

Report of the Directors and Audited Financial Statements

DSSP GLOBAL LIMITED

31 March 2022

DSSP GLOBAL LIMITED

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## DSSP GLOBAL LIMITED

### REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Group for the year ended 31 March 2022.

#### Principal activities

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

#### Results and dividends

The Group's profit for the year ended 31 March 2022 and the Group's financial position at that date are set out in the financial statements on pages 6 to [44].

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

#### Share issued

Details of movements in the Company's share capital during the year are set out in note [15] to the financial statements.

#### Directors

The directors of the Company during the year were:

Deepak Kumar SETH  
Pulkit SETH  
Sumit LATH

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

Deepak Kumar SETH  
Pulkit SETH  
Amit KUMAR

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

#### Directors' interests

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

#### Directors' interests in transactions, arrangements or contracts

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

#### Permitted indemnity provisions

During the year ended 31 March 2022, a permitted indemnity provision as defined in the Hong Kong Companies Ordinance was in force for an indemnity against a liability incurred by the directors of the Company, to a third party.

DSSP GLOBAL LIMITED

REPORT OF THE DIRECTORS

Auditors

During the year, Louis Lai & Luk CPA Limited resigned as auditor of the Company and Ernst & Young were appointed by the directors to fill the casual vacancy so arising. A resolution for the reappointment of Ernst & Young as auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD



.....  
Deepak Kumar SETH  
Chairman

Hong Kong  
18 May 2022



Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

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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 subsidiaries (the "Group") set out on pages 6 to 44, which comprise the consolidated statement of financial position as at 31 March 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Information other than the consolidated financial statements and auditor's report thereon**

The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

**Responsibilities of the directors for the consolidated financial statements**

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

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

**Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



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

**Auditor's responsibilities for the audit of the consolidated financial statements (continued)**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Certified Public Accountants  
Hong Kong  
18 May 2022

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2022

	Notes	2022 US\$	2021 US\$
REVENUE	4	46,095,583	24,835,438
Cost of sales		<u>(42,309,672)</u>	<u>(21,654,185)</u>
Gross profit		3,785,911	3,181,253
Other income and gains, net	5	157,436	366,131
Administrative expenses		(3,233,733)	(3,046,724)
Other operating expenses		(597,462)	(184,236)
Finance costs	6	<u>(191,949)</u>	<u>(185,380)</u>
PROFIT/(LOSS) BEFORE TAX	7	(79,797)	131,044
Income tax expense	9	<u>(131,422)</u>	<u>(67,861)</u>
PROFIT/(LOSS) FOR THE YEAR		<u><u>(211,219)</u></u>	<u><u>63,183</u></u>
Attributable to:			
Owner of the parent		(329,000)	11,080
Non-controlling interests		<u>117,781</u>	<u>52,103</u>
		<u><u>(211,219)</u></u>	<u><u>63,183</u></u>



DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2022

	2022 US\$	2021 US\$
PROFIT/(LOSS) FOR THE YEAR	<u>( 211,219)</u>	<u>63,183</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss that will not be reclassified to profit or loss in subsequent period:		
Remeasurement loss on defined benefit obligations	<u>( 118,855)</u>	<u>( 42,647)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>( 330,074)</u>	<u>20,536</u>
Attributable to:		
Owner of the parent	<u>( 412,094)</u>	<u>( 18,733)</u>
Non-controlling interests	<u>82,020</u>	<u>39,269</u>
	<u>( 330,074)</u>	<u>20,536</u>

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2022

	Notes	2022 US\$	2021 US\$
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	3,616,438	2,215,172
Right-of-use assets	11(a)	226,697	321,313
Deposits		69,591	69,766
Deferred tax assets	13	118,463	104,031
Total non-current assets		<u>4,031,189</u>	<u>2,710,282</u>
<b>CURRENT ASSETS</b>			
Inventories	12	2,025,043	2,242,513
Trade and other receivables	14	4,757,590	3,380,395
Prepayments and deposits		1,373,274	683,582
Amounts due from fellow subsidiaries	19(b)	11,410,116	2,483,149
Amount due from the ultimate holding company	19(b)	2,438,272	366,553
Cash and cash equivalents		619,882	935,814
Total current assets		<u>22,624,177</u>	<u>10,092,006</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,354,769	1,084,506
Amount due to immediate holding company	19(b)	3,786,691	1,125,290
Amounts due to fellow subsidiaries	19(b)	2,311,154	791,154
Interest-bearing bank borrowings	15	10,610,587	1,471,951
Lease liabilities	11(b)	65,564	85,176
Tax payable		75,884	27,478
Total current liabilities		<u>18,204,649</u>	<u>4,585,555</u>
NET CURRENT ASSETS		<u>4,419,528</u>	<u>5,506,451</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,450,717</u>	<u>8,216,733</u>
<b>NON-CURRENT LIABILITIES</b>			
Other payable		225,000	-
Defined benefit obligations	16	596,288	507,230
Total non-current liabilities		<u>821,288</u>	<u>507,230</u>
Net assets		<u><u>7,629,429</u></u>	<u><u>7,709,503</u></u>

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2022

	Notes	2022 US\$	2021 US\$
<b>EQUITY</b>			
Share capital			
Reserves	17	1,680,121	1,505,121
		<u>3,556,506</u>	<u>3,968,600</u>
Non-controlling interests		5,236,627	5,473,721
		<u>2,392,802</u>	<u>2,235,782</u>
Total equity		<u>7,629,429</u>	<u>7,709,503</u>



.....  
Deepak Kumar SETH  
Director

.....  
Pulkit SETH  
Director

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2022

	Notes	2022 US\$	2021 US\$
EQUITY			
Share capital	17	1,680,121	1,505,121
Reserves		<u>3,556,506</u>	<u>3,968,600</u>
		5,236,627	5,473,721
Non-controlling interests		<u>2,392,802</u>	<u>2,235,782</u>
Total equity		<u><u>7,629,429</u></u>	<u><u>7,709,503</u></u>

.....  
Deepak Kumar SETHI  
Director

  
.....  
Pulkit SETHI  
Director

Director

Director

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2022

	sAttributable to owners of the parent				Non-controlling interests US\$	Total equity US\$
	Share capital US\$	Revaluation surplus US\$	Retained profits US\$	Total US\$		
At 1 April 2020	1,505,121	341,941	3,645,392	5,492,454	2,196,513	7,688,967
Profit for the year	-	-	11,080	11,080	52,103	63,183
Other comprehensive loss for the year:						
Remeasurement of defined benefit obligation, net of tax	-	-	( 29,813)	( 29,813)	( 12,834)	( 42,647)
Total comprehensive income/(loss) for the year	-	-	( 18,733)	( 18,733)	39,269	20,536
At 31 March 2021 and 1 April 2021	1,505,121	341,941*	3,626,659*	5,473,721	2,235,782	7,709,503
Profit/(loss) for the year	-	-	( 329,000)	( 329,000)	117,781	( 211,219)
Other comprehensive loss for the year:						
Remeasurement of defined benefit obligation, net of tax	-	-	( 83,094)	( 83,094)	( 35,761)	( 118,855)
Total comprehensive income/(loss) for the year	-	-	( 412,094)	( 412,094)	82,020	( 330,074)
Capital contribution	175,000	-	-	175,000	75,000	250,000
At 31 March 2022	<u>1,680,121</u>	<u>341,941*</u>	<u>3,214,565*</u>	<u>5,236,627</u>	<u>2,392,802</u>	<u>7,629,429</u>

\* These reserve accounts comprise the reserves of US\$3,556,506 (2021: US\$3,968,600) in the consolidated statement of financial position.

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2022

	Notes	2022 US\$	2021 US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		131,044	131,044
Adjustments for:			
Bank interest income	5	2,473	2,473
Interest expenses	6	176,530	176,530
Interest expenses on lease liabilities	11(c)	8,850	8,850
Depreciation of property, plant and equipment	7	454,339	454,339
Depreciation of right-of-use assets	7	227,567	227,567
Employee benefits expenses	7	32,388	32,388
Gain on disposal of plant and equipment	5	(2,000)	(2,000)
		1,031,191	1,031,191
Decrease/(Increase) in deposits		115,168	115,168
Decrease/(Increase) in inventories		1,129,686	1,129,686
Decrease in trade and other receivables		2,084,722	2,084,722
Decrease/(Increase) in prepayments		547,526	547,526
(Increase)/Decrease in trade deposit paid		(175,796)	(175,796)
Decrease in trade and other payables		(627,905)	(627,905)
Net (payments to)/receipts from ultimate holding company		(108,738)	(108,738)
Net (payments to)/receipts from immediate holding company		(328,150)	(328,150)
Net payments to fellow subsidiaries		(427,366)	(27,366)
		3,240,338	3,240,338
Cash generated from operations		3,240,338	3,240,338
Employee benefits obligations paid		(66,378)	(66,378)
Bank interest received		(2,473)	(2,473)
Interest paid		(176,530)	(176,530)
Income tax paid		(61,964)	(61,964)
		2,932,993	2,932,993
Net cash flows from operating activities		2,932,993	2,932,993
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment to acquire property, plant and equipment		(14,042)	(14,042)
Refund from construction in progress		-	-
Proceeds from disposal of plant and equipment		25,882	25,882
		11,840	11,840
Net cash flows from/(used in) investing activities		11,840	11,840

DSSP GLOBAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2022

	Notes	2022 US\$	2021 US\$
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net receipts from secured bank borrowings		23,064,639	23,064,639
Net payments to secured bank borrowings		( 25,142,951)	( 25,142,951)
Capital element of lease rentals paid		( 463,704)	( 463,704)
Interest element of lease rentals paid		( 8,850)	( 8,850)
		<u>( 2,550,866)</u>	<u>( 1,437,665)</u>
<b>Cash flows used in financing activities</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		541,847	541,847
Effect of foreign exchange rate changes, net		-	-
		<u>935,814</u>	<u>935,814</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	17	<u>935,814</u>	<u>935,814</u>



# DSSP GLOBAL LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2022

### 1. CORPORATE INFORMATION

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

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

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

#### Information about subsidiary

Particulars of the Company's subsidiary as at 31 March 2022 are as follows:

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

### 2.1 BASIS OF PREPARATION

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

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary for the year ended 31 March 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

# DSSP GLOBAL LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2022

### 2.1 BASIS OF PREPARATION (continued)

#### Basis of consolidation (continued)

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

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

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

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

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

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

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendment to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The adoption of the above revised HKFRSs has had no significant financial effect on these consolidated financial statements.

# DSSP GLOBAL LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2022

### 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied any of the new and revised HKFRSs, that have been issued but are not yet effective in the accounting year ended 31 March 2022, in these consolidated financial statements.

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

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Related parties

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

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Group; or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

#### Property, plant and equipment and depreciation

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

31 March 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

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

Financial assets

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

(a) Classification and measurement

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

(b) Impairment

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

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

The Company considers a default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more appropriate default criterion should be applied.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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

Freehold land	Not depreciated
Buildings	20%
Machineries	20%
Furniture and fixtures	20%
Motor vehicles	20%
Office equipment	□
Tools and equipment	20% to 33 <sup>1</sup> / <sub>3</sub> %

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

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

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

Impairment of non-financial assets

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

(c) Derecognition

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

Financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Provisions

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

*Revenue from contracts with customers*

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

(a) Sale of goods

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

*Other income*

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

Cash and cash equivalents

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

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

Borrowing costs

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

Foreign currency transactions

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

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

31 March 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

*Retirement benefit costs*

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

*Post-employment benefit*

The Group's Indonesian subsidiary provides post-employment benefits to its employees in conformity with the requirement of Indonesia's Labor Law No. 13/2003. The provision for post-employment benefits is determined using projected-unit-credit actuarial valuation method. Remeasurements, comprising actuarial gains and losses, are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurement are not reclassified to profit or loss in subsequent periods.

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

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

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

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

Income tax

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

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

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

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



31 March 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

*Income tax*

The Group has exposure to income taxes in different jurisdictions. Significant judgement is involved in determining the provision for income taxes. Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation, interpretations and practices in respect thereof.

Estimation uncertainties

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

# DSSP GLOBAL LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2022

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainties (continued)

##### *Impairment of trade receivables*

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

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

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

##### *Estimated provision for inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer preference and competitor actions in response to severe industry cycle. Management reassesses these estimates at each balance sheet date.

### 4. REVENUE

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

	2022 US\$	2021 US\$
<i>Revenue from contracts with customers</i>		
Sales of goods	46,905,583	24,834,329
Sampling income	-	1,109
	<u>46,905,583</u>	<u>24,835,438</u>

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

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2022

5. OTHER INCOME AND GAINS, NET

	2022 US\$	2021 US\$
Bank interest income	1,097	2,473
Claim and recovery	-	27,241
Exchange gain, net	27,244	162,972
Management fee income	-	80,000
Gain on disposal of plant and equipment	27,013	2,000
Made sample income	-	52,886
Other income	102,759	38,559
	<u>158,112</u>	<u>366,131</u>

6. FINANCE COSTS

	2022 US\$	2021 US\$
Bank interest	7,553	174,380
Factoring financing charges	62,662	2,150
Interest on lease liabilities	-	8,850
	<u>70,215</u>	<u>185,380</u>

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2022

7. PROFIT/(LOSS) BEFORE TAX

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

	2022 US\$	2021 US\$
Cost of inventories sold	□	□
Auditor's remuneration	□	5,348
Depreciation of property, plant and equipment	216,046	454,339
Depreciation of right-of-use assets	230,929	227,567
Foreign exchange (gains)/losses, net	( 27,244)	( 162,972)
Gain on disposal of plant and equipment	( 27,013)	( 2,000)
Lease payments not included in the measurement of lease liabilities	□	259,955
Staff costs (including directors' remuneration)		
Salaries and allowances	6,925,741	6,247,369
Contribution to retirement benefit scheme – MPF	10,821	7,146
Staff welfare	34,182	36,358
	<u>□</u>	<u>90,561,622</u>
Impairment allowance for trade receivables, net	□	-
Foreign exchange differences, net	<u>□</u>	<u>-</u>

8. DIRECTORS' REMUNERATION

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

	2022 US\$	2021 US\$
Fee	-	-
Other emoluments:		
Salary	□	113,388
Pension scheme contributions	□	-
	<u>□</u>	<u>113,388</u>

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2022

9. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2021: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2022 US\$	2021 US\$
Current – Overseas		
Charge for the year	□	51,530
Deferred tax (note 13)	<u>□</u>	<u>16,331</u>
Total tax charge for the year	<u>127,843</u>	<u>67,861</u>

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

	2022 US\$	2021 US\$
Profit/(loss) before tax	<u>( 79,795)</u>	<u>131,044</u>
Tax at the domestic income tax rate	( 12,397)	34,876
Expenses not deductible for tax	□	7,616
Income not subject to tax	□	( 6,839)
Tax loss not recognised	□	24,347
Others	<u>□</u>	<u>7,861</u>
Tax charge at the Company's effective rate of 0.7% (2021: 1.9%)	<u>□</u>	<u>67,861</u>

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2022

10. PROPERTY, PLANT AND EQUIPMENT

31 March 2022

	Land US\$	Infrastructures US\$	Machineries US\$	Furniture and Fixture US\$	Office equipment US\$	Motor vehicles US\$	Tools and equipment US\$	Construction in progress US\$	Total US\$
At 1 April 2020:									
Cost	182,932	600,169	3,354,405	280,245	8,967	383,312	599,049	649,187	6,058,266
Accumulated depreciation	-	(405,078)	(2,406,800)	(194,951)	(8,722)	(276,341)	(551,202)	-	(3,843,094)
Net carrying amount	182,932	195,091	947,605	85,294	245	106,971	47,847	649,187	2,215,172
At 1 April 2020, net of accumulated depreciation	182,932	195,091	947,605	85,294	245	106,971	47,847	649,187	2,215,172
Additions	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]
Disposal	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]
Depreciation provided during the year	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]
At 31 March 2021	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]
At 31 December 2021:									
Cost	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]
Accumulated depreciation	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]
Net carrying amount	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]	[ - ]

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2022

10. PROPERTY, PLANT AND EQUIPMENT (continued)

31 March 2021

	Land US\$	Infrastructures US\$	Machineries US\$	Furniture and Fixture US\$	Office equipment US\$	Motor vehicles US\$	Tools and equipment US\$	Construction in progress US\$	Total US\$
At 1 April 2020:									
Cost	182,932	598,026	3,724,129	270,664	8,967	416,978	598,352	649,187	6,449,235
Accumulated depreciation	-	(357,337)	(2,464,624)	(178,204)	(8,399)	(241,209)	(520,111)	-	(3,769,884)
Net carrying amount	<u>182,932</u>	<u>240,689</u>	<u>1,259,505</u>	<u>92,460</u>	<u>568</u>	<u>175,769</u>	<u>78,241</u>	<u>649,187</u>	<u>2,679,351</u>
At 1 April 2020, net of accumulated depreciation	182,932	240,689	1,259,505	92,460	568	175,769	78,241	649,187	2,679,351
Additions	-	2,143	353	9,581	-	(23,445)	1,965	-	14,042
Disposal	-	-	(437)	-	-	(45,353)	-	-	(23,882)
Depreciation provided during the year	-	(47,741)	(311,816)	(16,747)	(323)	(32,359)	(32,359)	-	(454,339)
At 31 March 2021	<u>182,932</u>	<u>195,091</u>	<u>947,605</u>	<u>85,294</u>	<u>245</u>	<u>106,971</u>	<u>47,847</u>	<u>649,187</u>	<u>2,215,172</u>
At 31 December 2021:									
Cost	182,932	600,169	3,354,405	280,245	8,967	383,312	599,049	649,187	6,058,266
Accumulated depreciation	-	(405,078)	(2,406,800)	(194,951)	(8,722)	(276,341)	(551,202)	-	(3,843,094)
Net carrying amount	<u>182,932</u>	<u>195,091</u>	<u>947,605</u>	<u>85,294</u>	<u>245</u>	<u>106,971</u>	<u>47,847</u>	<u>649,187</u>	<u>2,215,172</u>

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2022

11. LEASES

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

(a) Right-of-use assets

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

	Office US\$	Factory US\$	Total US\$
As at 1 April 2020	-	-	-
Additions	54,797	494,083	548,880
Depreciation charge	<u>( 27,398)</u>	<u>( 200,169)</u>	<u>( 227,567)</u>
As at 31 March 2021 and 1 April 2021	27,399	293,914	321,313
Additions	□	□	□
Depreciation charge	<u>□</u>	<u>□</u>	<u>□</u>
As at 31 March 2022	<u>□</u>	<u>□</u>	<u>□</u>

(b) Lease liabilities

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

	2022 US\$	2021 US\$
As at 1 April	85,176	-
Additions	□	548,880
Accretion of interests	□	8,850
Payments	<u>□</u>	<u>( 472,554)</u>
As at 31 March	<u>□</u>	<u>85,176</u>

Maturity profile of lease liabilities as at 31 March 2022 and 2021 is as follows:

	2022 US\$	2021 US\$
Within one year	<u>□</u>	<u>85,160</u>



DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2022

11. LEASES (continued)

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

	2022 US\$	2021 US\$
Interest on lease liabilities	□	8,850
Depreciation of right-of-use assets	□	227,567
Lease payments not included in the measurement of lease liabilities	<u>□</u>	<u>259,955</u>
	<u>□</u>	<u>496,372</u>

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

	2022 US\$	2021 US\$
Within operating activities	□	259,955
Within financing activities	<u>□</u>	<u>472,554</u>
	<u>□</u>	<u>732,509</u>

12. INVENTORIES

	2022 US\$	2021 US\$
Work in progress	<u>2,025,043</u>	<u>2,242,513</u>

At 31 December 2021, the Company's inventories with a net carrying amount of a US\$□ (2021: US\$2,000,000) were pledged to secure bank facilities granted to the Company.

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2022

13. DEFERRED TAX

The movements in deferred tax assets/(liabilities) during the year were as follows:

	Depreciation allowance in excess of related depreciation US\$	Defined benefit obligations US\$	Total US\$
At 1 April 2020	( 7,400)	123,603	116,203
Deferred tax charged to profit or loss during the year (note 8)	( 160)	( 16,171)	( 16,331)
Deferred tax credited to other comprehensive income during the year	<u>-</u>	<u>4,159</u>	<u>4,150</u>
At 31 March 2021 and 1 April 2021	( 7,560)	111,591	104,031
Deferred tax credited to profit or loss during the year (note 8)	□	□	□
Deferred tax credited to other comprehensive income during the year	<u>□</u>	<u>□</u>	<u>□</u>
At 31 March 2022	<u>□</u>	<u>□</u>	<u>□</u>

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2022

14. TRADE AND OTHER RECEIVABLES

	2022 US\$	2021 US\$
Trade receivables	4,757,590	2,731,150
Other receivables	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally 7 days to 90 days. At the end of the reporting period, the Group had certain concentrations of credit risk as 30% (2021: 49%) of the Group's trade receivables were due from the Group's largest customer. Trade receivables are non-interest-bearing. They are stated net of loss allowance.

Movements in the loss allowance for trade receivables are as follows:

**As at 31 March 2022**

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

**As at 31 March 2021**

	Current US\$	Past due			Total US\$
		Less than 1 month US\$	1 to 3 months US\$	Over 3 months US\$	
Gross carrying amount	31,958	937,993	1,692,253	68,946	2,731,150
Expected credit loss rate	0%	0%	0%	0%	0%
Expected credit losses	-	-	-	-	-

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2022

15. INTEREST-BEARING BANK BORROWINGS

	2022		2021	
	Maturity	US\$	Maturity	US\$
Discounting bills (note [13])	□	□	2022	1,471,951
Term loan (note (a))	□	<u>□</u>	-	<u>-</u>
		<u>□</u>		<u>1,471,951</u>

(a) [At 31 March 2022, the bank borrowing was unsecured, [carries floating rate] of interest and was repayable within one year.]

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2022

16. DEFINED BENEFIT OBLIGATIONS

The Company operates a funded defined benefit plan for certain of its qualifying employees in the Company's Taiwan branch. The benefit entitlement under the plan is calculated based on their pensionable salary and the length of services with the Company.

The Company's defined benefit plan is a final salary plan, which require contributions to be made to a separately administrated fund. The plan is administrated by independent trustees with the assets held separately from those of the Company. The trustees are responsible for the determination of the investment strategy of the plan.

The plan is exposed to interest rate risk and salary risk.

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

	2022	2021
Discount rate	7.00 %	7.50%
Expected rate of salary increase	3.00%	3.00%

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

	Increase in rate %	Increase/ (decrease) in net defined benefit obligations US\$	Decrease in rate %	Increase/ (decrease) in net defined benefit obligations US\$
<b>At 31 March 2022</b>				
Discount rate	0.25	(141,319)	0.25	148,208
Expected rate of salary increases	0.25	143,775	0.25	(137,914)
<b>At 31 March 2021</b>				
Discount rate	0.25	(121,867)	0.25	127,794
Expected rate of salary increases	0.25	123,667	0.25	(118,653)

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

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2022

16. DEFINED BENEFIT OBLIGATIONS (continued)

The total expense recognised in profit or loss in respect of the plan is as follows:

	2022 US\$	2021 US\$
Interest cost and net benefit expense recognised in selling and distribution expenses	<u>32,154</u>	<u>44,808</u>

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

	2022 US\$	2021 US\$
At 1 April 2021	2,823,843	3,288,196
Interest cost	32,154	44,808
Remeasurement:		
- Actuarial gains arising from changes in assumptions	88,843	324,949
Benefit paid	-	( 878,710)
Exchange differences on a foreign plan	<u>176,502</u>	<u>44,600</u>
At 31 March 2022	<u>3,121,342</u>	<u>2,823,843</u>

The fair value of plan assets as at 31 March 2022 was Nil (2021: Nil).

17. SHARE CAPITAL

	2022 US\$	2021 US\$
Issued and fully paid: 11,709,844 ordinary shares	<u>1,505,121</u>	<u>1,505,121</u>

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2022

18. NOTES TO THE STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities are as follows:

	Loan from the ultimate holding company US\$	Lease liabilities US\$
At 1 April 2020	74,920,701	43,777,906
Changes from financing cash flow	( 74,920,701)	( 20,651,764)
New leases	-	14,401,306
Interest expense	1,443,427	1,021,008
Interest paid	( 1,443,427)	( 1,021,008)
Foreign exchange movement	-	135,624
	<u>-</u>	<u>135,624</u>
At 31 March 2021 and at 1 April 2021	-	37,663,072
Changes from financing cash flows	-	( 18,683,997)
New leases	-	17,769,655
Interest expense	-	784,331
Interest paid	-	( 784,331)
Covid-19-related rent concessions from lessors	-	( 3,398,029)
Foreign exchange movement	-	508,625
	<u>-</u>	<u>508,625</u>
At 31 March 2022	<u>-</u>	<u>33,859,326</u>

19. RELATED PARTY TRANSACTIONS

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

	Notes	2022 US\$	2021 US\$
Sales to fellow subsidiaries	(i)	-	10,261
Purchase from a fellow subsidiary	(ii)	570,507,962	616,642,221
Interest income received from the ultimate holding company	(iii)	1,749,000	4,841,573
Interest income received from a fellow subsidiary	(iv)	2,349,395	2,712,184
Interest expenses paid to the ultimate holding company	(v)	-	1,443,427
Commission expenses paid to fellow subsidiaries	(vi)	84,373,461	84,325,305
		<u>84,373,461</u>	<u>84,325,305</u>

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2022

19. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes:

- (i) The sale of goods were based on terms mutually agreed between the parties.
- (ii) The purchases of goods were based on terms mutually agreed between the parties.
- (iii) Interest income from amount due from ultimate holding company bore interest at London Interbank Offered Rate ("LIBOR") minus 0.4% per annum.
- (iv) Interest income from loan to a fellow subsidiary bore interest at 12-month Shanghai Interbank Offered Rate ("SHIBOR") plus 0.4% per annum.
- (v) Interest expense from loan from ultimate holding company bore interest at LIBOR plus 0.4% per annum.
- (vi) Commission expenses were charged based on mutually agreed between the parties.

(b) Outstanding balances with related parties

The amount due from the ultimate holding company is unsecured, bears interest at LIBOR minus 0.4% per annum and repayable on demand.

The amounts due from/(to) fellow subsidiaries are unsecured, interest-free and repayable on demand.

As at 31 March 2021, the loan to a fellow subsidiary was denominated in RMB, unsecured, borne interest at 12-month SHIBOR plus 0.4% per annum and repayable on demand. The loan was repaid in full during the year.

(c) The key management personnel of the Company comprises the directors. Further details of directors' emoluments are included in note 7 to the financial statements.



DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2022

20. FINANCIAL INSTRUMENTS BY CATEGORY

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

The financial liabilities of the Company comprise financial liabilities included in other payables and accruals, lease liabilities and amounts due to fellow subsidiaries, which are categorised as financial liabilities at amortised cost. Except for the carrying amounts of financial liabilities included in other payables and accruals amounted to HK\$82,663,801 (2021: HK\$71,019,491), the carrying amounts of other financial liabilities are the amounts shown on the statement of financial position.

31 March 2022

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

*Credit risk*

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

Trade receivables

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

For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note [23] to the financial statements.

Other financial assets at amortised cost

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

The credit quality of loans receivables and the financial assets included in other receivables are considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful". All the other financial assets at amortised cost were considered to be normal as at 31 March 2022 and 31 March 2021.

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2022

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Foreign currency risk*

The Group's transaction currency exposures arise from cash and cash equivalent and payment denominated in currencies other than the functional currencies, primarily Hong Kong dollar.

Since Hong Kong dollar is pegged to the United States dollar, the Group's exposure to foreign currency risk in respect of the cash and cash equivalent and other payables and accruals denominated in Hong Kong dollar is considered to be minimal.

*Liquidity risk*

The Company aims to maintain sufficient cash and banking facilities to meet its liquidity requirement. As at 31 March 2022, the Group obtained banking facilities of US\$[] (2021: US\$[]) from financial institutions, of which US\$[] (2021: US\$[]) had been utilised as at the end of the reporting period.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was either repayable on demand or less than one year.

*Interest rate risk*

The Company's exposure to interest rate risk relates principally to the bank borrowing and amount due to ultimate holding company which are based on variable interest rate. The carrying amounts of net financial liabilities as at years ended that exposed to interest rate risks were as follows:

	2022 US\$	2021 US\$
Bank borrowing	-	20,408
Amounts due to ultimate holding company	-	660,000
	<u>-</u>	<u>680,408</u>

*Capital management*

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

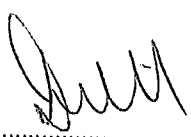
The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.

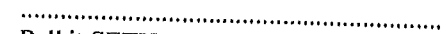
Capital of the Group comprises all components of shareholders' equity.

22. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2022 US\$	2021 US\$
<b>NON-CURRENT ASSETS</b>		
Investment in a subsidiary	1,224,980	1,049,980
Property, plant and equipment	-	244
Total non-current assets	<u>1,224,980</u>	<u>1,050,224</u>
<b>CURRENT ASSETS</b>		
Trade and other receivables	-	697,966
Deposits, prepayment and other receivables	515,399	6,194
Amounts due from fellow subsidiaries	11,935,116	2,483,149
Amounts due from ultimate holding company	2,438,272	366,553
Cash and cash equivalents	147,300	162,024
Total current assets	<u>15,036,087</u>	<u>3,715,886</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	99,849	265,978
Other payables and accruals	9,336	1,253,758
Amounts due to fellow subsidiaries	2,311,154	1,125,290
Amount due to the ultimate holding company	-	791,154
Amount due to immediate holding company	3,786,691	-
Interest-bearing bank borrowings	9,151,758	-
Total current liabilities	<u>15,358,788</u>	<u>3,436,180</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<u>( 322,701)</u>	<u>279,706</u>
Net assets	<u>902,279</u>	<u>1,329,930</u>
<b>EQUITY</b>		
Share capital	1,680,121	1,505,121
Accumulated losses (note)	<u>( 777,842)</u>	<u>( 175,191)</u>
Total equity	<u>902,279</u>	<u>1,329,930</u>

  
.....  
Deepak Kumar SETH  
Director


  
.....  
Pulkit SETH  
Director

STATEMENT OF FINANCIAL POSITION

As at the end of the reporting period, the financial position of the Company at the end of the reporting period is as follows:

	2017	2016
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	1,111,000	1,111,000
Total non-current assets	1,111,000	1,111,000
Current assets		
Trade and other receivables	1,000,000	1,000,000
Prepaid expenses and other receivables	1,000,000	1,000,000
Amounts due from related parties	1,000,000	1,000,000
Amounts due from ultimate holding company	1,000,000	1,000,000
Cash and cash equivalents	1,000,000	1,000,000
Total current assets	5,000,000	5,000,000
<b>LIABILITIES</b>		
Trade payables	1,000,000	1,000,000
Other payables and accruals	1,000,000	1,000,000
Amounts due to related parties	1,000,000	1,000,000
Amount due to the ultimate holding company	1,000,000	1,000,000
Amount due to ultimate holding company	1,000,000	1,000,000
Interest-bearing bank borrowings	1,000,000	1,000,000
Total current liabilities	5,000,000	5,000,000
<b>NET ASSETS AND EQUITY</b>		
Deferrals	1,000,000	1,000,000
<b>EQUITY</b>		
Share capital	1,000,000	1,000,000
Accumulated losses (net)	1,000,000	1,000,000
<b>Total equity</b>	2,000,000	2,000,000

Dr. Abdul Kalam  
Director

  
Prof. M. S. Khan  
Director

DSSP GLOBAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2022

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

Note:

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

	Accumulated losses US\$
At 1 April 2020	( 55,081)
Total comprehensive income for the year	<u>( 120,688)</u>
At 31 March 2021 and 1 April 2021	( 175,769)
Total comprehensive loss for the year	<u>( 602,073)</u>
At 31 March 2022	<u>( 777,842)</u>

23. COMPARATIVE AMOUNTS

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

24. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 18 May 2022.