did not apply such a policy when payments were received in advance.

e. Property, Plant and Equipment

Property, plant and equipment except land, 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.

Land use rights	30 years
Buildings and structures	10-25 years
Machineries	5-10 years
Motor vehicles	8 years
Office equipment	3-4 years
Computer software	5 years

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

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.

VIN PEARL GLOBAL VIETNAM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

f. Credit losses and impairment of assets

(i) Credit losses from financial instruments

(A) Policy applicable from April 1, 2018

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade deposits paid, trade and other receivables)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable;
- loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

f. Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments (Cont'd)

(A) Policy applicable from April 1, 2018 (Cont'd)

Measurement of ECLs(Cont'd)

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

(B) Policy applicable prior to April 1, 2018

Prior to April 1, 2018, an "incurred loss" model was used to measure impairment losses on financial assets not classified as at FVPL (e.g. trade and other receivables, and trade posits paid). Under the "incurred loss" model, an impairment loss was recognised only when there was objective evidence of impairment. Objective evidence of impairment included:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

f. Credit losses and impairment of assets (Cont'd)

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- Property, plant and equipment;
- investment in a subsidiary in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and 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).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

g. Inventories

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

h. Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

i. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

j. Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

k. Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

1. Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at the end of the reporting period.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

m. Revenue Recognition

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 the customers takes possession of and accepts the products.
- Interest income from bank deposit is accrued on a time proportion basis on the principal outstanding and at the rate applicable.
- Other income is recognised on a receipt basis.

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

n. 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.

o. 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.

p. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the consolidated statement of profit or loss on a straight-line basis over the lease term.

q. 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.

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

q. Taxation (Cont'd)

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, if material, is charged or credited in the consolidated statement of profit or loss.

r. Employee Benefits Obligation

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Company for full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each year of service equals to a half of an average monthly salary under the Vietnamese Labour Code, Social Insurance Code and relevant guiding documents. The average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the 6 consecutive months nearest to the date of the financial statements at the end of each reporting period. The increase or decrease in the accrued amount shall be recorded in the consolidated statement of profit or loss.

s. 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.

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

s. Translation of Foreign Currency (Cont'd)

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the exchange rate adopted by the directors which is closely commensurate with the prevailing year-end exchange rates at the date of that statement of financial position;
- (ii) income and expenses for each income statement are translated at the exchange rate adopted by the directors which is closely commensurate with the prevailing average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, such exchange differences are recognised in the consolidated statement of profit or loss as part of the gain or loss on sale.

t. 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.

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

t. Related Parties (Cont'd)

(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).
- (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 group's parent.

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.

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.

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. 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.

(b) Employee benefits

The Group determines the appropriate discount rate at the end of each period. 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 (Vietnamese Dong), 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 Vietnam 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.

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE, OTHER INCOME AND GAINS

	1/4/2018 -31/3/2019	23/3/2017 -31/3/2018
	US\$	US\$
Revenue, other income and gains recognised during the year/period are as follow:		
Revenue		
Sales	12,533,877	5,177,836
Other income and gains		
Foreign exchange gains, net	50	-
Financial income	78,015	10,987
Gain on disposal of property, plant and equipment	2,884	-
Sundry income	12,404	263,312
	93,353	274,299
Total revenue recognised	12,627,230	5,452,135

6. FINANCE COSTS

Interest expenses	46,681	35,558
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7. LOSS BEFORE TAXATION

Loss before taxation is stated after charging/(crediting):

Gain on disposal of property, plant and equipment	(2,884)	-
Depreciation	182,657	145,439
Staff costs (including directors' remuneration)		
- Salaries and allowance*	5,649,980	4,980,657

* The salaries and allowance were booked separately. The salaries with an amount of US\$5,039,692 (2018:US\$4,499,106) was charged under cost of goods sold in the consolidated statement of profit or loss, whilst the salaries with an amount of US\$610,288 (2018:US\$481,551) was charged under staff costs in the consolidated statement of profit or loss.

VIN PEARL GLOBAL VIETNAM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. DIRECTORS' REMUNERATION

No fees or other emoluments were paid or payable to the directors during the year (2017: Nil).

9. TAXATION

Hong Kong profits tax has not been provided since the Company has no assessable profit for the year/period. The subsidiary was not obliged to pay corporate income tax expense in Vietnam as there was no taxable income in the year/period.

- a. The tax charge for the year/period can be reconciled to the loss per consolidated statement of profit or loss as follows:

	1/4/2018 -31/3/2019	23/3/2017 -31/3/2018
	US\$	US\$
Loss before taxation	(1,371,548)	(661,745)
Tax at the domestic income tax rate	(325,543)	(153,503)
Taxation loss not yet recognised	325,543	153,503
Taxation expense for the year/period	-	-

- b. No deferred tax has been recognised in the financial statements on the grounds that the Company has no taxable/deductible temporary differences during the current year/period.

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT

	<u>Land use right</u>	<u>Leasehold Building</u>	<u>Buildings and Structures</u>	<u>Machineries</u>	<u>Motor Vehicles</u>	<u>Office Equipment</u>	<u>Computer Software</u>	<u>Construction in progress</u>	<u>Total</u>
<u>Cost</u>	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Acquisition of a subsidiary	55,448	133,940	932,018	995,338	52,737	63,199	10,256	-	2,242,936
Addition	-	-	91,893	540,775	82,560	41,932	-	-	757,160
Disposal	-	-	-	(159,667)	(25,715)	-	-	-	(185,382)
Reclassify to other assets	-	-	-	6,812	(2,464)	(4,348)	-	-	-
Other decrease	-	(91)	-	-	-	(771)	-	-	(862)
Exchange realignment	49	118	822	878	817	42	9	-	2,735
At 31/3/2018	55,497	133,967	1,024,733	1,384,136	107,935	100,054	10,265	-	2,816,587
Addition	-	-	89,621	151,325	-	32,487	-	30,260	303,693
Disposal	-	-	-	(73,005)	-	-	-	-	(73,005)
Reclassification	-	(133,967)	-	127,799	1,915	4,253	-	-	-
Exchange realignment	(1,384)	-	(25,563)	(37,717)	(2,740)	(2,602)	(256)	-	(70,262)
At 31/3/2019	54,113	-	1,088,791	1,552,538	107,110	134,192	10,009	30,260	2,977,013
<u>Accumulated Depreciation</u>									
Acquisition of a subsidiary	25,334	15,516	384,681	948,993	40,920	42,655	10,214	-	1,468,313
Charge for the period	1,590	15,163	49,392	68,165	5,162	5,925	42	-	145,439
Written back on disposal	-	-	-	(159,667)	(25,715)	-	-	-	(185,382)
Reclassify to other assets	-	-	-	337	(103)	(226)	-	-	8
Exchange realignment	23	20	361	867	38	40	9	-	1,358
At 31/3/2018	26,947	30,699	434,434	858,695	20,302	48,394	10,265	-	1,429,736

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	<u>Land use right</u>	<u>Leasehold Building</u>	<u>Buildings and Structures</u>	<u>Machineries</u>	<u>Motor Vehicles</u>	<u>Office Equipment</u>	<u>Computer Software</u>	<u>Construction in progress</u>	<u>Total</u>
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<u>Accumulated Depreciation (Cont'd)</u>									
Charge for the year	1,723	-	58,592	95,098	11,500	15,744	-	-	182,657
Disposal	-	-	-	(73,005)	-	-	-	-	(73,005)
Reclassification	-	(30,699)	2,685	23,837	(1,696)	5,873	-	-	-
Exchange realignment	(691)	-	(11,553)	(23,069)	(592)	(1,528)	(256)	-	(37,689)
At 31/3/2019	27,979	-	484,158	881,556	29,514	68,483	10,009	-	1,501,699
<u>Net Carrying Amount</u>									
At 31/3/2019	26,134	-	604,633	670,982	77,596	65,709	-	30,260	1,475,314
At 31/3/2018	28,550	103,268	590,299	525,441	87,633	51,660	-	-	1,386,851

(1) As at March 31, 2019, land use right of net carrying amount of US\$26,134 (2018: US\$28,550) and part of the machineries are pledged to secure the bank borrowings as disclosed in Note (18) to the consolidated financial statement.

(2) As at March 31, 2019, machineries of net carrying amount of US\$84,364 (2018: leasehold buildings: US\$103,268) is under finance lease as disclosed in Note (17) to the consolidated financial statements.

(3) Depreciation of US\$182,657 (2018: US\$145,439) has been charged to cost of goods sold in the consolidated statement of profit or loss.

VIN PEARL GLOBAL VIETNAM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. <u>GOODWILL</u>	US\$
Cost and carrying amount	
As at 31/3/2019 and 31/3/2018	1,932,750
	=====

12. <u>INVENTORIES</u>	<u>2019</u>	<u>2018</u>
	US\$	US\$
Goods in transit	143,560	-
Raw materials	234,715	274,621
Work in progress	290,560	195,855
Finished goods	473,727	187,282
	1,142,562	657,758
	=====	=====

13. <u>TRADE AND OTHER RECEIVABLES</u>		
Trade receivables (Note (b))	1,434,332	783,188
Other receivables	11,417	60,286
	1,445,749	843,474
	=====	=====
Note (a):		
Third parties	49,288	731,311
Related parties (Note (i))	1,385,044	51,877
	1,434,332	783,188
	=====	=====

VIN PEARL GLOBAL VIETNAM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE AND OTHER RECEIVABLES (CONT'D)

	<u>2019</u>	<u>2018</u>
	US\$	US\$
Note (b): Aging analysis		
At March 31, the aging analysis of trade receivables that are not impaired is as follow:		
Current	484,677	245,856
Past due less than 30 days	472,458	179,084
Past due 30 to 180 days	466,538	345,105
Past due 181 days to 1 year	-	9,326
Past due more than 1 year	<u>10,659</u>	<u>3,817</u>
	1,434,332	783,188
	=====	=====

Note (i): Trade receivables from related parties were derived solely from ordinary business transactions. The amounts are interest-free and unsecured.

14. AMOUNTS DUE TO ULTIMATE HOLDING COMPANY/IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES

The amounts due to ultimate holding company/immediate holding company/fellow subsidiaries are unsecured, interest free and have no fixed terms of repayment.

15. LOAN FROM IMMEDIATE HOLDING COMPANY

The carrying amount of the loan from immediate holding company at the end of reporting period is analysed as follows:

	<u>2019</u>	<u>2018</u>
	US\$	US\$
Amount repayable within one year	760,248	671,653
Amount repayable in the 2nd year	<u>215,800</u>	<u>1,244,273</u>
	976,048	1,915,926
	=====	=====

Loan from immediate holding company is unsecured and interest free.

VIN PEARL GLOBAL VIETNAM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND OTHER PAYABLES

	<u>2019</u>	<u>2018</u>
	US\$	US\$
Trade payables (Note (a))	2,375,606	598,042
Other payables and accruals	<u>1,930,421</u>	<u>518,897</u>
	<u>4,306,027</u>	<u>1,116,939</u>
	=====	=====
Note (a):		
Third parties	182,195	398,383
Related party (Note (i))	<u>2,193,411</u>	<u>199,659</u>
	<u>2,375,606</u>	<u>598,042</u>
	=====	=====
Note (b): <u>Aging analysis</u>		
At March 31, the aging analysis of trade payables is as follow:		
Due for payment:		
Not later than one year	<u>2,375,606</u>	<u>598,042</u>
	=====	=====

Note (i): Trade payables due to a related party were derived solely from ordinary business transactions. The amounts are interest-free and unsecured.

17. OBLIGATION UNDER FINANCE LEASE

The carrying amount of the obligation under finance lease at the end of reporting period is analysed as follows:

	<u>2019</u>	<u>2018</u>
	US\$	US\$
Amount repayable within one year	23,007	24,072
Amount repayable in the 2nd year	<u>3,835</u>	<u>41,719</u>
	<u>26,842</u>	<u>65,791</u>
	=====	=====

VIN PEARL GLOBAL VIETNAM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. SECURED BANK BORROWINGS

The carrying amount of the secured bank borrowings at the end of reporting period is analysed as follows:

	<u>2019</u>	<u>2018</u>
	US\$	US\$
<i><u>Amount repayable within one year</u></i>		
Term loan	649,098	754,298
	-----	-----
<i><u>Amount not repayable within one year but contain a repayment on demand clause</u></i>		
Term loan	12,499	15,274
	-----	-----
	661,597	769,572
	=====	=====

- (a) The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.
- (b) The term loan facilities are interest-bearing and secured by the immediate holding company, the subsidiary's land use right, and part of the machineries.

19. UNSECURED BANK BORROWING

The unsecured bank borrowing is interest-bearing and repayable within one year.

20. EMPLOYEE BENEFITS OBLIGATION

	<u>2019</u>	<u>2018</u>
	US\$	US\$
At April 1	73,567	-
Acquisition of a subsidiary	-	74,605
Effects of foreign exchange rate changes	(1,835)	(1,038)
	-----	-----
At March 31	71,732	73,567
	=====	=====

VIN PEARL GLOBAL VIETNAM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. SHARE CAPITAL

	<u>2019</u>		<u>2018</u>	
	<u>No. of shares</u>	<u>Amount</u>	<u>No. of shares</u>	<u>Amount</u>
		US\$		US\$
Issued and fully paid: Ordinary shares				
At March 31	12,000	12,000	12,000	12,000
	=====	=====	=====	=====

The Company was incorporated on March 23, 2017. On the date of incorporation, 12,000 ordinary shares of US\$1 each was issued to the subscriber to provide initial working capital of the Company.

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.

VIN PEARL GLOBAL VIETNAM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. COMPANY LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<u>NOTES</u>	<u>2019</u>	<u>2018</u>
		US\$	US\$
Non-Current Assets			
Investment in a subsidiary	(22a)	1,904,637	1,904,637
Current Assets			
Cash and cash equivalents		22,765	36,062
Current Liabilities			
Amount due to a subsidiary		8,296	-
Amount due to ultimate holding company		17,918	5,334
Amount due to immediate holding company		1,820,158	1,790,158
Amounts due to fellow subsidiaries		284,147	132,147
Other payables		129,322	141,448
		2,259,841	2,069,087
Net Current Liabilities		(2,237,076)	(2,033,025)
NET LIABILITIES		(332,439)	(128,388)
DEFICIT			
Share capital	(22b)	12,000	12,000
Accumulated losses	(22b)	(344,439)	(140,388)
TOTAL DEFICIT		(332,439)	(128,388)

APPROVED BY THE BOARD OF DIRECTORS ON MAY 27, 2019 AND SIGNED ON BEHALF OF THE BOARD BY:

2/25
+


Deepak Kumar SETH
Director

2/25
+


Pulkit SETH
Director

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(a) INVESTMENT IN A SUBSIDIARY

	<u>2019</u>	<u>2018</u>
	HK\$	HK\$
Unlisted shares, at cost	1,904,637	1,904,637
	=====	=====

Details of the subsidiary are as follows. The class of share held is ordinary unless otherwise stated.

<u>Name of subsidiary</u>	<u>Place of Incorporation and operation</u>	<u>Percentage of equity attributable to the Company</u>		<u>Principal activity</u>
		<u>2019</u>	<u>2018</u>	
Pearl Global Vietnam Company Limited*	Vietnam	100%	100%	Engaged in garment processing industry

* Not audited by Louis Lai & Luk CPA Limited

(b) MOVEMENT IN THE EQUITY OF THE COMPANY

	<u>Share Capital</u>	<u>Accumulated Losses</u>	<u>Total</u>
	US\$	US\$	US\$
Issurance of share capital	12,000	-	12,000
Loss for the period	-	(140,388)	(140,388)
At March 31, 2018	12,000	(140,388)	(128,388)
Loss for the year	-	(204,051)	(204,051)
At March 31, 2019	12,000	(344,439)	(332,439)
	=====	=====	=====

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. FINANCE RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Group's principal financial instrument comprises cash and cash equivalents, secured and unsecured bank loans and obligations under finance lease. The main purpose of the financial instrument is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, liquidity risk and interest rate risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising primarily from Vietnamese Dong. The Group considers its exposure to foreign exchange rate risk is moderate because transactions with the Group's suppliers and customers are unusually denominated in United States Dollars.

(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\$)		
	<u>2019</u>		
	HKD	VND	Total
Cash and cash equivalents	3,051	102,399	105,450
Trade and other payables	<u>-</u>	<u>(527,316)</u>	<u>(527,316)</u>
Net exposure arising from recognised assets and liabilities	<u>3,051</u>	<u>(424,917)</u>	<u>(421,866)</u>

VIN PEARL GLOBAL VIETNAM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. FINANCE RISK MANAGEMENT, OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk (Cont'd)

(i) Exposure to currency risk (Cont'd)

	(Expressed in US\$)		
	<u>2018</u>		
	HKD	VND	Total
Cash and cash equivalents	2,624	-	2,624
Trade and other payables	<u>-</u>	<u>(343,095)</u>	<u>(343,095)</u>
Net exposure arising from recognised assets and liabilities	<u>2,624</u>	<u>(343,095)</u>	<u>(340,471)</u>

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit/loss after 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>2019</u>		<u>2018</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	US\$	US\$	US\$	US\$
Hong Kong Dollar (HKD)	255	(255)	219	(219)
Vietnamese Dong (VND)	<u>(35,481)</u>	<u>35,481</u>	<u>(28,648)</u>	<u>28,648</u>
	<u>(35,226)</u>	<u>35,226</u>	<u>(28,429)</u>	<u>28,429</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 2018.

VIN PEARL GLOBAL VIETNAM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. FINANCE RISK MANAGEMENT, OBJECTIVES AND POLICIES (CONT'D)

Credit risk

The Group has no significant concentrations of credit risk because the creditworthiness of each of the Group's customers has been assessed before any services are provided to them on credit. The Group has policies that limit the amount of credit exposure to any customers. The management are not aware of any factors indicating that any trade debtors and other debtors would not be capable of repaying their outstanding amounts. Accordingly, the management are of the opinion that the Group is adequately protected from the credit risk.

Liquidity risk

The Group adopts prudent liquidity risk management which implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

Interest rate risk

(i) Exposure to interest rate risk

The Group has no significant interest bearing assets except cash and cash equivalents. Carrying amounts of net financial liabilities as at March 31 that exposed to interest rate risks were as follows:

	<u>2019</u>	<u>2018</u>
	US\$	US\$
<i>Financial assets bearing variable interests:</i>		
Cash and cash equivalents	231,021	106,706
	-----	-----
<i>Financial liabilities bearing variable interests:</i>		
Secured bank borrowings- term loans	(661,597)	(769,572)
Unsecured bank borrowing- term loan	(346,460)	-
Obligations under finance lease	(26,842)	(65,791)
	-----	-----
	(1,034,899)	(835,363)
	-----	-----
Net financial liabilities exposed to interest rate risk	(803,878)	(728,657)
	=====	=====

VIN PEARL GLOBAL VIETNAM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. FINANCE RISK MANAGEMENT, OBJECTIVES AND POLICIES (CONT'D)

Interest rate risk (Cont'd)

(ii) Sensitivity analysis

At March 31, 2019, it is estimated that a general increase/decrease of 100 basis points in interest rate, with all other variables held constant, interest income and loss before taxation for the year ended March 31, 2019 would decrease/increase by a net amount of US\$522 (2018: US\$424). The carrying amount of financial asset/liability measured at amortized cost and the carrying amount of financial asset/liability bearing interest rate measured at fair value would not be affected by the assumed 100 basis points increase/decrease in interest rate.

Although a financial asset or financial liability may be subject to interest rate risk, its carrying amount may not necessarily be affected by the assumed 100 basis points increase in market interest rates.

24. RELATED PARTY TRANSACTION

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>1/4/2018</u> <u>-31/3/2019</u>	<u>23/3/2017</u> <u>-31/3/2018</u>
			US\$	US\$
Pearl Global (HK) Limited	Immediate holding company	- Sales	3,756,709	-
DSSP Global Limited	Fellow subsidiary	- Management fee	75,000	37,500
		- Sales	119,512	-
		- Purchases	5,692,304	-
Pearl Grass Creations Limited	Fellow subsidiary	- Sales	4,044,404	78,410
		- Purchase	35,029	-
Pearl Global Fareast Company Limited	Fellow subsidiary	- Sales	1,450,109	-

VIN PEARL GLOBAL VIETNAM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. BANKING FACILITIES

General banking facilities to the total extent of US\$1,008,057 (2018: US\$769,572) were granted by various banks to the subsidiary of the Group and was secured by the immediate holding company of the Group, land use right and part of the machineries of the subsidiary of the Group.

26. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED MARCH 31, 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended March 31, 2019 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16, <i>Leases</i>	January 1, 2019
HK(IFRIC) 23, <i>Uncertainty over income tax treatments</i>	January 1, 2019
Annual Improvements to HKFRSs 2015-2017 Cycle	January 1, 2019
Amendments to HKAS 28, <i>Long-term interest in associates and joint ventures</i>	January 1, 2019

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application.

27. COMPARATIVE AMOUNTS

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

28. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Company's Board of Directors on May 27, 2019.