

Report of the Directors and Audited Financial Statements

PEARL GLOBAL FAREAST LIMITED

31 March 2024

CERTIFIED TRUE COPY

Ernst Young

ERNST & YOUNG



PEARL GLOBAL FAREAST LIMITED

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PEARL GLOBAL FAREAST LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of Pearl Global Fareast Limited (the “Company”) and its subsidiary (the “Group) for the year ended 31 March 2024.

Principal activities

The principal activities of the Company are investment holding and garment trading. The principal activities of the subsidiaries comprises security investments. 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 2024 and the Group’s financial position at that date are set out in the financial statements on pages 6 to 36.

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

Directors

The directors of the Company during the year were:

Deepak Kumar SETH
Pulkit SETH
Sanjay Kumar SARKER
Sumit LATH

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

Deepak Kumar SETH
Sumit LATH

In accordance with Article 7 of the Company’s Articles of Association, all the directors retire and, being eligible, offer themselves for re-election.

Directors’ interests

At no time during the year was the Company, its holding company, or any of its subsidiaries or 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, or any of its subsidiaries or fellow subsidiaries was a party during the year.

Permitted indemnity provisions

During the year ended 31 March 2024, 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.

PEARL GLOBAL FAREAST LIMITED

REPORT OF THE DIRECTORS

Auditors

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

ON BEHALF OF THE BOARD



.....
Deepak Kumar SETH
Chairman

Hong Kong
15 May 2024



Ernst & Young
27/F, One Taikoo Place
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Quarry Bay, Hong Kong

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

Opinion

We have audited the consolidated financial statements of Pearl Global Fareast Limited (the "Company") and its subsidiary (the "Group") set out on pages 6 to 36, which comprise the consolidated statement of financial position as at 31 March 2024, 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 material accounting policy information.

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 2024, 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 Pearl Global Fareast 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:

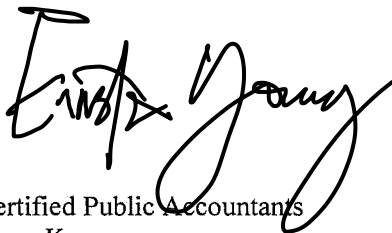
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 Pearl Global Fareast 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
15 May 2024

PEARL GLOBAL FAREAST LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2024

	Notes	2024 US\$	2023 US\$
REVENUE	4	9,960,129	16,370,758
Cost of sales		<u>(8,910,357)</u>	<u>(14,752,379)</u>
Gross profit		1,049,772	1,618,379
Other income and gains, net	5	299,962	178,108
Administrative expenses		(980,449)	(1,522,874)
Other operating expenses		(47,569)	(142,491)
Finance costs	6	<u>(47,188)</u>	<u>(14,728)</u>
PROFIT BEFORE TAX	7	274,528	116,394
Income tax	9	<u>-</u>	<u>-</u>
PROFIT FOR THE YEAR		<u><u>274,528</u></u>	<u><u>116,394</u></u>

PEARL GLOBAL FAREAST LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2024

	2024 US\$	2023 US\$
PROFIT FOR THE YEAR	<u>274,528</u>	<u>116,394</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Change in fair value of debt investments designated at fair value through other comprehensive income/(loss)	84,424	(77,856)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Change in fair value of equity investments designated at fair value through other comprehensive income/(loss)	<u>13,604</u>	<u>(264,411)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>372,556</u>	<u>(225,873)</u>

PEARL GLOBAL FAREAST LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2024

	Notes	2024 US\$	2023 US\$
NON-CURRENT ASSETS			
Property, plant and equipment	10	-	-
Financial assets at fair value through other comprehensive income	11	<u>835,977</u>	<u>2,600,837</u>
Total non-current assets		<u>835,977</u>	<u>2,600,837</u>
CURRENT ASSETS			
Trade receivables	13	1,284,498	1,668,338
Loan receivables	12	2,455,110	2,766,753
Prepayments, deposits and other receivables		214	20,948
Amount due from a fellow subsidiary	17(b)	74,293	-
Cash and cash equivalents	14	<u>5,827,376</u>	<u>3,478,451</u>
Total current assets		<u>9,641,491</u>	<u>7,934,490</u>
CURRENT LIABILITIES			
Other payables and accruals		44,344	97,074
Amount due to a fellow subsidiary	17(b)	1,112,227	1,478,337
Amount due to the ultimate holding company	17(b)	-	11,575
Total current liabilities		<u>1,156,571</u>	<u>1,586,986</u>
NET CURRENT ASSETS		<u>7,930,920</u>	<u>6,347,504</u>
Net assets		<u>9,320,897</u>	<u>8,948,341</u>

Continued/...

PEARL GLOBAL FAREAST LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2024

	Notes	2024 US\$	2023 US\$
EQUITY			
Share capital	15	4,995,000	4,995,000
Reserves	16	<u>4,325,897</u>	<u>3,953,341</u>
Total equity		<u><u>9,320,897</u></u>	<u><u>8,948,341</u></u>

.....
Deepak Kumar SETH
Director


.....
Pulkit SETH
Director

PEARL GLOBAL FAREAST LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2024

	Notes	2024 US\$	2023 US\$
EQUITY			
Share capital	15	4,995,000	4,995,000
Reserves	16	<u>4,325,897</u>	<u>3,953,341</u>
Total equity		<u>9,320,897</u>	<u>8,948,341</u>



.....
Deepak Kumar SETH
Director

.....
Pulkit SETH
Director

PEARL GLOBAL FAREAST LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Share capital US\$	Merger reserve US\$	Revaluation deficit US\$	Retained profits US\$	Total equity US\$
At 1 April 2022	4,995,000	(41,741)	(72,908)	4,793,863	9,674,214
Profit for the year	-	-	-	116,394	116,394
Other comprehensive loss for the year:					
Change in fair value of financial assets at fair value through other comprehensive loss	<u>-</u>	<u>-</u>	<u>(342,267)</u>	<u>-</u>	<u>(342,267)</u>
Total comprehensive loss for the year	-	-	(342,267)	116,394	(225,873)
Final dividend 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>
At 31 March 2023 and 1 April 2023	4,995,000	(41,741)*	(415,175)*	4,410,257*	8,948,341
Profit for the year	-	-	-	274,528	274,528
Other comprehensive income for the year:					
Change in fair value of financial assets at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>98,028</u>	<u>-</u>	<u>98,028</u>
Total comprehensive income for the year	-	-	(317,147)*	274,528*	372,556
Transfer of reserve balance on liquidation of subsidiary	<u>-</u>	<u>24,035</u>	<u>-</u>	<u>(24,035)</u>	<u>-</u>
At 31 March 2024	<u>4,995,000</u>	<u>(17,706)*</u>	<u>(317,147)*</u>	<u>4,660,750*</u>	<u>9,320,897</u>

* These reserve accounts comprise the reserves of US\$4,325,897 (2023: US\$3,953,341) in the consolidated statement of financial position.

PEARL GLOBAL FAREAST LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2024

	Notes	2024 US\$	2023 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		274,528	116,394
Adjustments for:			
Finance costs	6	47,188	-
Interest income	5	(227,163)	(107,906)
Income received from financial assets at fair value through other comprehensive income	5	(62,572)	(66,234)
Dividend income from financial assets at fair value through profit or loss		(9,832)	-
Reversal of impairment of trade receivables, net		(4,884)	(2,283)
Impairment/(reversal of impairment) of loan receivables, net	7	28,269	(26,973)
Write off of loan receivables	7	-	160,000
		45,534	72,998
Decrease in trade receivables		388,724	3,519,356
Decrease/(Increase) in prepayments, deposits and other receivables		20,734	(20,948)
Changes in balances with fellow subsidiaries, net		(440,403)	(2,273,723)
Changes in balances with the ultimate holding company		(11,575)	700
Decrease in other payables and accruals		(52,730)	(29,660)
Cash generated from/(used in) operations		(49,716)	1,268,723
Bank interest received		133,905	626
Interest paid		(47,188)	-
Net cash flows from operating activities		<u>37,001</u>	<u>1,269,349</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of financial assets at fair value through other comprehensive income		(1,630,803)	(1,687,886)
Proceeds from disposal of financial assets at fair value through other comprehensive income		3,493,691	1,269,130
Interest received from financial assets at fair value through other comprehensive income		62,572	59,344
Advances of loan receivables		(2,915,626)	-
Repayments of loan receivables		3,199,000	1,805,000
Interest received from loan receivables		93,258	50,729
Dividend income received from financial assets at fair value through profit or loss		9,832	-
Net cash flows from investing activities		<u>2,311,924</u>	<u>1,521,753</u>

Continued/...

PEARL GLOBAL FAREAST LIMITED

STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2024

	Notes	2024 US\$	2023 US\$
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		<u>-</u>	<u>(500,000)</u>
Cash flows used in financing activities		<u>-</u>	<u>(500,000)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		<u>2,348,925</u> <u>3,478,451</u>	<u>2,291,102</u> <u>1,187,349</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>5,827,376</u></u>	<u><u>3,478,451</u></u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	<u><u>5,827,376</u></u>	<u><u>3,478,451</u></u>

PEARL GLOBAL FAREAST LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

1. CORPORATE INFORMATION

Pearl Global Fareast Limited 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 subsidiary (collectively, the “Group”) are investment holding, garment trading and security investments.

In the opinion of the directors, the immediate holding company and 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 the subsidiary

Particulars of the Company’s subsidiary as at 31 March 2024 are as follows:

Name	Place of incorporation	Percentage of equity holding attributable to the Company		Principal activities
		Direct	Indirect	
A and B Investment Limited	United Arab Emirates	100	-	Security investments

2. ACCOUNTING POLICIES

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, except for financial assets at fair value through other comprehensive income, which have been measured at fair value. 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 subsidiaries for the year ended 31 March 2024. 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).

PEARL GLOBAL FAREAST LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

31 March 2024

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies*

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2.4 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any item in the Group's financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any item in the Group's financial statements.

Amendments to HKAS 8 *Definition of Accounting Estimates*

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments had no impact on the Group's financial statements.

Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules*

Amendments to HKAS 12 introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

31 March 2024

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 2024, 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 MATERIAL 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 Group 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.

Fair value measurement

The Group measures its equity investments, debt investments and money market fund at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

31 March 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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.

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:

Furniture and fixtures	25%
Office equipment	33 ¹ / ₃ %
Computer equipment	33 ¹ / ₃ %

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.

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.

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

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.

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.

Debt instruments are measured at fair value through other comprehensive income if the assets' contractual cash flows represent solely payments of principal and interest and the assets are held for collection of contractual cash flows and for selling the financial assets. Such financial assets are subsequently measured at fair value with any gains or losses from changes in fair value recognised in other comprehensive income, except for impairment losses and reversal, foreign exchange gains and losses and interest calculated using the effective interest rate method which are recognised in the statement of profit or loss. The cumulative gains or losses previously recognised in other comprehensive income are reclassified from other comprehensive income to the statement of profit or loss when the financial asset is derecognised.

31 March 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

(a) Classification and measurement (continued)

Equity investments are measured at fair value through profit or loss unless, on initial recognition, the Group has irrevocably elected to designate such investments that are not held for trading as equity investments at fair value through other comprehensive income. Dividends of such investments are recognised in the statement of profit or loss when the Group's right to receive payment is established. Changes in the fair value of such investments are recognised in other comprehensive income and are never recycled to the statement of profit or loss even when the assets are sold.

(b) Impairment

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

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

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

(c) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Group 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.

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

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.

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.

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 garment products

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

Dividend income is recognised when the shareholder's right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits, as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Borrowing costs

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

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 and disposal of subsidiary 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.

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 Group 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.

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.

31 March 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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.

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

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES

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

Estimation uncertainties

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

Impairment of trade receivables and loan receivables

The impairment provisions for trade receivables and loan 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.

PEARL GLOBAL FAREAST LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

4. REVENUE

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

	2024 US\$	2023 US\$
<i>Revenue from contracts with customers</i>		
Sales of goods	<u>9,960,129</u>	<u>16,370,758</u>

The performance obligation is satisfied at a point in time upon delivery of the garment products and payment is generally due within 60 to 90 days from delivery.

5. OTHER INCOME AND GAINS, NET

	2024 US\$	2023 US\$
Bank interest income	556	626
Interest income from non-pledged time deposits	133,349	25,436
Interest income on loan receivables	93,258	81,844
Income received from financial assets at fair value through other comprehensive income	62,572	66,234
Dividend income received from financial assets at fair value through profit or loss	9,832	-
Government subsidies	-	3,085
Sundry income	<u>395</u>	<u>883</u>
	<u>299,962</u>	<u>178,108</u>

6. FINANCE COSTS

	2024 US\$	2023 US\$
Suppliers finance interest	<u>47,188</u>	<u>14,728</u>

PEARL GLOBAL FAREAST LIMITED

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7. PROFIT BEFORE TAX

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

	2024 US\$	2023 US\$
Cost of inventories sold	8,910,357	14,752,379
Auditor's remuneration	15,600	14,832
Employee benefits		
Salaries and allowances	46,187	36,941
Pension scheme contribution (defined contribution scheme)	2,114	2,050
Total	<u>48,301</u>	<u>38,991</u>
Reversal of impairment of trade receivables, net	(4,884)	(2,283)
Impairment/ (reversal of impairment) of loan receivables, net	28,269	(26,973)
Write off of loan receivables	-	160,000
Foreign exchange differences, net	<u>(395)</u>	<u>(562)</u>

8. DIRECTORS' REMUNERATION

No directors received any fees or emoluments in respect of their services rendered to the Group during the year (2023: Nil).

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 (2023: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

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

	2024 US\$	2023 US\$
Profit before tax	<u>274,528</u>	<u>116,394</u>
Tax at the statutory tax rate	45,297	19,205
Expenses not deductible for tax	1,647,618	2,711,358
Income not subject to tax	<u>(1,692,915)</u>	<u>(2,730,563)</u>
Tax amount at the effective rate	<u>-</u>	<u>-</u>

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10. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures US\$	Office equipment US\$	Computer equipment US\$	Total US\$
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024:				
Cost	12,296	2,996	5,629	20,921
Accumulated depreciation	<u>(12,296)</u>	<u>(2,996)</u>	<u>(5,629)</u>	<u>(20,921)</u>
Net carrying amount	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 US\$	2023 US\$
Unlisted debt investments, at fair value	835,977	1,113,440
Listed equity investments, at fair value	<u> -</u>	<u>1,487,397</u>
Total	<u>835,977</u>	<u>2,600,837</u>

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

12. LOAN RECEIVABLES

	2024 US\$	2023 US\$
Loan receivables	2,521,741	2,805,115
Less: impairment	<u>(66,631)</u>	<u>(38,362)</u>
Loan receivables	<u>2,455,110</u>	<u>2,766,753</u>

An impairment analysis is performed at each reporting date by considering the probability of default of the loan receivables. The expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions.

PEARL GLOBAL FAREAST LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

12. LOAN RECEIVABLES (continued)

The movements in the loss allowance for loan receivables are as follows:

	2024 US\$	2023 US\$
At the beginning of the year	38,362	65,335
Impairment/(reversal of impairment losses), net	<u>28,269</u>	<u>(26,973)</u>
At the end of the year	<u><u>66,631</u></u>	<u><u>38,362</u></u>

13. TRADE RECEIVABLES

	2024 US\$	2023 US\$
Trade receivables	1,284,498	1,673,222
Less: impairment	<u>-</u>	<u>(4,884)</u>
Trade receivables	<u><u>1,284,498</u></u>	<u><u>1,668,338</u></u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally 60 days to 90 days. At the end of the reporting period, the Group had certain concentrations of credit risk as 100% (2023: 69%) of the Group's trade receivables were due from the Group's largest customer. Trade receivables are non-interest-bearing. The Group does not hold any collateral or other credit enhancements over these balances. Movements in the loss allowance for trade receivables are as follows:

	2024 US\$	2023 US\$
At the beginning of the year	4,884	7,167
Reversal of impairment losses, net (note 7)	<u>(4,884)</u>	<u>(2,283)</u>
At the end of the year	<u><u>-</u></u>	<u><u>4,884</u></u>

PEARL GLOBAL FAREAST LIMITED

NOTES TO FINANCIAL STATEMENTS

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13. TRADE RECEIVABLES (continued)

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

As at 31 March 2024

	Current US\$	Past due			Total US\$
		Less than 1 month US\$	1 to 2 months US\$	Over 2 months US\$	
Gross carrying amount	1,284,498	-	-	-	1,284,498
Expected credit loss rate	0%	-	-	-	0%
Expected credit losses	-	-	-	-	-

As at 31 March 2023

	Current US\$	Past due			Total US\$
		Less than 1 month US\$	1 to 2 months US\$	Over 2 months US\$	
Gross carrying amount	1,633,700	39,522	-	-	1,673,222
Expected credit loss rate	0%	12.36%	-	-	0.29%
Expected credit losses	-	4,884	-	-	4,884

14. CASH AND CASH EQUIVALENTS

	Note	2024 US\$	2023 US\$
Cash and bank balance	(a)	5,273,376	1,954,076
Non-pledged short term time deposits	(b)	<u>554,000</u>	<u>1,524,375</u>
		<u>5,827,376</u>	<u>3,478,451</u>

(a) Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

(b) Short term time deposits are made for period of three months or less depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The time deposits are deposited with creditworthy banks with no recent history of default.

PEARL GLOBAL FAREAST LIMITED

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15. SHARE CAPITAL

	2024 US\$	2023 US\$
Issued and fully paid:		
1,195,000 (2023: 1,195,000) ordinary shares	<u>4,995,000</u>	<u>4,995,000</u>

16. RESERVES

The amounts of the Group's reserves and the movement therein during the current and prior years are presented in the consolidated statements of changes in equity.

Merger reserve

The merger reserves represents reserves arising from the reorganisation of the Group upon the completion of the acquisition of Pearl Global F.Z.E. and A and B Investment Limited during the year ended 31 March 2021.

The movement in the current year relating to Pearl Global F.Z.E. which was liquidated during the current year.

17. RELATED PARTY TRANSACTIONS

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

	Notes	2024 US\$	2023 US\$
Purchase from fellow subsidiaries	(i)	8,910,357	14,753,702
Miscellaneous expenses paid to the ultimate holding company	(ii)	46,300	46,300
Sampling expenses	(ii)	1,964	-
Consolidation expenses	(ii)	<u>18,252</u>	<u>-</u>

Notes:

- (i) The purchases of goods were based on terms mutually agreed between the parties.
- (ii) Miscellaneous expenses were charged based on mutually agreed between the parties.
- (b) Outstanding balances with related parties

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

PEARL GLOBAL FAREAST LIMITED

NOTES TO FINANCIAL STATEMENTS

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17. RELATED PARTY TRANSACTIONS (continued)

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

18. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

At 31 March 2024

Financial assets

	<u>Financial assets at fair value through other comprehensive income</u>		
	Debt investments US\$	Financial assets at amortised cost US\$	Total US\$
Unlisted debt investments	835,977	-	835,977
Loan receivables	-	2,455,110	2,455,110
Trade receivables	-	1,284,498	1,284,498
Financial assets included in prepayments, deposits and other receivables	-	214	214
Amounts due from fellow subsidiary	-	74,293	74,293
Cash and cash equivalents	-	5,273,376	5,273,376
	<u>835,977</u>	<u>9,087,491</u>	<u>9,923,468</u>

Financial liabilities

	Financial liabilities at amortised cost US\$
Financial liabilities included in other payables and accruals	44,344
Amounts due to fellow subsidiaries	<u>1,112,227</u>
	<u>1,156,571</u>

PEARL GLOBAL FAREAST LIMITED

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18. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

At 31 March 2023

Financial assets

	Financial assets at fair value through other comprehensive income			Financial assets at amortised cost US\$	Total US\$
	Debt investments US\$	Equity investments US\$			
	Unlisted debt investments	1,113,440	-		
Listed equity investments	-	1,487,397	-	1,487,397	
Loan receivables	-	-	2,766,753	2,766,753	
Trade receivables	-	-	1,668,338	1,668,338	
Financial assets included in prepayments, deposits and other receivables	-	-	20,948	20,948	
Cash and cash equivalents	-	-	3,478,451	3,478,451	
	<u>1,113,440</u>	<u>1,487,397</u>	<u>7,934,490</u>	<u>10,535,327</u>	

Financial liabilities

	Financial liabilities at amortised cost US\$
Financial liabilities included in other payables and accruals	97,074
Amounts due to fellow subsidiaries	1,478,337
Amount due to the ultimate holding company	<u>11,575</u>
	<u>1,586,986</u>

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19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The following table provides the fair value measurement hierarchy of the Group's financial instruments as at 31 March 2024 and 2023:

Assets measured at fair value:

	Fair value measurement using			Total US\$
	Quoted prices in active markets (Level 1) US\$	Significant observable inputs (Level 2) US\$	Significant unobservable inputs (Level 3) US\$	
At 31 March 2024				
Unlisted debt investments	-	835,977	-	835,977
At 31 March 2023				
Unlisted debt investments	-	1,113,440	-	1,113,440
Listed equity investments	1,487,397	-	-	1,487,397
	<u>1,487,397</u>	<u>1,113,440</u>	<u>-</u>	<u>2,600,837</u>

During the year, there were no transfers of fair value measurement between Level 1 and Level 2, and no transfer into or out of Level 3 for financial liabilities (2023: Nil).

The fair value of unlisted debt investments are derived from the quoted prices provided by financial institutions.

Management has assessed that the fair values of the Group's trade receivables, loan receivables, financial assets included in prepayments, deposits and other receivables, cash and cash equivalent, balances with fellow subsidiaries and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

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20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's exposure to credit risk, foreign currency risk and liquidity 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 60 to 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.

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.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March 2024 and 2023. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

PEARL GLOBAL FAREAST LIMITED

NOTES TO FINANCIAL STATEMENTS

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20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maximum exposure and year-end staging (continued)

31 March 2024

	12-month expected credit losses	Lifetime expected credit losses			Total US\$
		Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	
Trade receivables*	-	-	-	1,284,498	1,284,498
Loan receivables	2,455,110	-	-	-	2,455,110
Other receivables					
- Normal**	214	-	-	-	214
Amounts due from fellow subsidiary					
- Not yet past due	74,293	-	-	-	74,293
Cash and cash equivalents					
- Not yet past due	<u>5,273,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,273,376</u>
	<u>7,802,993</u>	<u>-</u>	<u>-</u>	<u>1,284,498</u>	<u>9,087,491</u>

31 March 2023

	12-month expected credit losses	Lifetime expected credit losses			Total US\$
		Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	
Trade receivables*	-	-	-	1,668,338	1,668,338
Loan receivables	2,766,753	-	-	-	2,766,753
Other receivables					
- Normal**	20,948	-	-	-	20,948
Cash and cash equivalents					
- Not yet past due	<u>3,478,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,478,451</u>
	<u>6,245,204</u>	<u>-</u>	<u>-</u>	<u>1,668,338</u>	<u>7,913,542</u>

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 13 to the financial statements.

** The credit quality of the financial assets included in other receivables is 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”.

31 March 2024

20. 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 Group aims to maintain sufficient cash to meet its liquidity requirement.

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.

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares, or sell assets to reduce debt. The Company is not subject to any externally imposed capital requirement. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 31 March 2023.

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

PEARL GLOBAL FAREAST LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

21. 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:

	2024 US\$	2023 US\$
NON-CURRENT ASSETS		
Investments in subsidiaries	<u>1,426,442</u>	<u>3,130,594</u>
Total non-current assets	<u>1,426,442</u>	<u>3,130,594</u>
CURRENT ASSETS		
Trade receivables	1,284,498	1,668,338
Loan receivables	2,455,110	2,766,753
Amounts due from a fellow subsidiary	74,293	-
Cash and cash equivalents	<u>5,261,735</u>	<u>3,215,994</u>
Total current assets	<u>9,075,636</u>	<u>7,651,085</u>
CURRENT LIABILITIES		
Other payables and accruals	44,344	97,074
Amount due to a fellow subsidiary	1,112,227	1,478,337
Amount due to the ultimate holding company	-	11,575
Total current liabilities	<u>1,156,571</u>	<u>1,586,986</u>
NET CURRENT ASSETS	<u>7,919,065</u>	<u>6,064,099</u>
Net assets	<u>9,345,507</u>	<u>9,194,693</u>
EQUITY		
Share capital	4,995,000	4,995,000
Reserves (note)	<u>4,350,507</u>	<u>4,199,693</u>
Total equity	<u>9,345,507</u>	<u>9,194,693</u>

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Deepak Kumar SETH
Director

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Pulkit SETH
Director

PEARL GLOBAL FAREAST LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

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

Note:

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

	Retained profits US\$
At 1 April 2022	4,627,975
Profit and total comprehensive income for the year	71,718
Final dividend 2022	<u>(500,000)</u>
At 31 March 2023 and 1 April 2023	4,199,693
Profit and total comprehensive income for the year	<u>150,814</u>
At 31 March 2024	<u><u>4,350,507</u></u>

22. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 15 May 2024.