DSSP GLOBAL LIMITED

REPORTS

AND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

DSSP GLOBAL LIMITED

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DSSP GLOBAL LIMITED

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and sampling trading. The principal activity of subsidiary is set out in Note (19a) to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Company and its subsidiary (the "Group") for year ended March 31, 2019are set out in the consolidated statement of profit or loss and other comprehensive income on page 6.

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

SHARE CAPITAL

Details of share capital of the Company are set out in Note (18) to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are set out in Note (11) to the consolidated financial statements.

DIRECTORS

(a) Directors of the Company

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

Deepak Kumar SETH
Pulkit SETH
Sweta AGARWAL

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

(b) Directors of the Company's subsidiary

During the year and up to date of this report, Deepak Kumar SETH, Pulkit SETH and Amit KUMAR are the directors of the subsidiary of the Company.

DSSP GLOBAL LIMITED

DIRECTORS' REPORT (CONT'D)

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

Except for the related party transactions as disclosed in Note (21) to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Group was a party and in which directors of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision 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

DKS

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
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 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.

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

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622) and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, May 27, 2019.

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2019

	NOTES	2019	2018
		US$	US$
REVENUE	(5)	35,201,267	25,670,139
COST OF SALES		(29,639,136)	(21,276,679)
GROSS PROFIT		5,562,131	4,393,460
OTHER INCOME AND GAINS	(5)	458,984	384,959
STAFF COSTS		(3,408,201)	(3,056,954)
DEPRECIATION		(143,691)	(99,276)
SELLING EXPENSES		(116,453)	(124,742)
OTHER OPERATING EXPENSES		(1,330,507)	(937,185)
PROFIT FROM OPERATION		1,022,263	560,262
FINANCE COSTS	(6)	(210,640)	(59,871)
PROFIT BEFORE TAXATION	(7)	811,623	500,391
TAXATION	(9)	(175,827)	(220,810)
PROFIT FOR THE YEAR		635,796	279,581
OTHER COMPREHENSIVE INCOME/(LOSS)		4,627	(46,739)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		640,423	232,842
PROFIT ATTRIBUTABLE TO:			
Equity holders of the Company		484,160	95,019
Non-controlling interests		151,636	184,562
		635,796	279,581
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Company		487,395	62,344
Non-controlling interests		153,028	170,498
		640,423	232,842

THE NOTES ON PAGES 12 TO 41 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

	NOTES	2019	2018
		US$	US$
Non-Current Assets			
Property, plant and equipment	(11)	2,874,713	1,750,468
Deposits		147,798	173,692
Deferred tax assets		150,354	117,667
		3,172,865	2,041,827
Current Assets			
Inventories	(12)	2,928,409	762,359
Trade and other receivables	(13)	6,914,183	5,729,188
Deposits and prepayments		806,614	310,512
Trade deposit paid		475,291	557,094
Amounts due from fellow subsidiaries	(14)	2,197,750	276,445
Amount due from ultimate holding company	(14)	510,113	-
Cash and cash equivalents		518,848	526,293
		14,351,208	8,161,891
Current Liabilities			
Trade and other payables	(16)	2,164,871	1,632,028
Bills payables		1,030,324	-
Amount due to ultimate holding company	(15)	-	44,032
Amount due to immediate holding company	(15)	1,090,687	398,542
Amounts due to fellow subsidiaries	(15)	1,138,837	-
Secured bank borrowings		3,957,605	759,484
Provision for taxation		35,666	30,896
		9,417,990	2,864,982
Net Current Assets		4,933,218	5,296,909
Total Assets Less Current Liabilities		8,106,083	7,338,736
Non-Current Liabilities			
Employee benefits obligation	(17)	594,630	467,706
NET ASSETS		7,511,453	6,871,030

THE NOTES ON PAGES 12 TO 41 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

AS AT MARCH 31, 2019

	NOTES	2019	2018
		US$	US$
EQUITY			
Share capital	(18)	1,505,121	1,505,121
Retained earnings		3,562,005	3,074,610
Revaluation surplus		341,941	341,941
Total attributable to equity holders of the Company		5,409,067	4,921,672
Non-controlling interests		2,102,386	1,949,358
TOTAL EQUITY		7,511,453	6,871,030

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

x DKS

Deepak Kumar SETH
Director

x PS

Pulkit SETH
Director

THE NOTES ON PAGES 12 TO 41 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2019

	Attributable to shareholders of the Company				
	Share Capital	Revaluation Surplus	Retained Earnings	Non-controlling Interests	Total
	US$	US$	US$	US$	US$
At April 1, 2017	1,505,121	341,941	3,012,266	1,778,860	6,638,188
Profit for the year	-	-	95,019	184,562	279,581
Other comprehensive loss for the year	-	-	(32,675)	(14,064)	- - (46,739)
At March 31, 2018 and April 1, 2018	1,505,121	341,941	3,074,610	1,949,358	6,871,030
Profit for the year	-	-	484,160	151,636	635,796
Other comprehensive income for the year	-	-	3,235	1,392	4,627
At March 31, 2019	1,505,121	341,941	3,562,005	2,102,386	7,511,453

THE NOTES ON PAGES 12 TO 41 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	811,623	500,391
Adjustments for:		
Interest expenses	210,640	59,871
Depreciation	408,884	290,441
Employee benefits expenses	135,966	(62,318)
Gain on disposal of plant and equipment	(8,444)	(19,031)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,558,669	769,354
Decrease in deposits	25,894	-
Increase in inventories	(2,166,050)	(61,355)
Increase in trade and other receivables	(1,184,995)	(1,588,295)
Increase in deposits and prepayments	(496,102)	(25,404)
Decrease/(Increase) in trade deposit paid	81,802	(72,295)
Increase/(Decrease) in trade and other payables	532,843	(424,985)
Increase in bills payables	1,030,324	-
Net (payment to)/receipt from ultimate holding company	(554,145)	128,313
Net receipt from immediate holding company	692,145	589,950
Net (payments to)/receipts from to fellow subsidiaries	(782,468)	75,163
NET CASH USED IN OPERATIONS	(1,262,083)	(609,554)
Employee benefits obligations paid	(2,873)	(12,439)
Interest paid	(210,640)	(59,871)
Income tax paid	(205,285)	(307,504)
Net cash used in operating activities	(1,680,881)	(989,368)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment to acquire property, plant and equipment	(1,590,741)	(229,011)
Decrease in employee benefits obligation	-	165,449
Refund from construction in progress	57,463	-
Proceeds from disposal of plant and equipment	8,593	21,496
Net cash used in investing activities	(1,524,685)	(42,066)

THE NOTES ON PAGES 12 TO 41 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
	US$	US$
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from secured bank borrowings and net cash generated from financing activities	3,198,121	759,484
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,445)	(271,950)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	526,293	795,378
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	-	2,865
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	518,848	526,293

THE NOTES ON PAGES 12 TO 41 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

DSSP Global Limited is a company incorporated in Hong Kong with limited liability. Its principal activities are investment holding and sampling trading. The address of its registered office is Unit 801-3, 8/F., 9 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong. The directors consider that the ultimate holding company and immediate holding company are Pearl Global Industries Limited and Pearl Global (HK) Limited respectively. The ultimate holding company and immediate holding company are respectively incorporated in India and Hong Kong. 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 ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") 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 Group'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. 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

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

(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, see respective accounting policy notes in notes (2g) and (2h).

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

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

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

B. 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 Group):
  - 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 expected credit loss has been recognised for that financial instrument.

(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 and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

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

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

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 construction contracts and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised 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.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognizes 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

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

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

C. Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset.

Similarly, a contract liability, rather than a payable, is recognised when a customer pays non-refundable consideration, or is contractually required to pay non-refundable consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The adoption of HKFRS 15 does not have a significant impact on the presentation of Group's contract assets and liabilities.

c. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

c. Basis of Consolidation (Cont'd)

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

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

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

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

d. Property, Plant and Equipment

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

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

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

e. Impairment of Non-Financial Assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and non-current assets, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, (only if there are revalued assets in the financial statements) unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

f. Financial Instruments

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

g. Financial Assets

The Group's financial assets are only classified under *Financial assets carried at amortised cost* category, including trade receivables, deposits, amount due from immediate holding company and a fellow subsidiary and cash and cash equivalents.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

g. Financial Assets (Cont'd)

Financial assets carried at amortised cost

(i) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, transaction costs that are attributable to the acquisition of the financial asset.

(ii) Subsequent measurement

At the end of each reporting period subsequent to initial recognition, financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

g. Financial Assets (Cont'd)

Financial assets carried at amortised cost (Cont'd)

(iv) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loan and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

h. Financial Liabilities

Financial liabilities carried at amortised cost

The Group's financial liabilities are classified under *Financial liabilities carried at amortised cost*, including trade payables, accruals and other payables and amounts due to fellow subsidiaries.

(i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

(ii) Subsequent measurement

After initial recognition, financial liabilities carried at amortised cost are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidate statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the consolidated statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

i. 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

j. Contract Assets and Contract Liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

k. Inventories

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

l. 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.

Receivables are stated at amortised cost using the effective interest method less impairment losses.

m. 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.

n. 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

o. 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.

p. Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits 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. No deferred tax asset has been recognised on the unused tax losses due to the infeasibility to predict the availability of future taxable profit for offsetting such deductible timing differences.

Deferred tax, if material, is charged or credited in the consolidated statement of profit or loss and other comprehensive income.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

q. Revenue Recognition

Income is classified by the Group as revenue when it arises from the sale of goods in the ordinary course of the Group's business.

Revenue is recognised when control over a product is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amount collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

- Revenue from sales of goods is recognised when the customer takes possession of and accepts the products.
- Management fee income is recognised when the service is rendered.
- Other income is recognised on a receipt basis.

r. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

s. Bank Borrowings

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

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

t. Retirement Benefit Costs

The Group's contributions to the mandatory provident fund scheme are charged to the consolidated statement of profit or loss and other comprehensive income as incurred.

The Group's employees who have completed the required number of years of service to the Group are eligible for long service payments in the event of the termination of their employment.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the end of reporting period.

u. Employee Benefits Obligation

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

v. 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

v. 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, provide 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.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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 the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

(c) Income taxes

The Group is subject to income tax in Indonesian tax jurisdictions. Significant judgment is required in determining local provision for income tax, among other, non deductible expenses. The Group recognises provision for income tax based on self assessment. Where the final tax outcome as a result of tax audit is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Prepaid taxes are impaired as the carrying amounts may not be recoverable.

5. REVENUE, OTHER INCOME AND GAINS

	2019	2018
Revenue, other income and gains recognised during the year are as follows:	US$	US$
Revenue:		
Sales	35,169,864	25,581,810
Sampling income	31,403	88,329
	35,201,267	25,670,139
Other income and gains:		
Claim and recovery	295,621	282,702
Foreign exchange gains, net	-	6,435
Management fee income	150,000	75,000
Other income	4,919	1,791
Gain on disposal of plant and equipment	8,444	19,031
	458,984	384,959
	35,660,251	26,055,098

6. FINANCE COSTS

Bank interest and bank charges	210,640	59,871

7. PROFIT BEFORE TAXATION

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

Auditors' remuneration	5,268	4,949
Depreciation	408,884	290,441
Foreign exchange losses/(gains), net	63,175	(6,435)
Gain on disposal of plant and equipment	(8,444)	(19,031)
Rental payments under operating leases	464,714	345,187
Staff costs (including directors' remuneration)		
- Salaries and allowance	9,457,473	8,341,768
- Contribution to retirement benefit scheme - MPF	17,177	20,465
- Staff welfare	180,744	146,280

8. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS

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

	2019	2018
	US$	US$
Emoluments:		
Acting as directors	-	-
Provision of management services	60,000	60,000
Retirement benefits	-	-
	60,000	60,000

9. TAXATION

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

	2019	2018
	US$	US$
Hong Kong profits tax:		
Charge for the year	-	-
Overprovision for previous year	(2,571)	(807)
Overseas income tax:		
Charge for the year	212,626	212,042
Deferred tax	(34,228)	9,575
	175,827	220,810

9. TAXATION (CONT'D)

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

	2019	2018
	US$	US$
Profit before taxation	811,623	500,391
Tax at the domestic income tax rate	191,917	153,538
Tax effect of expenses that are not deductible in determining taxable profit	9,700	17,910
Tax effect of income that are not taxable in determining taxable profit	(1,887)	(5,153)
Tax effect of net tax allowance claimed	34,518	(9,461)
Tax effect of tax loss not recognised	(21,622)	55,208
Overprovision for previous year	(2,571)	(807)
Current year deferred tax	(34,228)	9,575
Taxation expense for the year	175,827	220,810

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

	2019	2018
	US$	US$
Subsidiary:		
Deferred tax assets	150,354	117,667

10. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Included in the profit of US$484,160 (2018: profit of US$95,019) attributable to shareholders of the Group is a profit of US$131,855 (2018: loss of US$333,786) which is dealt with in the Company's own accounts.

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Infrastructures	Machineries	Furniture and Fixtures	Office Equipment	Motor Vehicles	Tools and Equipment	Construction in Progress	Total
Cost	US$	US$	US$	US$	US$	US$	US$	US$	US$
At 1/4/2017	182,932	283,340	2,691,498	156,977	6,236	376,597	481,789	762,838	4,942,207
Additions	-	-	110,409	-	1,760	97,430	19,412	-	229,011
Disposal	-	-	-	-	-	(104,925)	-	-	(104,925)
At 31/3/2018 and 1/4/2018	182,932	283,340	2,801,907	156,977	7,996	369,102	501,201	762,838	5,066,293
Additions	-	254,627	1,093,407	76,944	971	73,111	91,681	-	1,590,741
Refund from developer	-	-	-	-	-	-	-	(57,463)	(57,463)
Disposal	-	-	(194,594)	-	-	(23,061)	-	-	(217,655)
At 31/3/2019	182,932	537,967	3,700,720	233,921	8,967	419,152	592,882	705,375	6,381,916
Accumulated Depreciation									
At 1/4/2017	-	282,711	2,046,051	156,394	1,313	210,430	430,945	-	3,127,844
Charge for the year	-	509	190,791	127	2,666	73,811	22,537	-	290,441
Disposal	-	-	-	-	-	(102,460)		-	(102,460)
At 31/3/2018 and 1/4/2018	-	283,220	2,236,842	156,521	3,979	181,781	453,482	-	3,315,825
Charge for the year	-	30,323	265,193	6,933	2,745	72,390	31,300	-	408,884
Disposal	-	-	(194,571)	-	-	(22,935)		-	(217,506)
At 31/3/2019	-	313,543	2,307,464	163,454	6,724	231,236	484,782	-	3,507,203
Net Carrying Amount									
At 31/3/2019	182,932	224,424	1,393,256	70,467	2,243	187,916	108,100	705,375	2,874,713
At 31/3/2018	182,932	120	565,065	456	4,017	187,321	47,719	762,838	1,750,468

Depreciation expenses of US$265,193 (2018: US$191,165) has been charged to consolidated statement of profit or loss and other comprehensive income within cost of goods sold and US$143,691 (2018: US$99,276) has been charged to consolidated statement of profit or loss and other comprehensive income within depreciation expenses.

12. INVENTORIES

	2019	2018
	US$	US$
Work in progress	2,928,409	762,359

13. TRADE AND OTHER RECEIVABLES

Trade receivables (note a)	6,889,002	5,342,436
Other receivable	25,181	386,752
	6,914,183	5,729,188

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

Neither past due nor impaired	6,426,946	5,297,980
Past due but not impaired	462,056	44,456
	6,889,002	5,342,436

Trade receivables are non-interest bearing and are generally on terms of 7 to 90 days.

14. AMOUNTS DUE FROM ULTIMATE HOLDING COMPANY/ FELLOW SUBSIDIARIES

Amounts due from ultimate holding company/fellow subsidiaries disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622) are as follows:

Name of borrower	Outstanding principal		
	At beginning of year	At end of year	Maximum outstanding
	US$	US$	US$
Pearl Global Industries Ltd. [1]	-	510,113	510,113
Norp Knit Industries Ltd. [4]	195,156	-	195,156
Pearl Grass Creations Limited [2]	37,686	-	37,686
Pearl Global Vietnam Company Limited [3]	-	2,079,147	2,079,147
Vin Pearl Global Vietnam Limited [2]	43,603	118,603	118,603
	276,445	2,197,750	

(1) Connected with common director, Deepak Kumar SETH
(2) Connected with common directors, Deepak Kumar SETH, Pulkit SETH and Sweta AGARWAL
(3) Connected with common director, Pulkit SETH
(4) Connected with common directors, Deepak Kumar SETH and Pulkit SETH

Principal terms: The amounts due from ultimate holding company/fellow subsidiaries are unsecured, interest free and have no fixed terms of repayments.

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

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

16. TRADE AND OTHER PAYABLES

	2019	2018
	US$	US$
Trade payables (note a)	972,872	750,067
Other payables and accruals	1,191,999	881,961
	2,164,871	1,632,028

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

Due for payment:		
Not later than one year	972,872	750,067

Trade payables are non-interest bearing and are generally on terms of 15 to 90 days.

17. EMPLOYEE BENEFITS OBLIGATION

	2019	2018
	US$	US$
At April 1	467,706	302,257
Charged to consolidated statement of profit or loss and other comprehensive income	129,797	177,888
Payment during the year	(2,873)	(12,439)
At March 31	594,630	467,706

18. SHARE CAPITAL

	2019		2018	
	No. of shares	Amount	No. of shares	Amount
		HK$		HK$
Ordinary shares, issued and fully paid:				
At March 31	11,709,844	11,709,844	11,709,844	11,709,844
Translated into US$		1,505,121		1,505,121

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

DSSP GLOBAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. COMPANY LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	2019	2018
		US$	US$
Non-Current Assets			
Investment in a subsidiary	(19a)	1,049,980	1,049,980
Plant and equipment		2,243	4,017
		1,052,223	1,053,997
Current Assets			
Trade and other receivables		1,224,351	885,781
Trade deposits paid		81,535	107,562
Prepayment		578	9,858
Amounts due from fellow subsidaries		2,197,750	276,445
Amount due from ultimate holding company		510,113	-
Tax recoverable		-	10,153
Cash and cash equivalents		237,640	36,739
		4,251,967	1,326,538
Current Liabilities			
Trade payables		412,424	449,190
Bills payables		1,030,324	40,023
Accrual and other payables		56,768	5,453
Amount due to ultimate holding company		-	44,032
Amount due to immediate holding company		1,090,687	398,542
Amount due to a fellow subsidiary		1,138,837	-
		3,729,040	937,240
Net Current Assets		522,927	389,298
NET ASSETS		1,575,150	1,443,295
EQUITY			
Share capital	(18)	1,505,121	1,505,121
Retained earnings/(Accumulated losses)	(19b)	70,029	(61,826)
TOTAL EQUITY		1,575,150	1,443,295

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

Deepak Kumar SETH
Director

Pulkit SETH
Director

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

(a) Investment in a subsidiary

	2019	2018
	USD	USD
Unlisted shares, at cost	1,049,980	1,049,980

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

Name of subsidiary	Place of incorporation and operation	Percentage of equity attributable to the Company		Principal activity
		2019	2018	
PT Pinnacle Apparels *	Indonesia	69.91%	69.91%	Engaged in garment and textiles industry

* Not audited by Louis Lai & Luk CPA Limited

(b) Movement in the reserves of the Company

	(Accumulated Losses)/ Retained Earnings
	US$
At April 1, 2017	271,960
Loss for the year and total comprehensive income for the year	(333,786)
At March 31, 2018 and April 1, 2018	(61,826)
Profit for the year and total comprehensive income for the year	131,855
At March 31, 2019	70,029

20. BANKING FACILITIES

General banking facilities granted by the bank were secured by bank accounts, machineries and equipment, inventories, trade receivables, ultimate holding company's and fellow subsidiaries' corporate guarantee and directors' personal guarantee.

21. RELATED PARTY TRANSACTIONS

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

Name of Company	Relationship	Nature of transaction	2019	2018
			US$	US$
Pearl Global Industries Ltd.	Ultimate holding company	Sales	824,196	841,545
		Purchase	420,471	46,921
Pearl Global (HK) Ltd.	Immediate holding company	Sampling income	-	2,033
Norp Knit Industries Ltd.	Fellow subsidiary	Sales	1,227,732	1,253,722
		Sampling income	30,947	1,645
		Purchase	867,565	-
Pearl Grass Creation Ltd.	Fellow subsidiary	Sales	411,930	886,003
		Claim and recovery	295,621	282,702
		Management fee income	75,000	37,500
Vin Pearl Global Vietnam Ltd.	Fellow subsidiary	Management fee income	75,000	37,500
Pearl Global Vietnam Co.	Fellow subsidiary	Sales	5,692,304	589,393
		Purchase	119,512	-
Pearl Global Fareast Limited	Fellow subsidiary	Sales	21,983,579	21,876,979
Pearl Global Chang Zhou Textile Technology Co. Ltd.	Fellow subsidiary	Consulting fee	-	19,150

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank borrowing and cash and cash equivalents. The main purpose of these financial instruments 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 credit risk, foreign currency risk, interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk
The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any customers.

Foreign currency risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(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.

	2019 (Expressed in US$)				
	HKD	IDR	GBP	SGD	Total
Trade and other receivables	3,568	-	-	-	3,568
Cash and cash equivalents	127,639	255,585	143	20	383,387
Trade and other payables	(94,949)	-	-	-	(94,949)
Net exposure arising from recognised assets and liabilities	36,258	255,585	143	20	292,006

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

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk (Cont'd)

(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.

	2019		2018	
	Increase	Decrease	Increase	Decrease
	US$	US$	US$	US$
Hong Kong Dollar (HKD)	-	-	-	-
Indonesian Rupiah (IDR)	21,341	(21,341)	61,321	(61,321)
British Pound (GBP)	12	(12)	18	(18)
Singapore Dollar (SGD)	2	(2)	18	(18)
	21,355	(21,355)	61,357	(61,357)

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.

Liquidity risk

Prudent liquidity risk management 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

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets.

23. 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, *Leases*	January 1, 2019
HK(IFRIC) 23, *Uncertainty over income tax treatments*	January 1, 2019
Annual Improvements to HKFRSs 2015-2017 Cycle	January 1, 2019
Amendments to HKAS 28, *Long-term interest in associates and joint ventures*	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.

24. COMPARATIVE FIGURES

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

25. 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.

DSSP GLOBAL LIMITED

DETAILED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
	US$	US$
REVENUE		
Sales	12,950,714	3,590,629
Sampling income	31,403	88,329
	12,982,117	3,678,958
COST OF SALES		
Cost of sales	(11,866,812)	(3,256,243)
Cost of sampling	(189,450)	(87,051)
	(12,056,262)	(3,343,294)
GROSS PROFIT	925,855	335,664
OTHER INCOME AND GAINS		
Foreign exchange gains, net	7,807	3,281
Recovery income	295,621	282,702
Sundry income	4,919	1,791
Management fee income	150,000	75,000
	458,347	362,774
	1,384,202	698,438
OPERATING EXPENSES (SCH 5(II))	1,254,918	1,033,031
PROFIT/(LOSS) BEFORE TAXATION	129,284	(334,593)