

PEARL GLOBAL FAREAST LIMITED

Reports and Financial Statements
For the year ended 31 March 2026

PEARL GLOBAL FAREAST LIMITED

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

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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") for the year ended 31 March 2026.

PRINCIPAL ACTIVITIES

The principal activity of the Company is garment trading. In prior year, the principal activities of the Company were investment holding and garment trading.

RESULTS AND APPROPRIATION

The Company's profit for the year ended 31 March 2026 and the Company's financial position at that date are set out in the financial statements on pages 6 to 7.

The directors do not recommend the payment of any dividend in respect of the year and proposed that the remaining profit for the year be retained.

DIRECTORS

The following persons held office as directors of the Company during the year and up to the date of this report:

Deepak Kumar SETH
Pulkit SETH
Sanjay Kumar SARKER
Lalit Pandit JADE

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 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 fellow subsidiaries was a party during the year.

PEARL GLOBAL FAREAST LIMITED

PERMITTED INDEMNITY PROVISIONS

During the year ended 31 March 2026, 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

The Company's financial statements for the year have been audited by Messrs. Deloitte Touche Tohmatsu, Certified Public Accountants, who retire and offer themselves for re-appointment at 2026 annual general meeting.

On behalf of the board



Deepak Kumar SETH
DIRECTOR

Hong Kong
4 May 2026

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 financial statements of Pearl Global Fareast Limited (the "Company") set out on pages 6 to 20, which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2026, and of its financial performance and its 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 ("HKSAAs") as 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 Company 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 Information

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

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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

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

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

The directors are responsible for the preparation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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, 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 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 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 Company'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

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 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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
4 May 2026

PEARL GLOBAL FAREAST LIMITED

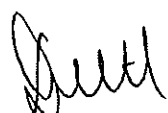
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2026

	<u>NOTES</u>	<u>2026</u> US\$	<u>2025</u> US\$
Revenue	3	2,592,477	8,437,270
Cost of sales		<u>(2,433,646)</u>	<u>(7,660,041)</u>
Gross profit		158,831	777,229
Other income and gains, net	4	1,026,817	332,148
Administrative expenses		<u>(1,070,490)</u>	<u>(1,163,110)</u>
Other operating expenses		<u>(3,838)</u>	<u>(3,465)</u>
Profit (loss) before tax	5	111,320	(57,198)
Income tax expense	6	<u>-</u>	<u>(10,412)</u>
Profit (loss) and total comprehensive income (expense) for the year		<u>111,320</u>	<u>(67,610)</u>

PEARL GLOBAL FAREAST LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026

	NOTES	2026 US\$	2025 US\$
NON-CURRENT ASSETS			
Property, plant and equipment	7	-	-
Loan receivables	8	-	1,108,441
		<u>-</u>	<u>1,108,441</u>
CURRENT ASSETS			
Trade receivables	9	-	2,390,053
Loan receivables	8	997,238	952,238
Amount due from a fellow subsidiary	12(b)	2,388,693	1,934,042
Short-term time deposits	10	-	1,449,079
Bank balances	10	6,017,891	3,762,257
		<u>9,403,822</u>	<u>10,487,669</u>
CURRENT LIABILITIES			
Other payables and accruals		37,710	51,393
Amounts due to fellow subsidiaries	12(b)	1,505	2,269,443
Amount due to ultimate holding company	12(b)	-	11,575
Tax payable		-	10,412
		<u>39,215</u>	<u>2,342,823</u>
NET CURRENT ASSETS		<u>9,364,607</u>	<u>8,144,846</u>
NET ASSETS		<u>9,364,607</u>	<u>9,253,287</u>
EQUITY			
Share capital	11	4,995,000	4,995,000
Retained profits		4,369,607	4,258,287
TOTAL EQUITY		<u>9,364,607</u>	<u>9,253,287</u>


Deepak Kumar SETH
DIRECTOR


Lalit Pandit JADE
DIRECTOR

PEARL GLOBAL FAREAST LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2026

	<u>Share capital</u> US\$	<u>Merger reserve</u> US\$	<u>Revaluation deficit</u> US\$	<u>Retained profits</u> US\$	<u>Total equity</u> US\$
At 1 April 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>
Profit and total comprehensive income for the year	-	-	-	111,320	111,320
At 31 March 2026	<u><u>4,995,000</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>4,369,607</u></u>	<u><u>9,364,607</u></u>

PEARL GLOBAL FAREAST LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2026

	<u>2026</u> US\$	<u>2025</u> US\$
OPERATING ACTIVITIES		
Profit (loss) before tax	111,320	(57,198)
Adjustments for:		
Bank interest income	-	(889)
Interest income from short-term time deposits	(191,173)	(192,839)
Interest income on loan receivables	(59,574)	(74,759)
Income received from financial assets	-	(16,064)
Dividend income from financial assets at fair value through profit or loss	-	(257)
Reversal of impairment of loan receivables, net	(25,067)	(30,810)
Reversal of long service payment provision	-	(15,000)
Operating cash flows before movements in working capital	(164,494)	(387,816)
Decrease (increase) in trade receivables	2,390,053	(1,105,555)
Decrease in other receivables	-	214
(Decrease) increase in other payables and accruals	(13,683)	22,049
(Decrease) increase in amounts due to fellow subsidiaries	(2,267,938)	1,157,216
(Decrease) increase in amount due to ultimate holding company	(11,575)	11,575
Cash used in operations	(67,637)	(302,317)
Interest received	-	889
Interest received from short-term time deposits	191,173	192,839
Income tax paid	(10,412)	-
Net cash from (used in) operating activities	<u>113,124</u>	<u>(108,589)</u>
Investing activities		
Withdrawal of (placement of) short-term time deposits, net	1,449,079	(1,449,079)
Repayments of loan receivables	1,088,508	425,241
Interest received from loan receivables	59,574	74,759
Advance to a fellow subsidiary, net	(454,651)	(1,859,749)
Proceeds from disposal of financial assets	-	835,977
Interest received from financial assets	-	16,064
Dividend income received from financial assets	-	257
Net cash from (used in) investing activities	<u>2,142,510</u>	<u>(1,956,530)</u>
Net increase (decrease) in cash and cash equivalents	2,255,634	(2,065,119)
Cash and cash equivalents at beginning of the year	<u>3,762,257</u>	<u>5,827,376</u>
Cash and cash equivalents at end of the period, represented by bank balances	<u><u>6,017,891</u></u>	<u><u>3,762,257</u></u>

PEARL GLOBAL FAREAST LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

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 activity of the Company is garment trading. In prior year, the principal activities of the Company were investment holding and garment trading.

2. PRINCIPAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in United States dollars ("US\$"), which is also the Company's functional currency.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current year, the Company has applied the following amendments to an HKFRS Accounting Standard as issued by the HKICPA for the first time, which are mandatorily effective for the Company's annual period beginning on 1 April 2025 for the preparation of the financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Company's financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

2. PRINCIPAL ACCOUNTING POLICIES - continued

2.3 HKFRS ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company 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 ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards - Volume 11 ²
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹

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 2026.

³ 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 financial statements in the foreseeable future.

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

2. PRINCIPAL ACCOUNTING POLICIES - continued

2.4 MATERIAL ACCOUNTING POLICY INFORMATION - continued

Financial assets

All 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 Company commits to purchase or sell the assets.

(a) Classification and measurement

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

(b) Impairment

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

(c) Derecognition

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

Financial liabilities

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

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

2. PRINCIPAL ACCOUNTING POLICIES - continued

2.4 MATERIAL ACCOUNTING POLICY INFORMATION - continued

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when the control of goods or services is transferred to the customers, at an amount that reflects the consideration to which the Company 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

- (i) 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.
- (ii) Management income are recognised over time when services are rendered.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash 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 statement of cash flows, cash and cash equivalents comprise cash 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 Company operates.

PEARL GLOBAL FAREAST LIMITED

3. REVENUE

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

	<u>2026</u> US\$	<u>2025</u> US\$
<i>Revenue from contracts with customers</i>		
Sales of garment products	<u>2,592,477</u>	<u>8,437,270</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.

4. OTHER INCOME AND GAINS, NET

	<u>2026</u> US\$	<u>2025</u> US\$
Bank interest income	-	889
Interest income from short-term time deposits	191,173	192,839
Interest income on loan receivables	59,574	74,759
Income received from financial assets	-	16,064
Dividend income received from financial assets	-	257
Reversal of impairment of loan receivables, net	25,067	30,810
Reversal of long service payment provision	-	15,000
Foreign exchange gain	1,003	179
Management income	750,000	-
Sundry income	-	1,351
	<u>1,026,817</u>	<u>332,148</u>

5. PROFIT (LOSS) BEFORE TAX

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

	<u>2026</u> US\$	<u>2025</u> US\$
Auditor's remuneration	4,760	25,064
Cost of inventories sold	2,433,646	7,660,041
Directors' remuneration	-	-
Employee benefits:		
Salaries and allowances	-	2,163
	<u> </u>	<u> </u>

PEARL GLOBAL FAREAST LIMITED

6. 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 Company operates.

A reconciliation of the tax expenses applicable to profit before tax at the Hong Kong statutory rate to the tax expenses are as follows:

	<u>2026</u> US\$	<u>2025</u> US\$
Profit (loss) before tax	<u>111,320</u>	<u>(57,198)</u>
Tax at the Hong Kong statutory tax rate of 16.5% (2025: 16.5%)	18,368	(9,438)
Income not subject to tax	(597,184)	(1,446,954)
Expenses not deductible for tax	578,816	1,456,392
Under provision in respect of prior years	<u>-</u>	<u>10,412</u>
Tax expenses	<u>-</u>	<u>10,412</u>

7. 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 2024, 31 March 2025 and 31 March 2026:				
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>

PEARL GLOBAL FAREAST LIMITED

8. LOAN RECEIVABLES

	<u>2026</u> US\$	<u>2025</u> US\$
Loan receivables	1,007,992	2,096,500
Less: impairment	<u>(10,754)</u>	<u>(35,821)</u>
	<u>997,238</u>	<u>2,060,679</u>
Analysed for reporting purposes as:		
Non-current assets	-	1,108,441
Current assets	<u>997,238</u>	<u>952,238</u>
	<u>997,238</u>	<u>2,060,679</u>

The loan receivables are unsecured and interest bearing at fixed rate of 5% (2025: 2% or 5%) per annum.

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 Company. 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>2026</u> US\$	<u>2025</u> US\$
At beginning of the year	35,821	66,631
Reversal of impairment loss	<u>(25,067)</u>	<u>(30,810)</u>
At end of the year	<u>10,754</u>	<u>35,821</u>

9. TRADE RECEIVABLES

	<u>2026</u> US\$	<u>2025</u> US\$
Trade receivables	<u>-</u>	<u>2,390,053</u>

PEARL GLOBAL FAREAST LIMITED

10. TRADE RECEIVABLES - continued

The Company's trading terms with its customers are mainly on credit. The credit period is generally 60 days to 90 days. At 31 March 2025, the Company had concentration of credit risk as 100% of the Company's trade receivables were due from two customer(s). Trade receivables are non-interest-bearing and all of them are current at 31 March 2025. The Company does not hold any collateral or other credit enhancements over these balances.

The Company 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.

10. SHORT-TERM TIME DEPOSITS AND BANK BALANCES

	<u>Notes</u>	<u>2026</u> US\$	<u>2025</u> US\$
Bank balances	(a)	541,594	830,916
Bank deposits with original maturity of three months or less	(b)	<u>5,476,297</u>	<u>2,931,341</u>
		<u>6,017,891</u>	<u>3,762,257</u>
Short-term time deposits with original maturity of more than three months	(c)	<u>-</u>	<u>1,449,079</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 Company 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

11. SHARE CAPITAL

	<u>2026</u> US\$	<u>2025</u> US\$
Issued and fully paid:		
1,195,000 (2025: 1,195,000) ordinary shares with no par value	<u>4,995,000</u>	<u>4,995,000</u>

12. RELATED PARTY TRANSACTIONS

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

	<u>Notes</u>	<u>2026</u> US\$	<u>2025</u> US\$
Purchases from fellow subsidiaries	(i)	2,433,646	7,660,041
Miscellaneous expenses paid to ultimate holding company	(ii)	46,300	46,300
Sampling expenses to a fellow subsidiary	(ii)	-	6,773
Management fee income from a fellow subsidiary	(ii)	750,000	-
Management expenses to a fellow subsidiary	(ii)	60,000	60,000
Consolidation expenses to a fellow subsidiary	(ii)	<u>15,930</u>	<u>20,605</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 ultimate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.
- (c) The key management personnel of the Company did not receive any compensation in respect of their services rendered to the Company during the year (2025: nil).

13. 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:

	<u>2026</u> US\$	<u>2025</u> US\$
<u>Financial assets at amortised cost</u>		
Trade receivables	-	2,390,053
Loan receivables	997,238	2,060,679
Amounts due from fellow subsidiaries	2,388,693	1,934,042
Short-term time deposits	-	1,449,079
Cash and cash equivalents	6,017,891	3,762,257
	<u>9,403,822</u>	<u>11,596,110</u>
<u>Financial liabilities at amortised cost</u>		
Other payables	5,500	9,136
Amount(s) due to a fellow subsidiary(ies)	1,505	2,269,443
Amount due to ultimate holding company	-	11,575
	<u>7,005</u>	<u>2,290,154</u>

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company'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 Company's financial management policies and practices described below:

Credit risk

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

The loss allowance of the Group's financial assets are measured on 12-month expected credit loss.

Loan receivables

Before granting loans to outsiders, the Company 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.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Other financial assets at amortised cost

For the amounts due from fellow subsidiaries, 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 Company's bank balances and short-term time deposits are held in major financial institutions, which management believes are of high credit quality.

Liquidity risk

The Company aims to maintain sufficient cash to meet its liquidity requirement.

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

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company 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 Company. In order to maintain or adjust the capital structure, the Company 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 2026 and 31 March 2025.

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

15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 4 May 2026.