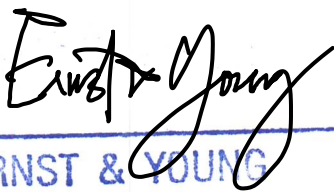


Report of the Directors and Audited Financial Statements

PGIC INVESTMENT LIMITED

31 March 2024

CERTIFIED TRUE COPY


ERNST & YOUNG



PGIC INVESTMENT LIMITED

CONTENTS

	Pages
REPORT OF THE DIRECTORS	1 - 2
INDEPENDENT AUDITOR'S REPORT	3 - 5
AUDITED FINANCIAL STATEMENTS	
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to financial statements	10 - 23

PGIC INVESTMENT LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2024.

Principal activity

The principal activity of the Company is property investment. There were no significant changes in the nature of the Company's principal activity during the year.

Results

The Company's profit for the year ended 31 March 2024 and its financial position at that date are set out in the financial statements on pages 6 to 23.

Directors

The directors of the Company during the year were:

Deepak Kumar SETH
Pulkit SETH
Sumit LATH

In accordance with articles 22 of the Company's Articles of Association, all directors continue in office for the ensuing year.

Directors' interests

At no time during the year was the Company, any of its holding companies or 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, any of its holding companies or its 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.

PGIC INVESTMENT LIMITED

REPORT OF THE DIRECTORS (continued)

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
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Quarry Bay, Hong Kong

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Independent auditor's report
To the member of PGIC Investment Limited
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of PGIC Investment Limited (the "Company") set out on pages 6 to 23, which comprise the statement of financial position as at 31 March 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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.

Information other than the 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 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 (continued)
To the member of PGIC Investment Limited
(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the applicable 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 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.

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. 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 financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

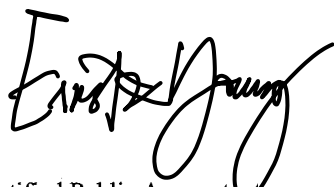
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 (continued)
To the member of PGIC Investment Limited
(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 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

PGIC INVESTMENT LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2024

	Notes	2024 US\$	2023 US\$
Other income	4	298,000	288,000
Administrative expenses		(254,808)	(263,110)
Other operating expenses		<u>(97)</u>	<u>(84)</u>
PROFIT BEFORE TAX	5	43,095	24,806
Income tax expense	7	<u>-</u>	<u>-</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>43,095</u></u>	<u><u>24,806</u></u>

PGIC INVESTMENT LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2024

	Notes	2024 US\$	2023 US\$
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,634,042	1,705,155
Right-of-use assets	8	3,120,757	3,256,571
Total current assets		<u>4,754,799</u>	<u>4,961,726</u>
CURRENT ASSETS			
Deposits and prepayments	9	16,467	16,467
Cash and cash equivalents	10	10,634	12,211
Total current assets		<u>27,101</u>	<u>28,678</u>
CURRENT LIABILITIES			
Amount due to the immediate holding company	12(b)	5,642,333	5,897,994
Accruals		4,095	33
Total current liabilities		<u>5,646,428</u>	<u>5,898,027</u>
NET CURRENT LIABILITIES		<u>(5,619,327)</u>	<u>(5,869,349)</u>
Net liabilities		<u>(864,528)</u>	<u>(907,623)</u>
EQUITY			
Share capital	11	1	1
Accumulated losses		<u>(864,529)</u>	<u>(907,624)</u>
Net deficiency in assets		<u>(864,528)</u>	<u>(907,623)</u>

Deepak Kumar SETH
Director

Pulkit SETH
Director

PGIC INVESTMENT LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2024

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Deepak Kumar SETH
Director

Pulkit SETH
Director

PGIC INVESTMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2024

	Share capital US\$	Accumulated losses US\$	Net deficiency in assets US\$
At 1 April 2022	1	(932,430)	(932,429)
Profit and total comprehensive income for the year	<u>-</u>	<u>24,806</u>	<u>24,806</u>
At 31 March 2023 and 1 April 2023	1	(907,624)	(907,623)
Profit and total comprehensive income for the year	<u>-</u>	<u>43,095</u>	<u>43,095</u>
At 31 March 2024	<u><u>1</u></u>	<u><u>(864,529)</u></u>	<u><u>(864,528)</u></u>

PGIC INVESTMENT LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2024

	Note	2024 US\$	2023 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		43,095	24,806
Adjustments for:			
Depreciation of right-of-use assets	5	135,814	127,609
Depreciation of property, plant and equipment	5	<u>71,113</u>	<u>94,664</u>
		250,022	247,079
Decrease in deposits and prepayments		-	3,781
Decrease in amount due to the immediate holding company	(	255,661)	(248,339)
Increase in accruals		<u>4,062</u>	<u>33</u>
NET CASH GENERATED FROM/(USED IN) OPERATIONS AND NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		<u>(1,577)</u>	<u>2,554</u>
		<u>12,211</u>	<u>9,657</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		<u><u>10,634</u></u>	<u><u>12,211</u></u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		<u><u>10,634</u></u>	<u><u>12,211</u></u>

PGIC INVESTMENT LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

1. CORPORATE INFORMATION

PGIC Investment 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 activity of the Company is property investment.

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

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

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION AND FUNDMENTAL ACCOUNTING CONCEPT

These 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 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.

These financial statements have been prepared under the going concern basis notwithstanding that the Company had net current liabilities and net liabilities as at 31 March 2024 because the immediate holding company of the Company has agreed to provide adequate funds to enable the Company to meet its liabilities and when they fall due. The immediate holding company has also agreed not to demand the Company to repay the amount due to the immediate holding company of US\$5,642,333 (2023: US\$5,897,994) until the Company is in a financial position to repay the amount due, without impairing its liquidity position.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted the following revised HKFRSs, which are applicable to the Company for the first time in 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 Company 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 Company'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 Company's approach and policy align with the amendments, the amendments had no impact on the Company'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 Company'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 Company has applied the amendments retrospectively. Since the Company did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Company.

31 March 2024

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not early applied any of the revised HKFRSs that have been issued but are not yet effective for the accounting year ended 31 March 2024 in these financial statements.

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ¹
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “2020 Amendments”) ^{1, 4}
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”) ¹
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i> ¹
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ²

¹ Effective for annual periods beginning on or after 1 January 2024

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

³ No mandatory effective date yet determined but available for adoption

⁴ As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

The Company is in the process of making an assessment of the impact of these revised HKFRSs upon initial application. So far, the Company considers that these revised HKFRSs are unlikely to have a significant impact on the Company’s results of operations and financial position.

2.4 MATERIAL ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Company 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 Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company; or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Company 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 Company 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 Company or an entity related to the Company;
 - (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

PGIC INVESTMENT LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties (continued)

- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

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 statement of 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 Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Land and buildings, classified as right-of-use assets and owned assets, are measured at fair value less subsequent accumulated depreciation and any impairment losses.

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:

Right-of-use assets

Leasehold land	over the lease term or 30 June 2047, whichever is earlier
----------------	--

Owned assets

Building	over the lease term or 30 June 2047, whichever is earlier
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Leasehold improvements	33 $\frac{1}{3}$ %
------------------------	--------------------

Furniture and fixtures	33 $\frac{1}{3}$ %
------------------------	--------------------

Computer equipment	33 $\frac{1}{3}$ %
--------------------	--------------------

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 the statement of 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 Company assesses at the end of each reporting period whether there is an indication that a non-financial asset may be impaired. If such an indication exists, the Company makes an estimate of the asset's recoverable amount.

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 (e.g. a headquarters building) 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 the statement of 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 the statement of profit or loss in the year in which it arises.

Leases

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

Financial assets

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing 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, except in the case of financial assets recorded at fair value through profit or loss. Purchases and sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Company commits to purchase or sell the assets.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

(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 include accruals and amount due to the immediate holding company. They 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.

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 the statement of 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 Company expects to be entitled in exchange for those goods or services.

PGIC INVESTMENT LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Other income

Revenue from the provision of management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Company.

Cash and cash equivalents

Cash and cash equivalents in the 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 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 Company's cash management.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

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.

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

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

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.

PGIC INVESTMENT LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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 Company 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 Company's 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.

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

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

4. OTHER INCOME

	2024 US\$	2023 US\$
Management fee income from group companies	<u>298,000</u>	<u>288,000</u>

PGIC INVESTMENT LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

5. PROFIT BEFORE TAX

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

	2024 US\$	2023 US\$
Auditor's remuneration	2,200	2,119
Depreciation of right-of-use assets	135,814	127,609
Depreciation of property, plant and equipment	71,113	94,664
Foreign exchange differences, net	<u>(179)</u>	<u>(199)</u>

6. DIRECTORS' REMUNERATION

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

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company has available tax losses brought forward from prior years to offset the assessable profits generated during the year (2023: Nil).

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate to the tax position is as follows:

	2024 US\$	2023 US\$
Profit before tax	<u>43,095</u>	<u>24,806</u>
Tax at the Hong Kong statutory tax rate of 16.5% (2023: 16.5%)	7,111	4,093
Income not subject to tax	(30)	(33)
Expenses not deductible for tax	22,409	21,055
Temporary difference not recognised	(7,386)	(3,586)
Tax losses utilised from previous periods	<u>(22,104)</u>	<u>(21,529)</u>
Tax amount	<u>-</u>	<u>-</u>

PGIC INVESTMENT LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

7. INCOME TAX (continued)

As at 31 March 2024, the Company has unused tax losses arising in Hong Kong of US\$32,984 (2023: US\$166,950), subject to the agreement by the Hong Kong Inland Revenue Department, that were available indefinitely for offsetting against future taxable profits of the Company arising in Hong Kong. No deferred tax assets has not been recognised in respect of the unused tax losses arising in Hong Kong as it was considered uncertain that taxable profits would be available against which such tax losses could be utilised.

8. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Right-of-use assets	Owned assets				
	Leasehold Land US\$	Building US\$	Leasehold improvements US\$	Furniture and fixtures US\$	Computer equipment US\$	Total US\$
31 March 2024						
At 31 March 2023 and 1 April 2023:						
Cost	3,824,872	2,003,918	79,883	63,836	514	5,973,023
Accumulated depreciation and impairment	(568,301)	(298,763)	(79,883)	(63,836)	(514)	(1,011,297)
Net carrying amount	<u>3,256,571</u>	<u>1,705,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,961,726</u>
At 1 April 2023, net of accumulated depreciation and impairment	3,256,571	1,705,155	-	-	-	4,961,726
Depreciation provided during the year	(135,814)	(71,113)	-	-	-	(206,927)
At 31 March 2024, net of accumulated depreciation and impairment	<u>3,120,757</u>	<u>1,634,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,754,799</u>
At 31 March 2024:						
Cost	3,824,872	2,003,918	79,883	63,836	514	5,973,023
Accumulated depreciation and impairment	(704,115)	(369,876)	(79,883)	(63,836)	(514)	(1,218,224)
Net carrying amount	<u>3,120,757</u>	<u>1,634,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,754,799</u>

PGIC INVESTMENT LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

8. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)

	Right-of-use assets	Owned assets				Total
	Leasehold Land US\$	Building US\$	Leasehold improvements US\$	Furniture and fixtures US\$	Computer equipment US\$	US\$
31 March 2023						
At 31 March 2022 and 1 April 2022:						
Cost	3,824,872	2,003,918	79,883	63,836	514	5,973,023
Accumulated depreciation and impairment	(440,692)	(219,444)	(71,112)	(57,297)	(479)	(789,024)
Net carrying amount	<u>3,384,180</u>	<u>1,784,474</u>	<u>8,771</u>	<u>6,539</u>	<u>35</u>	<u>5,183,999</u>
At 1 April 2022, net of accumulated depreciation and impairment	3,384,180	1,784,474	8,771	6,539	35	5,183,999
Depreciation provided during the year	(127,609)	(79,319)	(8,771)	(6,539)	(35)	(222,273)
At 31 March 2023, net of accumulated depreciation and impairment	<u>3,256,571</u>	<u>1,705,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,961,726</u>
At 31 March 2023:						
Cost	3,824,872	2,003,918	79,883	63,836	514	5,973,023
Accumulated depreciation and impairment	(568,301)	(298,763)	(79,883)	(63,836)	(514)	(1,011,297)
Net carrying amount	<u>3,256,571</u>	<u>1,705,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,961,726</u>

The Company's right of use of leasehold land represents prepaid lease payments. The leasehold land is held for own use. The leasehold land is held on a medium-term lease expiring on 30 June 2047.

At 31 March 2024, certain of the Company's right-of-use assets and property, plant and equipment with a net carrying amount of approximately US\$3,120,757 (2023: US\$3,256,571) and US\$1,634,042 (2023: US\$1,705,155), respectively, were pledged to secure banking facilities granted to the Company.

PGIC INVESTMENT LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

9. DEPOSITS AND PREPAYMENTS

	2024 US\$	2023 US\$
Prepayments	576	576
Deposits	<u>15,891</u>	<u>15,891</u>
	<u>16,467</u>	<u>16,467</u>

The carrying amount of deposits approximated to their fair value as at 31 March 2024 and 2023. Their recoverability was assessed with reference to the credit status of the debtors, and the expected credit losses as at 31 March 2024 and 2023 were considered to be minimal.

10. CASH AND CASH EQUIVALENTS

	2024 US\$	2023 US\$
Cash and bank balances	<u>10,634</u>	<u>12,211</u>

Cash at banks earn interest at floating rates based on daily bank deposit rates. The carrying amounts of the cash and cash equivalents approximate to their fair value.

11. SHARE CAPITAL

	2024 US\$	2023 US\$
Issued and fully paid:		
1 (2023: 1) ordinary share	<u>1</u>	<u>1</u>

PGIC INVESTMENT LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

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:

		2024 US\$	2023 US\$
Management fee income from the immediate holding company	(i)	252,000	252,000
Management fee income from a fellow subsidiary	(i)	<u>46,000</u>	<u>36,000</u>

Notes:

- (i) Management fee income was related to the provision of management services to the immediate holding company and a fellow subsidiary and were based on terms mutually agreed between the parties.
- (b) Outstanding balances with related parties:
- The amount due to the immediate holding company is unsecured, interest-free and repayable on demand. The carrying amount of the balance approximates to its fair value.
- (c) Compensation of key management personnel of the Company:
- No key management personnel received any compensation in respect of their services rendered to the Company during the year (2023: Nil). Details of their remuneration are disclosed in note 6 to the financial statements.

13. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise deposits and cash and cash equivalents, which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown either on the statement of financial position or in notes to the financial statements.

The financial liabilities of the Company comprise accruals and amount due to the immediate holding company, which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown either on the statement of financial position or in notes to the financial statements.

31 March 2024

14. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Management has assessed that the fair values of cash and cash equivalents, financial assets included in deposits and prepayments, financial liabilities included in accruals and balances with immediate holding company reasonably approximate to their carrying amounts largely due to the short term maturities of these instruments or the effect of discounting is not material.

The Company did not have any financial assets and liabilities measured at fair value as at 31 March 2024 and 31 March 2023.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to liquidity risk arises in the normal course of its business. The risk is managed by the Company's financial management policies and practices described below:

Liquidity risk

The Company has a minimal risk of shortage of funds as its immediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

The maturity profile of the accruals and amount due to the immediate holding company, based on the contractual undiscounted payment, is repayable on demand or less than three months as at 31 March 2024 and 31 March 2023.

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 and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may return capital to shareholder or issue new shares. The Company is not subject to any externally imposed capital requirements. 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 Company comprises all components of shareholder's equity.

16. APPROVAL OF THE FINANCIAL STATEMENTS

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