

PEARL GLOBAL (HK) LIMITED

Reports and Consolidated Financial Statements  
For the year ended 31 March 2026

REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2026

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## PEARL GLOBAL (HK) LIMITED

### REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of Pearl Global (HK) Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2026.

#### PRINCIPAL ACTIVITIES

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

#### RESULTS AND APPROPRIATION

The Group's profit for the year ended 31 March 2026 and the Group's financial position at that date are set out in the consolidated financial statements on pages 6 to 9.

The directors recommend the payment of interim dividend on 28 October 2025 of approximately US\$70.56 cents per ordinary share totaling US\$1,250,000 in respect of the year. The directors do not recommend the payment of a final dividend 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  
Mahesh Kumar SETH  
Pulkit SETH  
Abhishek GOYAL  
Gurusankar GURUMOORTHY  
Lalit Pandit JADE

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

Deepak Kumar SETH  
Pulkit SETH  
Shifalli SETH  
Gurusankar GURUMOORTHY  
Lalit Pandit JADE

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

PEARL GLOBAL (HK) LIMITED

DIRECTORS' INTERESTS

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

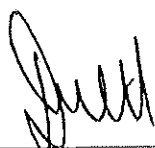
PERMITTED INDEMNITY PROVISIONS

During the year ended 31 March 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 consolidated 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 (HK) LIMITED

(incorporated in Hong Kong with limited liability)

#### **Opinion**

We have audited the consolidated financial statements of Pearl Global (HK) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 6 to 52, which comprise the consolidated statement of financial position as at 31 March 2026, and the consolidated statement of profit or loss, 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 2026, 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 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.

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

## INDEPENDENT AUDITOR'S REPORT

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

### **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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## INDEPENDENT AUDITOR'S REPORT

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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  
4 May 2026

PEARL GLOBAL (HK) LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31 MARCH 2026

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	<u>NOTES</u>	<u>2026</u> US\$	<u>2025</u> US\$
Revenue	4	419,839,764	406,211,898
Cost of sales		<u>(338,174,184)</u>	<u>(336,037,780)</u>
Gross profit		81,665,580	70,174,118
Other income and gains	5	1,116,865	984,542
Administrative expenses		(44,316,001)	(38,063,010)
Other operating expenses		(2,168,065)	(2,254,033)
Finance costs	6	<u>(5,621,683)</u>	<u>(6,131,384)</u>
Profit before tax	7	30,676,696	24,710,233
Income tax expense	9	<u>(2,919,678)</u>	<u>(2,384,342)</u>
Profit for the year		<u>27,757,018</u>	<u>22,325,891</u>
Attributable to:			
Owners of the Company		27,748,532	22,320,104
Non-controlling interests		<u>8,486</u>	<u>5,787</u>
		<u>27,757,018</u>	<u>22,325,891</u>

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PEARL GLOBAL (HK) LIMITED

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

	<u>2026</u> US\$	<u>2025</u> US\$
Profit for the year	<u>27,757,018</u>	<u>22,325,891</u>
Other comprehensive expense:		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(406,436)	(950,321)
Item that will not be reclassified to profit or loss:		
Remeasurement gain on defined benefit obligations, net of tax	<u>(253,921)</u>	<u>(223,433)</u>
Other comprehensive expense for the year	<u>(660,357)</u>	<u>(1,173,754)</u>
Total comprehensive income for the year	<u>27,096,661</u>	<u>21,152,137</u>
Attributable to:		
Owners of the Company	27,092,956	21,149,460
Non-controlling interests	<u>3,705</u>	<u>2,677</u>
	<u>27,096,661</u>	<u>21,152,137</u>

PEARL GLOBAL (HK) LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2026

	<u>NOTES</u>	<u>2026</u> US\$	<u>2025</u> US\$
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	21,720,612	18,117,644
Right-of-use assets	11(a)	5,950,870	6,109,648
Goodwill	12	1,932,750	1,932,750
Financial assets at fair value	13	3,741,499	2,811,228
Loan receivables	14	-	296,819
Deposits and prepayments		95,621	80,630
Deferred tax assets	15	112,357	5,693
		<u>33,553,709</u>	<u>29,354,412</u>
<b>CURRENT ASSETS</b>			
Inventories	16	51,063,183	43,982,084
Trade receivables	17	26,004,066	16,903,619
Other receivables	17	48,254	72,076
Deposits and prepayments		6,098,397	2,944,743
Amounts due from fellow subsidiaries	25(c)	2,417,970	5,568,539
Loan receivables	14	9,439,883	5,045,942
Tax recoverable		4,103	60,398
Short-term time deposits	18	507,235	1,093,857
Cash and cash equivalents	18	38,646,153	25,798,529
		<u>134,229,244</u>	<u>101,469,787</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables and accruals	19	36,683,565	30,601,083
Amount due to ultimate holding company	25(c)	3,190,173	2,816,875
Amounts due to fellow subsidiaries	25(c)	6,408,435	6,240,568
Interest-bearing bank borrowings	20	33,599,566	28,268,157
Lease liabilities	11(b)	413,896	471,372
Tax payable		1,864,131	1,531,893
		<u>82,159,766</u>	<u>69,929,948</u>
<b>NET CURRENT ASSETS</b>		<u>52,069,478</u>	<u>31,539,839</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>85,623,187</u>	<u>60,894,251</u>

PEARL GLOBAL (HK) LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued  
AT 31 MARCH 2026

	<u>NOTES</u>	<u>2026</u> US\$	<u>2025</u> US\$
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	15	-	52,881
Interest-bearing bank borrowings	20	1,154,856	1,598,308
Defined benefit obligations	21	1,983,723	1,228,199
Lease liabilities	11(b)	2,491,608	2,269,974
		<u>5,630,187</u>	<u>5,149,362</u>
<b>NET ASSETS</b>		<u>79,993,000</u>	<u>55,744,889</u>
<b>EQUITY</b>			
Share capital	22	12,010,000	12,010,000
Reserves		65,745,315	41,040,741
		<u>77,755,315</u>	<u>53,050,741</u>
Non-controlling interests		2,237,685	2,694,148
<b>TOTAL EQUITY</b>		<u>79,993,000</u>	<u>55,744,889</u>



Deepak Kumar SETH  
DIRECTOR



Lalit Pandit JADE  
DIRECTOR

**PEARL GLOBAL (HK) LIMITED**

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

	Attributable to owners of the Company							Non-controlling interests US\$	Total US\$	
	Share capital US\$	Capital reserve US\$	Revaluation surplus US\$	Exchange fluctuation reserve US\$	Other reserve US\$	Share option reserve US\$	Retained profits US\$			
At 1 April 2024	9,060,000	(6,466,904)	389,071	(889,032)	(248,397)	205,962	27,336,103	29,386,803	3,849,547	33,236,350
Profit for the year	-	-	-	-	-	-	22,320,104	22,320,104	5,787	22,325,891
Other comprehensive expense for the year:										
Exchange differences on translation of foreign operations	-	-	-	(950,122)	-	-	-	(950,122)	(199)	(950,321)
Remeasurement loss on defined benefit obligations, net of tax	-	-	-	-	(220,522)	-	-	(220,522)	(2,911)	(223,433)
Total comprehensive (expense) income for the year	-	-	-	(950,122)	(220,522)	-	22,320,104	21,149,460	2,677	21,152,137
Released upon disposal of financial assets	-	-	(89,582)	-	-	-	89,582	-	-	-
Issue of shares of a subsidiary by capitalisation of loans	-	-	-	-	-	-	-	-	225,000	225,000
Issue of shares by allotment of shares	2,950,000	-	-	-	-	-	-	2,950,000	-	2,950,000
Equity settled share option arrangements	-	-	-	-	-	56,402	-	56,402	-	56,402
Acquisition of additional interest in a subsidiary	-	(491,924)	-	-	-	-	-	(491,924)	(1,383,076)	(1,875,000)
At 31 March 2025	12,010,000	(6,958,828)	299,489	(1,839,154)	(468,919)	262,364	49,745,789	53,050,741	2,694,148	55,744,889
Profit for the year	-	-	-	-	-	-	27,748,532	27,748,532	8,486	27,757,018
Other comprehensive expense for the year:										
Exchange differences on translation of foreign operations	-	-	-	(406,392)	-	-	-	(406,392)	(44)	(406,436)
Remeasurement loss on defined benefit obligations, net of tax	-	-	-	-	(249,184)	-	-	(249,184)	(4,737)	(253,921)
Total comprehensive (expense) income for the year	-	-	-	(406,392)	(249,184)	-	27,748,532	27,092,956	3,705	27,096,661
Equity settled share option arrangements	-	-	-	-	-	26,450	-	26,450	-	26,450
Final dividend for 2025	-	-	-	-	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)
Interim dividend for 2026	-	-	-	-	-	-	(1,250,000)	(1,250,000)	-	(1,250,000)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	(164,832)	(164,832)	(460,168)	(625,000)
At 31 March 2026	12,010,000	(6,958,828)	299,489	(2,245,546)	(718,103)	288,814	75,079,489	77,755,315	2,237,685	79,993,000

PEARL GLOBAL (HK) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2026

	<u>2026</u> US\$	<u>2025</u> US\$
<b>OPERATING ACTIVITIES</b>		
Profit before tax	30,676,696	24,710,233
Adjustments for:		
Interest income	(805,904)	(311,663)
Gain on disposal of property, plant and equipment	(1,602)	(12,926)
Finance costs	5,621,683	6,131,384
(Reversal of write-down) write-down of inventories	(196,202)	152,333
Depreciation of property, plant and equipment	2,179,727	1,888,599
Depreciation of right-of-use assets	888,715	979,505
Pension scheme costs, net	573,783	208,185
Equity-settled share option expense	26,450	56,402
Fair value gain of financial assets	(60,401)	(78,372)
Surrender charge for financial assets	180,014	-
(Gain) loss on lease modification	(196,614)	3,445
Operating cash flows before movements in working capital	38,886,345	33,727,125
Increase in inventories	(6,884,897)	(17,027,991)
Increase in trade receivables	(9,100,447)	(1,372,062)
Decrease in other receivables	23,822	190,781
(Increase) decrease in deposits and prepayments	(3,168,645)	410,212
Decrease (increase) in amounts due from fellow subsidiaries	3,150,569	(2,786,315)
Increase in trade and other payables and accruals	7,919,954	6,721,364
Increase (decrease) in amount due to ultimate holding company	373,298	(760,668)
Increase (decrease) in amounts due to fellow subsidiaries	167,867	(1,841,591)
Cash generated from operations	31,367,866	17,260,855
Interest received	805,904	311,663
Employee benefits paid	(57,405)	(49,047)
Interest paid for interest-bearing bank borrowings	(5,268,871)	(5,840,726)
Hong Kong Profits Tax paid	(1,378,461)	(634,756)
Overseas profits tax paid	(1,256,998)	(964,008)
Net cash from operating activities	<u>24,212,035</u>	<u>10,083,981</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(5,909,921)	(3,392,557)
Advances of loan	(4,954,888)	(3,929,911)
Acquisition of financial assets at fair value	(1,049,884)	-
Repayments from loan receivables	857,766	65,285
Withdrawal (placement) of short-term time deposits with original maturity of more than three months when acquired	586,622	(644,502)
Proceeds from disposal of property, plant and equipment	57,232	633,320
Net cash used in investing activities	<u>(10,413,073)</u>	<u>(7,268,365)</u>

PEARL GLOBAL (HK) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS - continued  
FOR THE YEAR ENDED 31 MARCH 2026

	<u>2026</u> US\$	<u>2025</u> US\$
<b>FINANCING ACTIVITIES</b>		
New bank borrowings raised	127,999,809	88,391,701
Repayment of bank borrowings	(122,074,019)	(79,685,589)
Dividends paid	(2,250,000)	-
Settlement of consideration payable for acquisition	(2,000,000)	-
Acquisition of additional interest in a subsidiary	(625,000)	(4,239,274)
Repayment of principal portion of lease payments	(525,398)	(615,219)
Repayment of interest portion of lease payments	(245,515)	(254,503)
Issue of share capital by allotment of shares	-	2,950,000
	<u>279,877</u>	<u>6,547,116</u>
Net cash from financing activities	14,078,839	9,362,732
Net increase in cash and cash equivalents	24,858,840	15,930,355
Cash and cash equivalents at beginning of the year	(291,526)	(434,247)
Effect of foreign exchange rate changes	<u>38,646,153</u>	<u>24,858,840</u>
Cash and cash equivalents at end of the year	<u>38,646,153</u>	<u>24,858,840</u>
Analysis of balance of cash and cash		
Cash and bank balances	32,239,450	18,422,959
Short-term time deposits with original maturities of less than three months when acquired	<u>6,406,703</u>	<u>7,375,570</u>
Cash and cash equivalents as stated in the consolidated statement of financial position	38,646,153	25,798,529
Bank overdrafts	-	(939,689)
Cash and cash equivalents as stated in the consolidated statement cash flows	<u>38,646,153</u>	<u>24,858,840</u>

## PEARL GLOBAL (HK) LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

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#### 1. CORPORATE INFORMATION

Pearl Global (HK) 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 Company is a wholly-owned subsidiary of Pearl Global Industries Limited, a company incorporated in India, whose shares are listed on the Bombay Stock Exchange and National Stock Exchange in India.

The Company and its subsidiaries (collectively referred to as the "Group") are engaged in investment holding, garment and textile trading and manufacturing.

#### Information about subsidiaries

Particulars of the Company's subsidiaries as at 31 March 2026 and 2025 are as follows:

<u>Name</u>	Place of incorporation/ registration and <u>business</u>	Percentage of equity holding attributable to the Company		<u>Principal activities</u>
		Direct	Indirect	
DSSP Global Limited	Hong Kong	100	-	Garment trading & investment holding
Pearl Grass Creations Limited	Hong Kong	100	-	Garment trading
PGIC Investment Limited	Hong Kong	100	-	Investment holding
Prudent Fashions Limited	Bangladesh	99.95	-	Garment & textile manufacturing
Vin Pearl Global Vietnam Limited	Hong Kong	100	-	Investment holding
Pearl Global Vietnam Company Limited	Vietnam	-	100	Garment manufacturing
PT Pinnacle Apparels	Indonesia	-	89.93 (2025: 84.93)	Garment & textile manufacturing
Alpha Clothing Limited	Bangladesh	100	-	Garment manufacturing
Pearl Global Industries FZCO	Dubai	100	-	Garment trading
Pearl Unlimited, Inc.	United States	100	-	Garment trading
Trinity Clothing Limited	Hong Kong	100	-	Trading of fabrics and Interlining
Pearl Global Fashion Singapore Pte. Ltd.	Singapore	100 (2025: N/A)	-	Inactive

## 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 ("HKICPA") 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 and defined benefit obligation, which have been measured at fair value. These consolidated financial statements are presented in United States dollars ("US\$"), which is the functional currency of the Company.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current year, the Group 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 Group's annual period beginning on 1 April 2025 for the preparation of the consolidated 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 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 <sup>4</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards - Volume 11 <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027.

2. ACCOUNTING POLICIES - continued

2.3 HKFRS ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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.

**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 consolidated statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the consolidated financial statements and improve aggregation and disaggregation of information to be disclosed in the consolidated 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 consolidated statement of profit or loss and disclosures in the future consolidated financial statements.

The Group is still in the process to assess whether to elect to apply the reduced disclosures requirements in the future consolidated 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 subsidiaries. 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).

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

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

2. ACCOUNTING POLICIES - continued

2.4 MATERIAL ACCOUNTING POLICY INFORMATION - continued

Basis of consolidation - continued

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

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

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

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

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

2. ACCOUNTING POLICIES - continued

2.4 MATERIAL ACCOUNTING POLICY INFORMATION - continued

Business combinations and goodwill

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2. ACCOUNTING POLICIES - continued

2.4 MATERIAL ACCOUNTING POLICY INFORMATION - continued

Fair value measurement

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

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

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

Property, plant and equipment and depreciation

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

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

Freehold land	Not depreciated
Building in Hong Kong	Over the lease term or 30 June 2047, whichever is earlier
Buildings outside Hong Kong	Over the lease term
Leasehold improvements	33 <sup>1</sup> / <sub>3</sub> %
Machineries	10% to 20%
Furniture and fixtures	10% to 33 <sup>1</sup> / <sub>3</sub> %
Motor vehicles	12.5% to 20%
Tools and equipment	10% to 33 <sup>1</sup> / <sub>3</sub> %
Office equipment	20% to 33 <sup>1</sup> / <sub>3</sub> %
Computer equipment	33 <sup>1</sup> / <sub>3</sub> %
Computer software	20%

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

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

Construction in progress represents building and asset under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. ACCOUNTING POLICIES - continued

2.4 MATERIAL ACCOUNTING POLICY INFORMATION - continued

Impairment of non-financial assets

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

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

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

Leases

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

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.

Other financial assets are subsequently measured at fair value through profit or loss.

(b) Impairment

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

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

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

2. ACCOUNTING POLICIES - continued

2.4 MATERIAL ACCOUNTING POLICY INFORMATION - continued

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Provisions

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

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

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.

2. ACCOUNTING POLICIES - continued

2.4 MATERIAL ACCOUNTING POLICY INFORMATION - continued

Cash and cash equivalents

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

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

Borrowing costs

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

Foreign currencies

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

The functional currency of the certain overseas subsidiaries are currencies other than United States dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into United States dollar at the exchange rates prevailing at the end of the reporting period and their statement of profit or loss are translated into United States dollar at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2. ACCOUNTING POLICIES - continued

2.4 MATERIAL ACCOUNTING POLICY INFORMATION - continued

Foreign currencies - continued

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into United States dollar at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into United States dollar at the weighted average exchange rates for the year.

Employee benefits

*Retirement benefit costs*

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

The Group has made provisions for estimated liabilities for employee benefits paid to the employees of the Group's Indonesian subsidiary as required under the Indonesian Labor Law. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from defined benefit pension plans, comprising actuarial gains and losses are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

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

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

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

2. ACCOUNTING POLICIES - continued

2.4 MATERIAL ACCOUNTING POLICY INFORMATION - continued

Employee benefits - continued

*Short-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees after deducting any amount already paid.

Income tax

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

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

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

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

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.

2. ACCOUNTING POLICIES - continued

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

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make 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.

*Impairment of trade receivables*

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

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4. 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>419,839,764</u>	<u>406,211,898</u>

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

5. OTHER INCOME AND GAINS

	<u>2026</u> US\$	<u>2025</u> US\$
Bank interest income	31,491	32,685
Other interest income	774,413	278,978
Management fee income from a fellow subsidiary (note 25(a))	60,000	60,000
Fair value gain of financial assets	60,401	78,372
Sundry income	<u>250,560</u>	<u>534,507</u>
	<u>1,116,865</u>	<u>984,542</u>

6. FINANCE COSTS

	<u>2026</u> US\$	<u>2025</u> US\$
Interest on term loans	206,466	178,511
Interest on bank overdrafts	75,374	66,471
Interest on trade financing	4,924,097	5,505,782
Interest on lease liabilities	245,515	254,503
Interest on consideration payable for acquisition	107,297	36,155
Others	<u>62,934</u>	<u>89,962</u>
	<u>5,621,683</u>	<u>6,131,384</u>

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7. PROFIT BEFORE TAX

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

	<u>2026</u> US\$	<u>2025</u> US\$
Auditor's remuneration	189,385	147,970
Cost of inventories sold	338,174,184	336,037,780
Depreciation of property, plant and equipment	2,179,727	1,888,599
Depreciation of right-of-use assets	888,715	979,505
Lease payments not included in the measurement of lease liabilities (note 11(c))	309,086	371,669
Employee benefit expense (including directors' remuneration (note 8):		
Salaries and allowances <sup>^</sup>	37,458,969	31,804,339
Pension scheme contribution (defined contribution scheme) <sup>#</sup>	22,114	28,567
Pension scheme costs (defined benefit obligations) (note 21)	573,783	208,185
Staff welfare	490,803	425,324
Total staff costs	<u>38,545,669</u>	<u>32,466,415</u>
(Reversal of write-down) write-down of inventories to net realisable value <sup>^^</sup>	(196,202)	152,333
Gain on disposal of property, plant and equipment	(1,602)	(12,926)
Foreign exchange differences, net	<u>829,896</u>	<u>1,179,214</u>

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

<sup>^</sup> Salaries and allowances of US\$25,966,207 (2025: US\$21,661,266) has been charged to cost of sales and US\$11,492,762 (2025: US\$10,143,073) has been charged to administrative expenses in the consolidated statement of profit or loss, respectively.

<sup>^^</sup> The write-down and reversal of write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss.

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### 8. DIRECTORS' REMUNERATION

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

	<u>2026</u> US\$	<u>2025</u> US\$
Fees	-	-
Other emoluments:		
Salaries and allowances	175,985	208,958
Leave pay	-	9,096
Pension scheme contribution (defined contribution scheme)	<u>2,314</u>	<u>1,928</u>
	<u>178,299</u>	<u>219,982</u>

### 9. INCOME TAX

Hong Kong Profits Tax has been provided at the rate of 8.25% (2025: 8.25%) on the estimated assessable profits below HK\$2,000,000, and thereafter at the rate of 16.5% (2025: 16.5%) during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	<u>2026</u> US\$	<u>2025</u> US\$
Current - Hong Kong		
Charge for the year	1,103,957	1,140,440
Current - Elsewhere		
Charge for the year	1,914,342	1,192,692
Underprovision in prior years	<u>5,693</u>	<u>-</u>
	3,023,992	2,333,132
Deferred tax (note 15)	<u>(104,314)</u>	<u>51,210</u>
	<u>2,919,678</u>	<u>2,384,342</u>

PEARL GLOBAL (HK) LIMITED

9. INCOME TAX - continued

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

	<u>2026</u> US\$	<u>2025</u> US\$
Profit before tax	<u>30,676,696</u>	<u>24,710,233</u>
Tax at the applicable statutory tax rate of 16.5% (2025: 16.5%)	5,061,655	4,077,188
Lower tax rate enacted by local authority	(21,208)	(21,208)
Expenses not deductible for tax	40,021,245	44,743,289
Income not subject to tax	(41,641,080)	(46,438,136)
Temporary differences not recognised	345,028	111,127
Utilisation of tax losses not recognised in prior years	-	(5,105)
Tax concession	(881)	(193)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(852,538)	(116,471)
Underprovision in prior years	5,693	-
Others	<u>1,764</u>	<u>33,851</u>
Tax expense	<u>2,919,678</u>	<u>2,384,342</u>

**PEARL GLOBAL (HK) LIMITED**

**10. PROPERTY, PLANT AND EQUIPMENT**

**31 March 2026**

	Freehold <u>land</u> US\$	<u>Buildings</u> US\$	Leasehold <u>improvements</u> US\$	<u>Machineries</u> US\$	Furniture <u>and fixtures</u> US\$	Tools and <u>equipment</u> US\$	Office <u>equipment</u> US\$	Motor <u>vehicles</u> US\$	Computer <u>equipment</u> US\$	Computer <u>software</u> US\$	Construction <u>in progress</u> US\$	<u>Total</u> US\$
At 1 April 2025:												
Cost	2,731,249	6,435,635	4,522,115	10,311,556	1,154,824	1,177,051	739,973	782,775	253,567	62,342	1,776,775	29,947,862
Accumulated depreciation	-	(1,498,783)	(2,275,701)	(5,767,734)	(639,174)	(828,042)	(366,066)	(255,386)	(159,996)	(39,336)	-	(11,830,218)
Net carrying amount	<u>2,731,249</u>	<u>4,936,852</u>	<u>2,246,414</u>	<u>4,543,822</u>	<u>515,650</u>	<u>349,009</u>	<u>373,907</u>	<u>527,389</u>	<u>93,571</u>	<u>23,006</u>	<u>1,776,775</u>	<u>18,117,644</u>
At 1 April 2025, net of accumulated depreciation	2,731,249	4,936,852	2,246,414	4,543,822	515,650	349,009	373,907	527,389	93,571	23,006	1,776,775	18,117,644
Additions	-	20,971	117,386	1,532,930	171,644	123,049	33,654	168,678	56,790	3,735	3,681,084	5,909,921
Disposals	-	-	-	(15,005)	-	(2,643)	(37,548)	-	-	(434)	-	(55,630)
Transfer	-	1,524,676	(2,551)	280,119	11,605	2,633	5,785	61,680	3,507	-	(1,887,454)	-
Transfer from right-of-use assets	-	-	-	152,465	-	-	-	-	-	-	-	152,465
Depreciation provided during the year	-	(415,294)	(394,926)	(929,672)	(111,262)	(93,004)	(87,357)	(115,232)	(28,747)	(4,233)	-	(2,179,727)
Exchange realignment	(10,466)	(19,383)	(38,675)	(104,842)	(4,498)	(1,337)	(9,663)	(5,925)	(1,178)	(483)	(27,611)	(224,061)
At 31 March 2026	<u>2,720,783</u>	<u>6,047,822</u>	<u>1,927,648</u>	<u>5,459,817</u>	<u>583,139</u>	<u>377,707</u>	<u>278,778</u>	<u>636,590</u>	<u>123,943</u>	<u>21,591</u>	<u>3,542,794</u>	<u>21,720,612</u>
At 31 March 2026:												
Cost	2,720,783	7,954,021	4,569,533	12,377,809	1,331,179	1,289,662	727,725	1,003,254	310,697	64,416	3,542,794	35,891,873
Accumulated depreciation	-	(1,906,199)	(2,641,885)	(6,917,992)	(748,040)	(911,955)	(448,947)	(366,664)	(186,754)	(42,825)	-	(14,171,261)
Net carrying amount	<u>2,720,783</u>	<u>6,047,822</u>	<u>1,927,648</u>	<u>5,459,817</u>	<u>583,139</u>	<u>377,707</u>	<u>278,778</u>	<u>636,590</u>	<u>123,943</u>	<u>21,591</u>	<u>3,542,794</u>	<u>21,720,612</u>

**PEARL GLOBAL (HK) LIMITED**

10. PROPERTY, PLANT AND EQUIPMENT - continued

**31 March 2025**

	Freehold land US\$	Buildings US\$	Leasehold improvements US\$	Machineries US\$	Furniture and fixtures US\$	Tools and equipment US\$	Office equipment US\$	Motor vehicles US\$	Computer equipment US\$	Computer software US\$	Construction in progress US\$	Total US\$
At 1 April 2024:												
Cost	2,858,936	6,615,726	4,606,967	10,307,188	1,137,811	1,136,851	659,189	639,362	249,418	58,644	703,225	28,973,317
Accumulated depreciation	-	(1,247,403)	(1,973,384)	(5,399,825)	(556,127)	(753,392)	(302,892)	(217,608)	(134,070)	(36,969)	-	(10,621,670)
Net carrying amount	<u>2,858,936</u>	<u>5,368,323</u>	<u>2,633,583</u>	<u>4,907,363</u>	<u>581,684</u>	<u>383,459</u>	<u>356,297</u>	<u>421,754</u>	<u>115,348</u>	<u>21,675</u>	<u>703,225</u>	<u>18,351,647</u>
At 1 April 2024, net of accumulated depreciation	2,858,936	5,368,323	2,633,583	4,907,363	581,684	383,459	356,297	421,754	115,348	21,675	703,225	18,351,647
Additions	-	-	446,337	891,719	76,786	58,210	20,764	151,321	15,423	2,335	1,729,662	3,392,557
Disposals	-	-	(232,365)	(35,903)	(521)	(726)	-	(25,146)	-	-	(325,733)	(620,394)
Transfer	-	-	2,685	-	4,769	5,514	108,369	87,192	5,069	5,577	(219,175)	-
Depreciation provided during the year	-	(318,580)	(382,149)	(786,917)	(102,956)	(81,808)	(87,736)	(90,933)	(32,974)	(4,546)	-	(1,888,599)
Exchange realignment	(127,687)	(112,891)	(221,677)	(432,440)	(44,112)	(15,640)	(23,787)	(16,799)	(9,295)	(2,035)	(111,204)	(1,117,567)
At 31 March 2025	<u>2,731,249</u>	<u>4,936,852</u>	<u>2,246,414</u>	<u>4,543,822</u>	<u>515,650</u>	<u>349,009</u>	<u>373,907</u>	<u>527,389</u>	<u>93,571</u>	<u>23,006</u>	<u>1,776,775</u>	<u>18,117,644</u>
At 31 March 2025:												
Cost	2,731,249	6,435,635	4,522,115	10,311,556	1,154,824	1,177,051	739,973	782,775	253,567	62,342	1,776,775	29,947,862
Accumulated depreciation	-	(1,498,783)	(2,275,701)	(5,767,734)	(639,174)	(828,042)	(366,066)	(255,386)	(159,996)	(39,336)	-	(11,830,218)
Net carrying amount	<u>2,731,249</u>	<u>4,936,852</u>	<u>2,246,414</u>	<u>4,543,822</u>	<u>515,650</u>	<u>349,009</u>	<u>373,907</u>	<u>527,389</u>	<u>93,571</u>	<u>23,006</u>	<u>1,776,775</u>	<u>18,117,644</u>

At 31 March 2026, certain of the Group's property, plant and equipment with a net carrying amount of approximately US\$6,544,054 (2025: US\$6,702,239) were pledged to secure banking facilities granted to the Group.

11. LEASES

The Group has lease contracts for various items of office premises and factories and machineries used in its operations. Lump sum payments were made upfront to acquire the leasehold land with lease periods of 30 years, and no ongoing payments will be made under the terms of these land leases. Lease of office premises and factories generally have lease terms between 1 and 15 years. Machineries has lease terms of 4 years.

At 31 March 2026, certain of the Group's leasehold land with a net carrying amount of approximately US\$2,849,128 (2025: US\$2,999,394) were pledged to secure banking facilities granted to the Group.

(a) Right-of-use assets

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

	Leasehold <u>land</u> US\$	Office <u>premises</u> US\$	<u>Factories</u> US\$	<u>Machineries</u> US\$	<u>Total</u> US\$
As at 1 April 2024	3,137,260	391,429	3,047,180	512,980	7,088,849
Additions	-	4,970	-	264,171	269,141
Depreciation charge	(137,385)	(219,710)	(388,612)	(233,798)	(979,505)
Lease modification	-	(24,352)	-	(6,816)	(31,168)
Exchange realignment	(481)	(2,842)	(218,337)	(16,009)	(237,669)
	<u>2,999,394</u>	<u>149,495</u>	<u>2,440,231</u>	<u>520,528</u>	<u>6,109,648</u>
As at 31 March 2025	2,999,394	149,495	2,440,231	520,528	6,109,648
Additions	-	225,672	677,571	-	903,243
Depreciation charge	(137,330)	(142,695)	(388,804)	(219,886)	(888,715)
Transfer to property, plant and equipment	-	-	-	(152,465)	(152,465)
Lease modification	-	(3,665)	(51)	22,996	19,280
Exchange realignment	(359)	(1,367)	(26,925)	(11,470)	(40,121)
	<u>(359)</u>	<u>(1,367)</u>	<u>(26,925)</u>	<u>(11,470)</u>	<u>(40,121)</u>
As at 31 March 2026	<u>2,861,705</u>	<u>227,440</u>	<u>2,702,022</u>	<u>159,703</u>	<u>5,950,870</u>

(b) Lease liabilities

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

	<u>2026</u> US\$	<u>2025</u> US\$
As at 1 April	2,741,346	3,319,238
Additions	903,243	269,141
Accretion of interests	245,515	254,503
Payments	(770,913)	(869,722)
Lease modification	(177,334)	(27,723)
Exchange realignment	(36,353)	(204,091)
	<u>2,905,504</u>	<u>2,741,346</u>
As at 31 March	<u>2,905,504</u>	<u>2,741,346</u>
Analysed into:		
Non-current portion	2,491,608	2,269,974
Current portion	413,896	471,372
	<u>2,905,504</u>	<u>2,741,346</u>

PEARL GLOBAL (HK) LIMITED

11. LEASES - continued

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

	<u>2026</u> US\$	<u>2025</u> US\$
Interest on lease liabilities	245,515	254,503
Depreciation of right-of-use assets	888,715	979,505
Lease payments not included in the measurement of lease liabilities	309,086	371,669
(Gain) loss on lease modification	<u>(196,614)</u>	<u>3,445</u>
	<u>1,246,702</u>	<u>1,609,122</u>

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

	<u>2026</u> US\$	<u>2025</u> US\$
Within operating activities	309,086	371,669
Within financing activities	<u>770,913</u>	<u>869,722</u>
	<u>1,079,999</u>	<u>1,241,391</u>

12. GOODWILL

US\$

At 1 April 2024, 31 March 2025  
and 31 March 2026

1,932,750

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the garment trading and manufacturing operation cash-generating units for impairment testing.

The recoverable amount of the cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to cash flow projections was 10% (2025: 10%), and the cash flows beyond the five-year period are extrapolated using an average growth rate of 3% (2025: 3%). No impairment is considered necessary.

## PEARL GLOBAL (HK) LIMITED

### 12. GOODWILL - continued

#### Impairment testing of goodwill - continued

Assumptions were used in the value in use calculation. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

**Budgeted gross margins** - The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year immediately before the budget year, adjusted for expected efficiency improvements and expected market development.

**Discount rates** - The discount rates used are before tax and reflect specific risks relating to the relevant units.

**Growth rates** - The growth rates used are with reference to the long term average growth rates for the relevant markets.

### 13. FINANCIAL ASSETS AT FAIR VALUE

	<u>2026</u> US\$	<u>2025</u> US\$
As at 1 April	2,811,228	2,732,856
Remeasurement gain	60,401	78,372
Addition	1,049,884	-
Surrender charge	<u>(180,014)</u>	<u>-</u>
As at 31 March	<u>3,741,499</u>	<u>2,811,228</u>

The financial assets at fair value representing insurance policies were pledged to secure banking facilities granted to the Group at 31 March 2026 and 2025.

### 14. LOAN RECEIVABLES

	<u>2026</u> US\$	<u>2025</u> US\$
Loan receivables	9,439,883	5,342,761
Portion classified as current assets	<u>(9,439,883)</u>	<u>(5,045,942)</u>
Non-current portion	<u>-</u>	<u>296,819</u>

An impairment analysis was performed on 31 March 2026 by considering the probability of default of the loan receivables. Their recoverability was assessed with reference to the credit status of the debtors, and the expected credit losses as at 31 March 2026 were considered to be minimal.

PEARL GLOBAL (HK) LIMITED

15. DEFERRED TAX

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	<u>2026</u> US\$	<u>2025</u> US\$
Deferred tax assets	112,357	5,693
Deferred tax liabilities	-	(52,881)
	<u>112,357</u>	<u>(47,188)</u>

The movements in deferred tax liabilities and assets during the year were as follows:

Deferred tax assets

	<u>Depreciation allowance in excess of related depreciation</u> US\$	<u>Lease liabilities</u> US\$	<u>Defined benefit obligations</u> US\$	<u>Total</u> US\$
At 1 April 2024	(62,675)	395,150	100,028	432,503
(Charged) credited to profit or loss during the year (note 9)	(9,150)	(380,523)	3,011	(386,662)
Credited to other comprehensive income during the year	-	-	5,378	5,378
At 31 March 2025	(71,825)	14,627	108,417	51,219
Credited to profit or loss during the year (note 9)	63,167	25,924	18,898	107,989
Credited to other comprehensive income during the year	-	-	13,236	13,236
At 31 March 2026	<u>(8,658)</u>	<u>40,551</u>	<u>140,551</u>	<u>172,444</u>

PEARL GLOBAL (HK) LIMITED

15. DEFERRED TAX - continued

Deferred tax liabilities

	Depreciation in excess of related depreciation <u>allowance</u> US\$	Right-of -use assets US\$	Defined benefit obligations US\$	<u>Total</u> US\$
At 1 April 2024	80,726	394,693	(22,671)	452,748
Charged (credited) to profit or loss during the year (note 9)	63,045	(380,979)	(17,518)	(335,452)
Exchange realignment	(18,889)	-	-	(18,889)
	<u>124,882</u>	<u>13,714</u>	<u>(40,189)</u>	<u>98,407</u>
At 31 March 2025	124,882	13,714	(40,189)	98,407
Charged (credited) to profit or loss during the year (note 9)	4,043	26,937	(27,305)	3,675
Exchange realignment	(41,995)	-	-	(41,995)
	<u>86,930</u>	<u>40,651</u>	<u>(67,494)</u>	<u>60,087</u>

16. INVENTORIES

	<u>2026</u> US\$	<u>2025</u> US\$
Raw materials	28,923,120	27,639,819
Work in progress	7,629,056	6,280,762
Finished goods	8,726,300	9,111,213
Good in transit	5,812,903	1,174,688
	<u>51,091,379</u>	<u>44,206,482</u>
Provision for inventories	(28,196)	(224,398)
	<u>51,063,183</u>	<u>43,982,084</u>

PEARL GLOBAL (HK) LIMITED

17. TRADE AND OTHER RECEIVABLES

	<u>Notes</u>	<u>2026</u> US\$	<u>2025</u> US\$
Trade receivables	(a)	26,004,066	16,903,619
Less: impairment	(a)	-	-
		<u>26,004,066</u>	<u>16,903,619</u>
Other receivables	(b)	48,254	72,076
		<u>26,052,320</u>	<u>16,975,695</u>

- (a) The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 days to 90 days. The Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing. The Group does not hold any collateral or other credit enhancements over these balances.

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 grouped based on shared credit risk characteristics and the days past due. The expected credit losses have also incorporated forward-looking information.

Set out below is the information about the credit risk exposure on the Group's trade receivables:

**As at 31 March 2026**

	<u>Current</u> US\$	<u>Past due</u>				<u>Total</u> US\$
		<u>Less than</u> <u>1 month</u> US\$	<u>1 to 6</u> <u>months</u> US\$	<u>6 to 12</u> <u>months</u> US\$	<u>Over 12</u> <u>months</u> US\$	

**As at 31 March 2026**

Gross carrying amount	25,347,770	458,242	82,548	26,307	89,199	26,004,066
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	<u>Current</u> US\$	<u>Past due</u>				<u>Total</u> US\$
		<u>Less than</u> <u>1 month</u> US\$	<u>1 to 6</u> <u>months</u> US\$	<u>6 to 12</u> <u>months</u> US\$	<u>Over 12</u> <u>months</u> US\$	

**As at 31 March 2025**

Gross carrying amount	16,245,147	410,144	213,605	34,723	-	16,903,619
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At 31 March 2026, certain of the Group's trade receivables were pledged to secure banking facilities granted to the Group.

The carrying amount of other receivables approximated to their fair value as at 31 March 2026 and 2025. Their recoverability was assessed with reference to the credit status of the debtors, and the expected credit losses as at 31 March 2026 and 2025 were considered to be minimal.

PEARL GLOBAL (HK) LIMITED

18. CASH AND CASH EQUIVALENTS AND SHORT-TERM TIME DEPOSITS

	<u>Notes</u>	<u>2026</u> US\$	<u>2025</u> US\$
Cash at banks	(a)	38,625,372	25,775,004
Cash on hands		20,781	23,525
Cash and cash equivalents		<u>38,646,153</u>	<u>25,798,529</u>
Short-term time deposits	(b)	<u>507,235</u>	<u>1,093,857</u>
		<u>39,153,388</u>	<u>26,892,386</u>

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

(b) Short-term time deposits are made for period more than three months but less than twelve months, and earn interest at the respective time deposit rates. The time deposits are deposited with creditworthy banks with no recent history of default.

19. TRADE AND OTHER PAYABLES AND ACCRUALS

	<u>2026</u> US\$	<u>2025</u> US\$
Trade payables	27,886,182	24,979,057
Other payables	6,330,400	2,224,869
Accruals	2,466,983	1,504,454
Consideration payable for acquisition	-	1,892,703
	<u>36,683,565</u>	<u>30,601,083</u>

Trade payables are non-interest-bearing and are normally settled within one year.

## 20. INTEREST-BEARING BANK BORROWINGS

	<u>2026</u> US\$	<u>2025</u> US\$
<b>Current</b>		
<i>Bank borrowings</i>		
Secured:		
Term loans	1,834,554	2,390,612
Discounted bills	16,848	39,415
Trust receipt loans	26,584,631	22,063,083
Bank overdrafts	-	939,689
Import loans	3,431,819	1,508,431
Export loans	1,731,714	1,326,927
	<u>33,599,566</u>	<u>28,268,157</u>
<b>Non-current</b>		
<i>Bank borrowings</i>		
Secured:		
Term loans	1,148,084	642,028
Import loans	6,772	956,280
	<u>1,154,856</u>	<u>1,598,308</u>
	<u>34,754,422</u>	<u>29,866,465</u>

- (a) Certain term loans were repayable beyond one year but classified as current liabilities as they included repayable on demand clauses.
- (b) The bank borrowing facilities are secured by part of the Group's right-of-use assets of US\$2,849,128 (2025: US\$2,984,943), property, plant and equipment of US\$6,544,054 (2025: US\$6,702,239) and financial assets at fair value of US\$3,741,499 (2025: US\$2,811,228), with corporate guarantee provided by the ultimate holding company and a fellow subsidiary and personal guarantee provided by directors of the Company.
- (c) Except for certain of the Group's bank borrowings which bears floating interest rate with reference to benchmark rates of Hong Kong Interbank Offered Rate and Secured Overnight Financing Rate, the contractual interest rate of the other Group's bank borrowings in 2026 ranges from 4.278% to 14% (2025: 5.47% to 14%) per annum.
- (d) All borrowings are denominated in United States dollars, Bangladeshi Takas ("BDT") and Vietnamese Dong ("VND").

21. DEFINED BENEFIT OBLIGATIONS

The Group has made provision for estimated liabilities for employee benefits to meet the statutory requirement for employees in Indonesia and Bangladesh. The Group is required to pay separation, appreciation and compensation benefits to their employees if the specific conditions in the corresponding jurisdictions are met.

The Group is primarily exposed to interest rate risk and salary risk.

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

	<u>2026</u>	<u>2025</u>
Discount rate	6.50% - 10.55%	7.00% - 12.00%
Expected rate of salary increase	4.00% - 9.00%	4.00% - 9.00%

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

	<u>Increase in rate</u> %	<u>(Decrease)/ increase in net defined benefit obligations</u> US\$	<u>Decrease in rate</u> %	<u>Increase/ (decrease) in net defined benefit obligations</u> US\$
<b>At 31 March 2026</b>				
Discount rate	1.0	(961,646)	1.0	1,069,066
Expected rate of salary increases	1.0	1,075,727	1.0	(968,008)
<b>At 31 March 2025</b>				
Discount rate	1.0	(631,462)	1.0	702,415
Expected rate of salary increases	1.0	708,195	1.0	(636,938)

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

PEARL GLOBAL (HK) LIMITED

21. DEFINED BENEFIT OBLIGATIONS - continued

The total expenses (income) recognised in the consolidated statement of profit or loss in respect of the defined benefit obligations are as follows:

	<u>2026</u> US\$	<u>2025</u> US\$
Interest cost	113,210	76,354
Current service cost	421,048	165,226
Past service cost	39,043	-
Loss (gain) on settlement	482	(33,395)
Net benefit expenses	<u>573,783</u>	<u>208,185</u>

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

	<u>2026</u> US\$	<u>2025</u> US\$
At 1 April	1,228,199	908,739
Net benefit expense	573,783	208,185
Actuarial gains arising from changes in:		
- financial assumptions	207,415	210,263
- experience adjustments	58,045	18,552
Benefit paid	(57,405)	(49,047)
Exchange differences	(26,316)	(68,493)
At 31 March	<u>1,983,721</u>	<u>1,228,199</u>

22. SHARE CAPITAL

	<u>2026</u> US\$	<u>2025</u> US\$
Issued and fully paid:		
1,771,644 (2025: 1,771,644) ordinary shares with no par value	<u>12,010,000</u>	<u>12,010,000</u>

On 10 January 2025, the Company issued 68,494 shares to its ultimate holding company for an amount of US\$1,250,000. On 15 February 2025, the Company issued additional 93,150 shares to its ultimate holding company for an amount of US\$1,700,000. All the shares issued during the year rank pari passu with the then existing shares in all respects.

23. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions:

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of US\$903,243 (2025: US\$269,141) and US\$903,243 (2025: US\$269,141), respectively, in respect of the lease arrangements for office premises, factories and machineries.

(b) Reconciliation of liabilities arising from financing activities:

	Loans from non-controlling shareholders US\$	Consideration payable for acquisition US\$	Interest- bearing bank borrowings US\$	Lease liabilities US\$	Total US\$
At 1 April 2024	225,000	4,220,822	22,072,518	3,319,238	29,837,578
Changes from financing cash flows	-	(4,239,274)	8,706,112	(869,722)	3,597,116
Consideration for acquisition of non-controlling interests	-	1,875,000	-	-	1,875,000
New leases	-	-	-	269,141	269,141
Interest expense	-	36,155	5,840,726	254,503	6,131,384
Lease modification	-	-	-	(27,723)	(27,723)
Issue of shares of a subsidiary by capitalisation of loans	(225,000)	-	-	-	(225,000)
Interest paid classified as operating cash flows	-	-	(5,840,726)	-	(5,840,726)
Change in bank overdrafts	-	-	(340,205)	-	(340,205)
Exchange realignment	-	-	(571,960)	(204,091)	(776,051)
	<u>-</u>	<u>1,892,703</u>	<u>29,866,465</u>	<u>2,741,346</u>	<u>34,500,514</u>
At 31 March 2025	-	1,892,703	29,866,465	2,741,346	34,500,514
Changes from financing cash flows	-	(2,000,000)	5,925,790	(770,913)	3,154,877
New leases	-	-	-	903,243	903,243
Interest expense	-	107,297	5,268,871	245,515	5,621,683
Lease modification	-	-	-	(177,334)	(177,334)
Interest paid classified as operating cash flows	-	-	(5,268,871)	-	(5,268,871)
Change in bank overdrafts	-	-	(939,689)	-	(939,689)
Exchange realignment	-	-	(98,144)	(36,353)	(134,497)
	<u>-</u>	<u>-</u>	<u>34,754,422</u>	<u>2,905,504</u>	<u>37,659,926</u>
At 31 March 2026	-	-	34,754,422	2,905,504	37,659,926

## PEARL GLOBAL (HK) LIMITED

### 24. CONTINGENT LIABILITIES

The Group had undertaken the letters of credit of US\$12,589,290 (2025: US\$9,433,781) granted to third party suppliers for sourcing of raw materials.

### 25. 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>2026</u> US\$	<u>2025</u> US\$
Fellow subsidiaries:			
Sales of products	(i)	12,625,264	25,755,100
Purchase of stocks	(ii)	81,094,893	103,168,185
Purchase discount received	(ii)	226,297	3,240,393
Marketing fees	(v)	2,370,000	2,160,000
Interest income on loan		125,034	59,595
Management income		60,000	60,000
Ultimate holding company:			
Purchase of stocks	(ii)	17,205,887	30,335,713
Corporate guarantee charges	(iii)	125,000	130,194
IT system charges	(iv)	206,267	181,579
Sample expenses		<u>794,627</u>	<u>750,000</u>

Notes:

- (i) The sales of products were based on terms mutually agreed between the parties.
- (ii) The purchase of stocks and purchase discount received were based on terms mutually agreed between the parties.
- (iii) Corporate guarantee charges were charged based on mutually agreed between the parties.
- (iv) IT system charges were charged based on mutually agreed between the parties.
- (v) Marketing fees were charged based on mutually agreed between the parties.

## PEARL GLOBAL (HK) LIMITED

### 25. RELATED PARTY TRANSACTIONS - continued

#### (b) Other transaction with related parties

The Company provided unlimited guarantee for banking facilities to DSSP Global Limited and Pearl Grass Creations Limited and guarantee of BDT2,930,000,000 (2025: BDT2,930,000,000), which is equivalent to US\$26,636,364 (2025: US\$24,214,876), for the banking facilities to Norp Knit Industries Limited. Norp Knit Industries Limited, a fellow subsidiary of the Company, has guaranteed certain bank borrowings made to the Group's subsidiary of up to US\$4,958,678 (2025: US\$7,461,983) as at the end of the reporting period.

#### (c) Outstanding balances with related parties

The amounts due from fellow subsidiaries, amounts due to ultimate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.

Included in loan receivables was US\$8,221,615 (2025: US\$3,485,798) due from fellow subsidiaries as at 31 March 2026.

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

### 26. 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\$
<b>Financial assets</b>		
Financial assets at fair value	3,741,499	2,811,228
Financial assets at amortised cost	<u>80,393,870</u>	<u>55,555,670</u>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	<u>78,569,613</u>	<u>68,031,667</u>

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group's financial assets at fair value representing the insurance policies as at 31 March 2026 and 2025 is measured at level 2 fair value hierarchy. The fair value of interest in insurance policies is derived from the quoted prices provided by financial institutions.

During the year ended 31 March 2026 and 2025, 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.

Management has assessed that the fair values of the Group's financial instruments other than financial assets at FVTOCI approximate to their carrying amounts largely due to the short-term maturities of these instruments.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

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

**Trade receivables**

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are usually due within 30 - 90 days from the date of billing. Debtors with balances that are past due are usually requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

**Other financial assets at amortised cost**

For the loan receivables and 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 counterparties' financial background and creditability.

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

**Maximum exposure and year-end staging**

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March 2026 and 2025. The amounts presented are gross carrying amounts for financial assets.

PEARL GLOBAL (HK) LIMITED

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Credit risk - continued

**Maximum exposure and year-end staging** - continued

31 March 2026

	12-month expected credit losses	Lifetime expected credit losses			Total US\$
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	Simplified approach	
	US\$	US\$	US\$	US\$	
Trade receivables	-	-	-	26,004,066	26,004,066
Other receivables <sup>^</sup>	48,254	-	-	-	48,254
Deposits <sup>^</sup>	3,351,090	-	-	-	3,351,090
Amounts due from fellow subsidiaries	2,417,970	-	-	-	2,417,970
Loan receivables	9,439,883	-	-	-	9,439,883
Short-term time deposits	507,235	-	-	-	507,235
Cash at banks	38,625,372	-	-	-	38,625,372
	<u>54,389,804</u>	<u>-</u>	<u>-</u>	<u>26,004,066</u>	<u>80,393,870</u>

31 March 2025

	12-month expected credit losses	Lifetime expected credit losses			Total US\$
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	Simplified approach	
	US\$	US\$	US\$	US\$	
Trade receivables	-	-	-	16,903,619	16,903,619
Other receivables <sup>^</sup>	72,076	-	-	-	72,076
Deposits <sup>^</sup>	799,814	-	-	-	799,814
Amounts due from fellow subsidiaries	5,568,539	-	-	-	5,568,539
Loan receivables	5,342,761	-	-	-	5,342,761
Short-term time deposits	1,093,857	-	-	-	1,093,857
Cash at banks	25,775,004	-	-	-	25,775,004
	<u>38,652,051</u>	<u>-</u>	<u>-</u>	<u>16,903,619</u>	<u>55,555,670</u>

<sup>^</sup> The credit quality of the financial assets included in other receivables and deposits is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Foreign currency risk

The Group operates in various operating regions and is exposed to market risk arising from changes in currency exchange rates. Foreign exchange risk arises from changes in foreign exchange rates of foreign-currency denominated activities in commercial transactions.

As a method to hedge transactions denominated in foreign currencies other than US\$, the Group endeavors with natural hedge by matching cash flows operation in the same local currency. The Group manages its foreign currency trading risk with trading polices and close monitoring of adherence to such policies.

The Group's transaction currency exposures arise from cash and cash equivalents and payment denominated in currencies other than the functional currencies, primarily Hong Kong dollars ("HKD").

Since HKD is pegged to the US\$, the Group's exposure to foreign currency risk in respect of the financial instruments denominated in HKD is considered to be minimal.

Liquidity risk

The Group aims to maintain sufficient cash and credit lines to meet its liquidity requirements. Due to the dynamic business nature, the Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings, including term loans, bank overdrafts, discounted bills and trust receipt loans.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period.

**2026**

	<u>On demand</u> US\$	<u>Less than</u> <u>12 months</u> US\$	<u>1 to 5</u> <u>years</u> US\$	<u>5 years</u> US\$	<u>Total</u> US\$
Trade and other payables	-	34,216,583	-	-	34,216,583
Lease liabilities	-	413,896	1,121,240	1,370,368	2,905,504
Amount due to ultimate holding company	3,190,173	-	-	-	3,190,173
Amounts due to fellow subsidiaries	6,408,435	-	-	-	6,408,435
Interest-bearing bank borrowings#	-	33,128,594	2,494,988	78,876	35,702,458
	<u>9,598,608</u>	<u>67,759,073</u>	<u>3,616,228</u>	<u>1,449,244</u>	<u>82,423,153</u>

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Liquidity risk - continued**2025**

	<u>On demand</u> US\$	<u>Less than</u> <u>12 months</u> US\$	<u>1 to 5</u> <u>years</u> US\$	<u>5 years</u> US\$	<u>Total</u> US\$
Trade and other payables	-	29,107,761	-	-	29,107,761
Lease liabilities	-	471,372	748,339	1,521,635	2,741,346
Amount due to ultimate holding company	2,816,873	-	-	-	2,816,873
Amounts due to fellow subsidiaries	6,240,568	-	-	-	6,240,568
Interest-bearing bank borrowings#	939,689	26,214,466	3,571,755	208,809	30,934,719
	<u>9,997,130</u>	<u>55,793,599</u>	<u>4,320,094</u>	<u>1,730,444</u>	<u>71,841,267</u>

# Ignored the effect of repayment on demand clauses.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates. The Group mitigates the risk by monitoring closely the movements in interest rates and reviewing its banking facilities regularly. The Group has not used any interest rate swap to hedge its exposure to interest rate risk.

As at 31 March 2026, if the interest rates on borrowings had been 100 basis points higher/lower, which was considered reasonably possible by management, with all other variables held constant, the profit before tax would have decreased/increased by US\$99,505 (2025: US\$125,862) as a result of higher/lower interest expenses on interest-bearing bank borrowings with floating interest rates.

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Group 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 Group comprises all components of shareholders' equity.

PEARL GLOBAL (HK) LIMITED

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

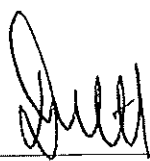
Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	<u>2026</u> US\$	<u>2025</u> US\$
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	-	-
Interests in subsidiaries	27,136,670	25,156,650
Financial assets at fair value	3,741,499	2,811,228
Loan receivables	-	243,193
Deposits	25,000	25,000
	<u>30,903,169</u>	<u>28,236,071</u>
<b>CURRENT ASSETS</b>		
Inventories	196,660	-
Trade receivables	6,649,280	8,891,116
Amounts due from subsidiaries	239,888	779,880
Loans to subsidiaries	1,371,231	600,000
Deposits and prepayment	105,602	47,100
Loan to fellow subsidiaries	8,221,615	3,485,798
Cash and cash equivalents	13,019,083	17,933,088
	<u>29,803,359</u>	<u>31,736,982</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	5,713,346	8,693,669
Amounts due to subsidiaries	3,159,534	6,555,565
Amount due to ultimate holding company	1,696,185	2,816,024
Amounts due to fellow subsidiaries	4,884,294	5,903,975
Interest-bearing bank borrowings	1,412,074	2,718,213
	<u>16,865,433</u>	<u>26,687,446</u>
<b>NET CURRENT ASSETS</b>	<u>12,937,926</u>	<u>5,049,536</u>
<b>NET ASSETS</b>	<u>43,841,095</u>	<u>33,285,607</u>

PEARL GLOBAL (HK) LIMITED

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY - continued

	<u>2026</u> US\$	<u>2025</u> US\$
EQUITY		
Share capital	12,010,000	12,010,000
Reserves (note)	<u>31,831,095</u>	<u>21,275,607</u>
TOTAL EQUITY	<u>43,841,095</u>	<u>33,285,607</u>



Deepak Kumar SETH  
DIRECTOR



Lalit Pandit JADE  
DIRECTOR

PEARL GLOBAL (HK) LIMITED

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY - continued

Note:

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

	Share option reserve US\$	Revaluation reserve US\$	Retained profits US\$	Total US\$
At 1 April 2024	<u>14,932</u>	<u>89,582</u>	<u>11,589,211</u>	<u>11,693,725</u>
Profit and total comprehensive income for the year	-	-	9,581,333	9,581,333
Release upon disposal of financial assets	-	(89,582)	89,582	-
Equity-settled share option arrangements	<u>549</u>	<u>-</u>	<u>-</u>	<u>549</u>
At 31 March 2025	<u>15,481</u>	<u>-</u>	<u>21,260,126</u>	<u>21,275,607</u>
Profit and total comprehensive income for the year	-	-	12,805,138	12,805,138
Final dividend for 2025	-	-	(1,250,000)	(1,250,000)
Interim dividend for 2026	-	-	(1,000,000)	(1,000,000)
Equity-settled share option arrangements	<u>350</u>	<u>-</u>	<u>-</u>	<u>350</u>
At 31 March 2026	<u>15,831</u>	<u>-</u>	<u>31,815,264</u>	<u>31,831,095</u>

30. DIVIDENDS

	<u>2026</u> US\$	<u>2025</u> US\$
Final dividend proposed for 2026 - nil (2025: US\$56.44 cents) per ordinary share	<u>-</u>	<u>1,000,000</u>
Interim dividend paid for 2026 – US\$70.56 cents (2025: nil) per ordinary share	1,250,000	-
Final dividend paid for 2025 – US\$56.44 cents (2025: nil) per ordinary share	<u>1,000,000</u>	<u>-</u>
	<u>2,250,000</u>	<u>1,000,000</u>

31. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

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