

PEARL GLOBAL FAREAST LIMITED

**Reports and Consolidated Financial Statements
For the year ended 31 March 2025**

PEARL GLOBAL FAREAST LIMITED

REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

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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 (collectively referred to as the "Group") for the year ended 31 March 2025.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and garment trading. The principal activity of the subsidiary was security investments before its dissolution. There were no other 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 2025 and the Group's financial position at that date are set out in the financial statements on pages 6 to 8.

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

Lalit Pandit JADE

Sumit LATH

(appointed on 3 February 2025)

(resigned on 29 November 2024)

The persons who were directors of the subsidiaries of the Company during the year up to date of dissolution were:

Deepak Kumar SETH

Sumit LATH

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

DIRECTORS' INTERESTS

At no time during the year was the Company, its holding company, 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.

PEARL GLOBAL FAREAST LIMITED

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, subsidiary or any of its fellow subsidiaries was a party during the year.

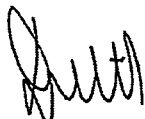
PERMITTED INDEMNITY PROVISIONS

During the year ended 31 March 2025, 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.

AUDITOR

During the year, Messrs. Ernst & Young, who acted as auditor of the Company, resigned and Messrs. Deloitte Touche Tohmatsu was appointed as auditor of the Company. A resolution will be submitted at the forthcoming annual general meeting to re-appoint them as auditor of the Company.

On behalf of the board



Deepak Kumar SETH
DIRECTOR

Hong Kong
09 May 2025

INDEPENDENT AUDITOR'S REPORT**TO THE SOLE 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 (collectively referred to as the "Group") set out on pages 6 to 31, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory 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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

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

Other Matter

The consolidated financial statements of the Group for the year ended 31 March 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 15 May 2024.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

INDEPENDENT AUDITOR'S REPORT

TO THE SOLE MEMBER OF PEARL GLOBAL FAREAST LIMITED - continued
(incorporated in Hong Kong with limited liability)

Other Information - continued

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

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as 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.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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 judgment and maintain professional skepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT

TO THE SOLE MEMBER OF PEARL GLOBAL FAREAST LIMITED - continued
(incorporated in Hong Kong with limited liability)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditor's report is Leung Chui Shan (practising certificate number: P05731).



Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
9 May 2025

PEARL GLOBAL FAREAST LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2025

	<u>NOTES</u>	<u>2025</u> US\$	<u>2024</u> US\$
Revenue	4	8,437,270	9,960,129
Cost of sales		<u>(7,660,041)</u>	<u>(8,910,357)</u>
Gross profit		777,229	1,049,772
Other income and gains, net	5	332,148	299,962
Administrative expenses		<u>(1,163,110)</u>	<u>(980,449)</u>
Other operating expenses		(3,465)	(47,569)
Finance costs	6	<u>-</u>	<u>(47,188)</u>
(Loss) profit before tax	7	(57,198)	274,528
Income tax expense	8	<u>(10,412)</u>	<u>-</u>
(Loss) profit for the year		<u><u>(67,610)</u></u>	<u><u>274,528</u></u>

PEARL GLOBAL FAREAST LIMITED

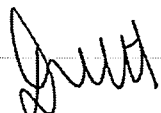
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025

	<u>2025</u> US\$	<u>2024</u> US\$
(Loss) profit for the year	<u>(67,610)</u>	<u>274,528</u>
Other comprehensive income for the period		
Item that will not be reclassified to profit or loss:		
Change in fair value of financial assets at fair value through other comprehensive income	<u>-</u>	<u>98,028</u>
Total comprehensive (expense) income for the year	<u>(67,610)</u>	<u>372,556</u>

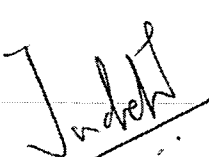
PEARL GLOBAL FAREAST LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

	<u>NOTES</u>	<u>2025</u> <u>US\$</u>	<u>2024</u> <u>US\$</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	-	-
Financial assets at fair value through other comprehensive income	10	-	835,977
Loan receivables	11	1,108,441	-
		<u>1,108,441</u>	<u>835,977</u>
CURRENT ASSETS			
Trade receivables	12	2,390,053	1,284,498
Loan receivables	11	952,238	2,455,110
Other receivables		-	214
Amount due from a fellow subsidiary	16(b)	1,934,042	74,293
Short-term time deposits	13	1,449,079	-
Cash and cash equivalents	13	3,762,257	5,827,376
		<u>10,487,669</u>	<u>9,641,491</u>
CURRENT LIABILITIES			
Other payables and accruals		51,393	44,344
Amounts due to fellow subsidiaries	16(b)	2,269,443	1,112,227
Amount due to ultimate holding company	16(b)	11,575	-
Tax payable		10,412	-
		<u>2,342,823</u>	<u>1,156,571</u>
NET CURRENT ASSETS		<u>8,144,846</u>	<u>7,930,920</u>
NET ASSETS		<u>9,253,287</u>	<u>9,320,897</u>
EQUITY			
Share capital	14	4,995,000	4,995,000
Reserves	15	4,258,287	4,325,897
TOTAL EQUITY		<u>9,253,287</u>	<u>9,320,897</u>



Deepak Kumar SETH
DIRECTOR



Lalit Pandit JADE
DIRECTOR

PEARL GLOBAL FAREAST LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2025

	Share <u>capital</u> US\$	Merger <u>reserve</u> US\$	Revaluation <u>deficit</u> US\$	Retained <u>profits</u> US\$	Total <u>equity</u> US\$
At 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	-	-	98,028	-	98,028
Total comprehensive (expense) income for the year	-	-	(317,147)	274,528	372,556
Transfer of merger reserve to retained profits upon the liquidation of a foreign operation	-	24,035	-	(24,035)	-
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>
Loss and total comprehensive expense for the year	-	-	-	(67,610)	(67,610)
Release on disposal of financial assets	-	-	317,147	(317,147)	-
Transfer of merger reserve to retained profits upon the liquidation of a foreign operation	-	17,706	-	(17,706)	-
At 31 March 2025	<u>4,995,000</u>	<u>-</u>	<u>-</u>	<u>4,258,287</u>	<u>9,253,287</u>

PEARL GLOBAL FAREAST LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

	<u>2025</u> US\$	<u>2024</u> US\$
OPERATING ACTIVITIES		
(Loss) profit before tax	(57,198)	274,528
Adjustments for:		
Finance costs	-	47,188
Bank interest income	(889)	(556)
Interest income from short-term time deposits	(192,839)	(133,349)
Interest income on loan receivables	(74,759)	(93,258)
Income received from financial assets	(16,064)	(62,572)
Dividend income from financial assets at fair value through profit or loss	(257)	(9,832)
Reversal of impairment of trade receivables, net	-	(4,884)
(Reversal of impairment) impairment of loan receivables, net	(30,810)	28,269
Reversal of long service payment provision	(15,000)	-
Operating cash flows before movements in working capital	(387,816)	45,534
(Increase) decrease in trade receivables	(1,105,555)	388,724
Decrease in other receivables	214	20,734
Increase (decrease) in other payables and accruals	22,049	(52,730)
Increase (decrease) in amounts due to fellow subsidiaries	1,157,216	(366,110)
Increase (decrease) in amount due to ultimate holding company	11,575	(11,575)
Cash (used in) generated from operations	(302,317)	24,577
Bank interest received	889	556
Interest received from short-term time deposits	192,839	133,349
Interest paid	-	(47,188)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(108,589)	111,294
INVESTING ACTIVITIES		
Advance to a fellow subsidiary, net	(1,859,749)	(74,293)
Placement of short-term time deposits	(1,449,079)	-
Proceeds from disposal of financial assets	835,977	3,493,691
Repayments of loan receivables	425,241	3,199,000
Interest received from financial assets	16,064	62,572
Dividend income received from financial assets	257	9,832
Advances of loan receivables	-	(2,915,626)
Purchases of financial assets	-	(1,630,803)
Interest received from loan receivables	74,759	93,258
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(1,956,530)	2,237,631

PEARL GLOBAL FAREAST LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS - continued
FOR THE YEAR ENDED 31 MARCH 2025

	<u>2025</u> US\$	<u>2024</u> US\$
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,065,119)	2,348,925
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>5,827,376</u>	<u>3,478,451</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR represented by bank balances and cash	<u><u>3,762,257</u></u>	<u><u>5,827,376</u></u>

PEARL GLOBAL FAREAST LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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

The principal activities of the Company and its subsidiary (collectively referred to as the "Group") are investment holding, garment trading and security investments.

Information about the subsidiary

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

<u>Name</u>	<u>Place of incorporation</u>	<u>Percentage of equity holding directly attributable to the Company</u>	<u>Principal activity</u>
A and B Investment Limited	United Arab Emirates	100	Security investments

On 15 October 2024, the subsidiary was dissolved.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as 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\$"), which is also the Company's functional currency.

PEARL GLOBAL FAREAST LIMITED

2. ACCOUNTING POLICIES - continued

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards as issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2024 for the preparation of the financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's consolidated financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.3 HKFRS ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards - Volume 11 ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 21	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all the amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

2. ACCOUNTING POLICIES - continued

2.3 HKFRS ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE
- continued

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 "Presentation of Financial Statements". This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some paragraphs in HKAS 1 have been moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and HKFRS 7 "Financial Instruments: Disclosures". Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements.

The Group is still in the process to assess whether to elect to apply the reduced disclosures requirements in the future financial statements.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company and its subsidiary. 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).

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.

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.

2. ACCOUNTING POLICIES - continued

2.4 MATERIAL ACCOUNTING POLICY INFORMATION - continued

Basis of consolidation - continued

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.

Fair value measurement

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.

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.

2. ACCOUNTING POLICIES - continued

2.4 MATERIAL ACCOUNTING POLICY INFORMATION - continued

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 "Revenue from Contracts with Customers". 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.

(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.

PEARL GLOBAL FAREAST LIMITED

2. ACCOUNTING POLICIES - continued

2.4 MATERIAL ACCOUNTING POLICY INFORMATION - continued

Financial assets - continued

(b) Impairment - continued

The Group considers a default has occurred when a financial asset is more than 90 days 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.

Revenue recognition

Revenue from contracts with customers

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

Sale of 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.

PEARL GLOBAL FAREAST LIMITED

2. ACCOUNTING POLICIES - continued

2.4 MATERIAL ACCOUNTING POLICIES - continued

Revenue recognition - continued

Other income - continued

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.

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.

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 within the next financial year, are described below.

PEARL GLOBAL FAREAST LIMITED

3. SIGNIFICANT ACCOUNTING ESTIMATES - continued

Estimation uncertainties - continued

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.

4. REVENUE

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

	<u>2025</u> US\$	<u>2024</u> US\$
<i>Revenue from contracts with customers</i>		
Sales of garment products	<u>8,437,270</u>	<u>9,960,129</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

	<u>2025</u> US\$	<u>2024</u> US\$
Bank interest income	889	556
Interest income from short-term time deposits	192,839	133,349
Interest income on loan receivables	74,759	93,258
Income received from financial assets	16,064	62,572
Dividend income received from financial assets	257	9,832
Reversal of impairment of loan receivables	30,810	-
Reversal of long service payment provision	15,000	-
Foreign exchange gain	179	395
Sundry income	1,351	-
	<u>332,148</u>	<u>299,962</u>

PEARL GLOBAL FAREAST LIMITED

6. FINANCE COSTS

	<u>2025</u> US\$	<u>2024</u> US\$
Suppliers' finance interest	-	47,188

7. (LOSS) PROFIT BEFORE TAX

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

	<u>2025</u> US\$	<u>2024</u> US\$
Auditor's remuneration	25,064	15,600
Cost of inventories sold	7,660,041	8,910,357
Directors' remuneration	-	-
Employee benefits		
Salaries and allowances	2,163	46,187
Pension scheme contribution (defined contribution scheme) [#]	-	2,114
Total staff costs	2,163	48,301
Reversal of impairment of trade receivables, net	-	(4,884)
(Reversal of impairment) impairment of loan receivables, net	(30,810)	28,269
Reversal of long service payment provision	(15,000)	-
Foreign exchange gain, net	179	252

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

8. INCOME TAX

No provision for Hong Kong Profits Tax has been made as the Company did not generate any assessable profits arising in Hong Kong during both years. The tax expense represents underprovision in respect of prior years. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

PEARL GLOBAL FAREAST LIMITED

8. INCOME TAX - continued

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:

	<u>2025</u> US\$	<u>2024</u> US\$
(Loss) profit before tax	<u>(57,198)</u>	<u>274,528</u>
Tax at the Hong Kong statutory tax rate of 16.5% (2024: 16.5%)	(9,438)	45,297
Income not subject to tax	(1,446,954)	(1,692,915)
Expenses not deductible for tax	1,456,392	1,647,618
Underprovision in respect of prior years	<u>10,412</u>	<u>-</u>
Tax amount at effective rate	<u>10,412</u>	<u>-</u>

9. PROPERTY, PLANT AND EQUIPMENT

	<u>Furniture and fixtures</u> US\$	<u>Office equipment</u> US\$	<u>Computer equipment</u> US\$	<u>Total</u> US\$
At 1 April 2023, 31 March 2024 and 31 March 2025:				
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>

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>2025</u> US\$	<u>2024</u> US\$
Unlisted debt investments, at fair value	<u>-</u>	<u>835,977</u>

PEARL GLOBAL FAREAST LIMITED

11. LOAN RECEIVABLES

	<u>2025</u> US\$	<u>2024</u> US\$
Loan receivables	2,096,500	2,521,741
Less: impairment	(35,821)	(66,631)
	<u>2,060,679</u>	<u>2,455,110</u>
Analysed for reporting purposes as:		
Non-current assets	1,108,441	-
Current assets	952,238	2,455,110
	<u>2,060,679</u>	<u>2,455,110</u>

The loan receivables are unsecured and interest bearing at fixed rate of 2% or 5% per annum. The non-current portion is repayable in June 2026 while the current portion is repayable in October 2025.

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.

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

	<u>2025</u> US\$	<u>2024</u> US\$
At beginning of the year	66,631	38,362
(Reversal of impairment loss) impairment loss, net	<u>(30,810)</u>	<u>28,269</u>
At end of the year	<u>35,821</u>	<u>66,631</u>

12. TRADE RECEIVABLES

	<u>2025</u> US\$	<u>2024</u> US\$
Trade receivables	2,390,053	1,284,498
Less: impairment	-	-
	<u>2,390,053</u>	<u>1,284,498</u>

PEARL GLOBAL FAREAST LIMITED

12. TRADE RECEIVABLES - continued

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 concentration of credit risk as 100% (2024: 100%) of the Group's trade receivables were due from two (2024: one) customer(s). Trade receivables are non-interest-bearing and all of them are current at 31 March 2025 and 2024. 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:

	<u>2025</u> US\$	<u>2024</u> US\$
At beginning of the year	-	4,884
Reversal of impairment losses, net (note 7)	-	(4,884)
At end of the year	<u>-</u>	<u>-</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9 "Financial Instruments", which permits the use of the lifetime expected loss model for all trade receivables. To measure the expected credit losses, trade receivables have been assessed individually. The expected credit losses have also incorporated forward-looking information.

13. SHORT-TERM TIME DEPOSITS/CASH AND CASH EQUIVALENTS

	<u>Notes</u>	<u>2025</u> US\$	<u>2024</u> US\$
Bank balances and cash	(a)	830,916	3,277,376
Bank deposits with original maturity of three months or less	(b)	<u>2,931,341</u>	<u>2,550,000</u>
		<u>3,762,257</u>	<u>5,827,376</u>
Short-term time deposits with original maturity of more than three months	(c)	<u>1,449,079</u>	<u>-</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) Bank deposits with original maturity of three months or less are made 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 a creditworthy bank with no recent history of default.
- (c) As at 31 March 2025, short-term time deposits with original maturity of more than three months are made for the purpose in earning interest at short-term time deposit rate, which carry interest at market rate at 4.85% per annum. The time deposits are deposited with a creditworthy bank with no recent history of default.

PEARL GLOBAL FAREAST LIMITED

14. SHARE CAPITAL

	<u>2025</u> US\$	<u>2024</u> US\$
Issued and fully paid:		
1,195,000 (2024: 1,195,000) ordinary shares with no par value	<u>4,995,000</u>	<u>4,995,000</u>

15. RESERVES

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

Merger reserve

The merger reserve represents reserve 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 related to A and B Investment Limited which was liquidated during the current year. During the year ended 31 March 2024, the movement related to Pearl Global F.Z.E. which was liquidated during the prior year.

16. 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:

	<u>Notes</u>	<u>2025</u> US\$	<u>2024</u> US\$
Purchases from fellow subsidiaries	(i)	7,660,041	8,910,357
Miscellaneous expenses paid to ultimate holding company	(ii)	46,300	46,300
Sampling expenses to a fellow subsidiary	(ii)	6,773	1,964
Management expenses to a fellow subsidiary	(ii)	60,000	-
Consolidation expenses to a fellow subsidiary	(ii)	<u>20,605</u>	<u>18,252</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.

PEARL GLOBAL FAREAST LIMITED

16. RELATED PARTY TRANSACTIONS - continued

(b) Outstanding balances with related parties

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

(c) The key management personnel of the Group did not receive any compensation in respect of their services rendered to the Group during the year (2024: nil).

17. 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 2025

Financial assets

	Financial assets at amortised cost US\$
Trade receivables	2,390,053
Loan receivables	2,060,679
Amounts due from fellow subsidiaries	1,934,042
Short-term time deposits	1,449,079
Cash and cash equivalents	3,762,257
	<u>11,596,110</u>

Financial liabilities

	Financial liabilities at amortised cost US\$
Amounts due to fellow subsidiaries	2,269,443
Amount due to ultimate holding company	11,575
	<u>2,281,018</u>

PEARL GLOBAL FAREAST LIMITED

17. FINANCIAL INSTRUMENTS BY CATEGORY - continued

At 31 March 2024

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Debt investments US\$	US\$	US\$
Unlisted debt investments	835,977	-	835,977
Loan receivables	-	2,455,110	2,455,110
Trade receivables	-	1,284,498	1,284,498
Other receivables	-	214	214
Amount due from a fellow subsidiary	-	74,293	74,293
Cash and cash equivalents	-	5,827,376	5,827,376
	<u>835,977</u>	<u>9,641,491</u>	<u>10,477,468</u>

Financial liabilities

	Financial liabilities at amortised cost US\$
Amounts due to fellow subsidiaries	<u>1,112,227</u>

18. 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:

Assets measured at fair value:

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

PEARL GLOBAL FAREAST LIMITED

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS - continued

During both years, 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.

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, other receivables, short-term time deposits, cash and cash equivalents, amount due from a fellow subsidiary, amounts due to fellow subsidiaries and ultimate holding company approximate to their carrying amounts largely due to the short term maturities of these instruments.

19. 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.

Loan receivables

Before granting loans to outsiders, the Group assesses the counterparties' credit quality. The management closely monitors the credit quality of loan receivables to minimise the credit risk. There is concentration of credit risk on loan receivables.

Other financial assets at amortised cost

For the amount due from a fellow subsidiary, no expected credit losses are recognised since the directors of the Company consider that the probability of default is minimal after assessing the counterparty's financial background and creditability.

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

PEARL GLOBAL FAREAST LIMITED

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Credit risk - continued

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 2025 and 2024.

	12-month expected credit losses	Lifetime expected credit losses			Total US\$
	<u>Stage 1</u> US\$	<u>Stage 2</u> US\$	<u>Stage 3</u> US\$	<u>Simplified approach</u> US\$	
31 March 2025					
Trade receivables	-	-	-	2,390,053	2,390,053
Loan receivables	2,060,679	-	-	-	2,060,679
Amount due from a fellow subsidiary	1,934,042	-	-	-	1,934,042
Short-term time deposits	1,449,079	-	-	-	1,449,079
Cash and cash equivalents	3,762,257	-	-	-	3,762,257
	<u>9,206,057</u>	<u>-</u>	<u>-</u>	<u>2,390,053</u>	<u>11,596,110</u>
31 March 2024					
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 subsidiaries	74,293	-	-	-	74,293
Cash and cash equivalents	5,827,376	-	-	-	5,827,376
	<u>8,356,993</u>	<u>-</u>	<u>-</u>	<u>1,284,498</u>	<u>9,641,491</u>

- * 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.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

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 2025 and 31 March 2024.

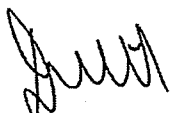
Capital of the Group comprises all components of shareholder's equity.

PEARL GLOBAL FAREAST LIMITED

20. 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:

	<u>2025</u> US\$	<u>2024</u> US\$
NON-CURRENT ASSETS		
Investment in a subsidiary	-	1,426,442
Loan receivables	1,108,441	-
	<u>1,108,441</u>	<u>1,426,442</u>
CURRENT ASSETS		
Trade receivables	2,390,053	1,284,498
Loan receivables	952,238	2,455,110
Amount due from a fellow subsidiary	1,934,042	74,293
Short-term time deposits	1,449,079	-
Cash and cash equivalents	3,762,257	5,261,735
	<u>10,487,669</u>	<u>9,075,636</u>
CURRENT LIABILITIES		
Other payables and accruals	51,393	44,344
Amounts due to fellow subsidiaries	2,269,443	1,112,227
Amount due to ultimate holding company	11,575	-
Tax payable	10,412	-
	<u>2,342,823</u>	<u>1,156,571</u>
NET CURRENT ASSETS	<u>8,144,846</u>	<u>7,919,065</u>
NET ASSETS	<u>9,253,287</u>	<u>9,345,507</u>
EQUITY		
Share capital	4,995,000	4,995,000
Reserves (note)	4,258,287	4,350,507
TOTAL EQUITY	<u>9,253,287</u>	<u>9,345,507</u>



Deepak Kumar SETH
DIRECTOR



Lalit Pandit JADE
DIRECTOR

PEARL GLOBAL FAREAST LIMITED

20. STATEMENT OF FINANCIAL POSITION OF THE COMPANY - continued

Note:

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

	Retained <u>profits</u> US\$
At 1 April 2023	4,199,693
Profit and total comprehensive income for the year	<u>150,814</u>
At 31 March 2024	4,350,507
Loss and total comprehensive expense for the year	<u>(92,220)</u>
At 31 March 2025	<u><u>4,258,287</u></u>

21. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 9 May 2025.
