PDS Sourcing Limited

Financial statements

31 March 2023

PDS Sourcing Limited

Financial statements
for the year ended 31 March 2023

Contents	*Page*

PDS Sourcing Limited

Corporate data

Director:

	Appointed on	Resigned on
Mr Deepak Kumar Seth	05 May 2006	-
Mr Pallak Seth	05 May 2006	-
Mr Sharmil Shah	01 March 2018	-
Mr Sheik Mohamad Ally Shameem Kureemun	07 August 2018	-
Mr Ashish Gupta	03 August 2021	10 April 2023
Mr Krishna Ramguttee (alternate to Mr Sheik Mohamad Ally Shameem Kureemun)	07 August 2018	-

Company Secretary: Rogers Capital Corporate Services Limited
3rd Floor, Rogers House
No.5, President John Kennedy Street
Port Louis
Republic of Mauritius

Registered office: C/o Rogers Capital Corporate Services Limited
3rd Floor, Rogers House
No.5, President John Kennedy Street
Port Louis
Republic of Mauritius

Auditor: Lancasters
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Republic of Mauritius

Banker: HSBC Bank (Mauritius) Limited
6th Floor HSBC Centre
18, Cybercity Ebene
Republic of Mauritius

PDS Sourcing Limited

Directors' report

The directors are pleased to present their report together with the audited financial statements of PDS Sourcing Limited (the "Company") for the year ended 31 March 2023.

Principal activity

The principal activity of the Company is the holding of investments and of providing consultancy services.

Results and dividend

The results for the year are shown on page 7.

The directors do not recommend the payment of a dividend for the year under review (2022: USD 3,000,000).

Statement of directors' responsibilities in respect of financial statements

Company law requires the directors to prepare financial statements for each financial period giving a true and fair view of the state of affairs of the Company and of the statement of profit or loss and other comprehensive income of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Going concern

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern on the year ahead.

Auditors

Our auditors, Lancasters Chartered Accountants have expressed their willingness to continue in office for the next financial year end.

By order of the Board of Directors

Director

Date: 09 MAY 2023

Rogers Capital

PDS Sourcing Limited

Secretary's certificate
for the year ended 31 March 2023

Secretary's certificate under Section 166 (d) of the Mauritius Companies Act 2001

In accordance with section 166 (d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under the Mauritius Companies Act 2001.

For and on behalf of **ROGERS CAPITAL CORPORATE SERVICES LIMITED**
Company secretary

Date: 09 MAY 2023

Rogers Capital Corporate Services Limited. Rogers House, 5 President John Kennedy Street, Port Louis, Mauritius | BRN C08011019 | T: (230) 203 1100 www.rogerscapital.mu

Lancasters
Chartered Accountants

Auditor's report to member of PDS Sourcing Limited

Opinion

We have audited the financial statements of **PDS Sourcing Limited** (the "Company") set out on pages 7 to 38 which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Company Secretary's Certificate as required by the Companies Act 2001, but does not include the financial statements nor our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

GGi
INDEPENDENT MEMBER

Auditor's report to member of PDS Sourcing Limited (continued)

Responsibilities of the Directors for the Financial Statements (continued)

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Auditor's report to member of PDS Sourcing Limited (continued)

Other matter

This report is made solely for the Company's member, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Lancasters

Lancasters,
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius

Pasram Bissessur FCCA, ACA, MBA (UK)
Licensed by FRC

Date: 09.05.2023

PDS Sourcing Limited

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2023

	Note	2023 USD	2022 USD
Revenue			
Revenue	7	**14,822,254**	11,802,180
Expenses			
Consultancy fees		**7,699,875**	8,448,159
Recharge expenses		**555,764**	-
Depreciation		**25,485**	-
Professional fees		**13,500**	12,112
Audit and accounting fees		**11,302**	11,302
Bank charges		**9,757**	8,180
Administration charges		**2,812**	2,976
Licence fees		**2,108**	2,270
Disbursement		-	3,500
		8,320,603	8,488,499
Profit from operating activities		**6,501,651**	3,313,681
Net finance income/ (costs)	8	**50,863**	(25,098)
Profit before taxation		**6,552,514**	3,288,583
Taxation	9	-	-
Profit for the year		**6,552,514**	3,288,583
Other comprehensive income		-	-
Total comprehensive income for the year		**6,552,514**	3,288,583

The notes on pages 11 to 38 form part of these financial statements

PDS Sourcing Limited

Statement of financial position
at 31 March 2023

	Note	2023 USD	2022 USD
Assets			
Non-current assets			
Investments in subsidiaries	10	**17,020,450**	3,747,770
Intangibles	11	**891,992**	-
		17,912,442	3,747,770
Current assets			
Other receivables	12	**5,310,088**	858,614
Cash and cash equivalents		**169,681**	459,272
Total current assets		**5,479,769**	1,317,886
Total assets		**23,392,211**	5,065,656
Equity			
Stated capital	13	**13,987,266**	3,987,266
Revenue reserves		**6,912,751**	360,237
Total equity		**20,900,017**	4,347,503
Liabilities			
Current liabilities			
Other payables	14	**2,492,194**	718,153
Total current liabilities		**2,492,194**	718,153
Total equity and liabilities		**23,392,211**	5,065,656

Approved by the Board of Directors on 09 MAY 2023 and signed on its behalf by:

Director

Director

The notes on pages 11 to 38 form part of these financial statements

PDS Sourcing Limited

Statement of changes in equity
for the year ended 31 March 2023

	Stated capital USD	Revenue reserves USD	Total USD
Balance as at 01 April 2021	3,987,266	71,654	4,058,920
Total comprehensive income for the year			
Profit for the year	-	3,288,583	3,288,583
Dividend paid	-	(3,000,000)	(3,000,000)
Balance as at 31 March 2022	3,987,266	360,237	4,347,503
Total comprehensive income for the year			
Profit for the year	-	6,552,514	6,552,514
Transaction with owners of the company			
Issue of shares	10,000,000	-	10,000,000
Balance as at 31 March 2023	**13,987,266**	**6,912,751**	**20,900,017**

The notes on pages 11 to 38 form part of these financial statements

PDS Sourcing Limited

Statement of cash flows
for the year ended 31 March 2023

	2023 USD	2022 USD
Cash flows from operating activities		
Profit before taxation	**6,552,514**	3,288,583
Adjustments for:		
Dividend income	**(5,986,678)**	(3,154,193)
Loss on foreign exchange	**(23,638)**	25,098
	542,198	159,488
Change in working capital		
Change in other receivables	**600,384**	533,429
Change in other payables	**(1,951,631)**	(677,447)
Net cash (used in) / from operating activities	**(809,049)**	15,470
Cash flows from investing activities		
Acquisition of investments	**(2,000,000)**	-
Repayment of loan from subsidiary	-	886,024
Dividend received	**5,384,744**	3,154,193
Loan advance (to) / from subsidiary	**(4,426,285)**	214,316
Net cash (used in)/ from investing activities	**(1,041,541)**	4,254,533
Cash flows from financing activities		
Advance received from / paid to holding company	**1,561,000**	(900,000)
Dividend paid	-	(3,000,000)
Net cash from/ (used in) financing activities	**1,561,000**	(3,900,000)
Movement in cash and cash equivalents	**(289,590)**	370,003
Cash and cash equivalents at beginning of the year	**459,272**	89,269
Cash and cash equivalents at end of the year	**169,681**	459,272

The notes on pages 11 to 38 form part of these financial statements

PDS Sourcing Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2023

1. **General information**

The Company was incorporated as a private limited Company on 29 March 2006 and was granted a Global Business Licence on 31 March 2006. The principal activity of the Company is the holding of investments and of providing consultancy services. The Company registered office is C/o Rogers Capital Corporate Services Limited, 3rd Floor Rogers House, No.5, President John Kennedy Street, Port Louis, Mauritius.

2. **Basis of preparation**

(a) *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Mauritius Companies Act. The Company is a sub subsidiary of PDS Limited and has taken advantage of paragraph 4 of International Financial Reporting Standards (IFRS 10) - 'Consolidated Financial Statements', which dispenses it from the need to present consolidated financial statements as its ultimate holding company is preparing consolidated financial statements as per IFRS as issued by the IASB. The registered PDS Limited where the consolidated financial statements are available is Unit No. 971, Solitaire Corporate Park Andheri Ghatkopar Link Road, Andheri East, Mumbai 400093, Maharashtra, India.

(b) *Basis of measurement*

These financial statements have been prepared under the going concern basis using the historical cost convention, except for financial instruments which are carried at amortised cost.

(c) *Functional currency and presentation currency*

The financial statements are presented in United States Dollar (USD) which is the Company's functional currency and presentation currency.

(d) *Use of estimates and judgement*

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2. **Basis of preparation**

   (d) Use of estimates and judgement (continued)

Assumption and estimation uncertainties

Information about assumptions, estimation uncertainties and critical judgements in applying accounting policies that have the most significant risk of resulting in a material adjustment in these financial statements are included in the relevant notes as follows:

- Recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts; and
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

<u>Measurement of fair values</u>

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

3. **Application of new and revised International Financial Reporting Standards (IFRSs)**

New standards, interpretations and amendments issued during the year

There has been amendments and interpretations that have become effective for the current year.

The Company has adopted the following new interpretation during the year:

Annual Improvements to IFRS Standards 2018-2020

IFRS 9 Financial Instruments - The amendment clarifies that for the purpose of performing the ''10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

3. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

Annual Improvements to IFRS Standards 2018-2020 (continued)

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

The above new, amended standard and interpretation effective for the financial year do not have any impact on the Company.

New standards, interpretations and amendments issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 April 2023 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024.

The directors are currently assessing the impact of this amendment on the financial statements and do not expect any significant impact on the Company's financial statements.

3. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

New standards, interpretations and amendments issued but not yet effective (continued)

Definition of accounting estimates (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
- Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 July 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The directors are currently assessing the impact of this amendment on the financial statements and do not expect any significant impact on the Company's financial statements.

3. Application of new and revised International Financial Reporting Standards (IFRSs)(continued)

New standards, interpretations and amendments issued but not yet effective (continued)

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The Board has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material. The amendments are effective from 1 July 2023 but may be applied earlier. The directors are currently assessing the impact of this amendment on the financial statements and do not expect any significant impact on the Company's financial statements.

4. **Critical accounting estimates and judgements**

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the USD.

Going concern

The Company's management have made an assessment on the ability of the Company to continue as going concern in the light of the COVID-19 pandemic ("pandemic") and is satisfied that the Company has the adequate resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt due to the pandemic upon the ability of the Company to continue as going concern. Therefore, the financial statements are prepared on the going concern basis.

5. **Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction.

(b) Revenue recognition

Revenue is recognised as follows:

- Marketing and consultancy income are accounted for as it accrues

(c) Finance income and finance costs
The Company's net finance income includes interest income and foreign exchange differences.

5. **Significant accounting policies (continued)**

(d) *Taxation*

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items directly in equity or in OCI.

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

5. **Significant accounting policies (continued)**

(e) Investment in subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiaries are shown at cost and provision for impairment is only made where, in opinion of the directors, there is a diminution in value which is other than temporary. Where there has been such a diminution in value of an investment, it is recognised as an expense in the year in which the diminution is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

(f) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost include other receivables and cash and cash equivalents.

5. **Significant accounting policies (continued)**

   (f) Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets - Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintain a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed;
- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g., non-recourse features).

5. **Significant accounting policies (continued)**

(f) *Financial instruments (continued)*

Classification and subsequent measurement (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

5. **Significant accounting policies (continued)**

(f) Financial instruments (continued)

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(g) Share capital

Ordinary shares

Ordinary shares are classified in equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(h) Impairment

Non-derivative financial assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

5. **Significant accounting policies (continued)**

(h) Impairment (continued)

Non-derivative financial assets (continued)

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security {if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per (Rating Agency X) or BBB- or higher per (Rating Agency Y).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

5. **Significant accounting policies (continued)**

(h) Impairment (continued)

Non-derivative financial assets (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Financial assets not classified as fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Company considers a decline of 20% to be significant and a period of nine months to be prolonged.

(i) Expenses

All expenses are recognised in the statement of profit and loss and comprehensive income on an accrual basis.

(j) Provisions

A provision is recognised if, as a result of a past event, the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

6. Financial instruments – Fair values and risk management

(a) Accounting classifications and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2023	**Carrying amounts**		
	Amortised cost USD	**Other financial liabilities USD**	**Total USD**
Financial assets not measured at fair value			
Other receivables	**5,309,198**	-	**5,309,198**
Cash and cash equivalents	**169,681**	-	**169,681**
	5,478,879	-	**5,478,879**
Financial liabilities not measured at fair value			
Other payables	-	**2,492,194**	**2,492,194**
	-	**2,492,194**	**2,492,194**

31 March 2022	Carrying amounts		
	Amortised cost USD	Other financial liabilities USD	Total USD
Financial assets not measured at fair value			
Other receivables	756,346	-	756,346
Cash and cash equivalents	459,272	-	459,272
	1,215,618	-	1,215,618
Financial liabilities not measured at fair value			
Other payables	-	718,153	718,153
	-	718,153	718,153

6. **Financial instruments – Fair values and risk management (continued)**

(b) Financial risk management

Introduction and preview

Financial instruments carried on the statement of financial position include other receivables, cash and cash equivalents, other payables. The recognition method adopted is disclosed in the individual policy statement associated with each item. The most important types of risk are market risk, credit risk and liquidity risk.

The Company's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company's aims are therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews their risk management policies and systems to reflect changes in markets and emerging best practice.

Risk management is carried out by the Board of directors through board meetings. The Company provide principles for overall risk management.

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant exposure to interest rate risk.

6. Financial instruments – Fair values and risk management (continued)

(b) Financial risk management (continued)

(ii) Currency risk

The Company has certain financial instruments denominated in GBP. Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to GBP may change in a manner, which has a material effect on the reported values of the Company's assets and liabilities, which are denominated in USD.

Currency profile

	Financial assets 2023 USD	**Financial liabilities 2023 USD**	Financial assets 2022 USD	Financial liabilities 2022 USD
USD	**1,713,437**	**2,492,194**	889,023	718,153
GBP	**3,765,442**	-	326,595	-
	5,478,879	**2,492,194**	1,215,618	718,153

Sensitivity Analysis:

A 10 % strengthening of USD against the GBP at 31st March 2023 would have increased net profit before tax by **USD 376,544** (2022: USD 32,660) This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as in 2022.

Currency	**2023 USD**	2022 USD
GBP	**376,544**	32,660

Similarly, a 10% weakening of the USD against the GBP at 31 March 2023 would have had the exact reverse effect.

6. Financial instruments – Fair values and risk management (continued)

(b) Financial risk management (continued)

Credit risk

Credit risk represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company. The Company limits its credit risk by carrying out transactions through companies within the group. At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date was:

	2023	2022
	USD	USD
Other receivables	**5,309,198**	756,346
Cash and cash equivalents	**169,681**	459,272
	5,478,879	1,215,618

Expected credit loss assessment

(i) *Other receivables*

The Company applies the simplified approach to measuring expected credit losses, as permitted by IFRS 9, which uses a 12-month expected loss allowance for all other receivables.

The expected credit loss on other receivables was deemed by management to be not material and therefore no impairment allowances were accounted for.

(ii) Cash and cash equivalents

The Company held cash and cash equivalents of **USD 169,681** at 31 March 2023 (2022: USD 459,272). The cash and cash equivalents are held with banks with international repute and having strong track record in the banking industry.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The expected credit loss on cash and cash equivalents was deemed by management to be not material and therefore no impairment allowances were accounted for.

6. **Financial instruments – Fair values and risk management (continued)**

(b) Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Company's reputation.

	Within one year	**One to five years**	**Total**
31 March 2023	**USD**	**USD**	**USD**
Financial liabilities			
Other payables	**2,492,194**	**-**	**2,492,194**
31 March 2022			
Financial liabilities			
Other payables	718,153	-	718,153

7. **Revenue**

Revenue consists of:

	2023	2022
	USD	USD
Consultancy income	**6,793,074**	6,379,313
Marketing income	**2,042,502**	2,268,675
Dividend income	**5,986,678**	3,154,192
	14,822,254	11,802,180

8. Net finance income/ (costs)

	2023 USD	2022 USD
Finance income:		
Unrealised exchange gain	**235,355**	41,656
Realised exchange gain	**11,151**	310
Interest income	**27,225**	-
	273,731	41,966
Finance costs:		
Unrealised exchange loss	**243,663**	(66,610)
Realised exchange loss	**(20,795)**	(454)
	(222,868)	(67,064)
Net finance income/ (costs)	**50,863**	(25,098)

9. Taxation

The Company holds a Global Business Licence for the purpose of the Financial Services Act 2007 of Mauritius. The Company is liable to tax at the rate of 15% on all its income. Pursuant to the enactment of the Finance Act 2018, with effect since 01 January 2019, the deemed foreign tax credit has phased out since 01 July 2021. Any income derived prior 30 June 2021, will still be entitled to deemed foreign tax credit of 80% or actual foreign tax credit, whichever is the higher. Any income derived after 30 June 2021 will be subject to tax at the rate of 15% and would be entitled to either:

(a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability arising in Mauritius on such income, or

(b) a partial exemption of 80% applicable to specified income, including but not limited to foreign-source dividends or interest income, subject to the Company meeting the necessary substance requirements.

Further, the Company is exempted from income tax in Mauritius on profits or gains arising from the sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to shareholders or in respect of redemptions or exchanges of shares.

A reconciliation of the actual income tax based on accounting profit and the actual income tax expense is as follows:

Total tax expense for the year:

A reconciliation of the actual income tax expense based on accounting loss and actual income tax expense is as follows:

PDS Sourcing Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2023

9. Taxation (continued)

Total tax expense for the year:

	2023 USD	2022 USD
Current year tax expenses	-	-

	2023 USD	2022 USD
Profit before tax	6,552,514	3,288,583
Income tax at 15%	982,893	493,287
Non-allowable expenses	220,901	212,136
Non-taxable income	(35,142)	(6,248)
Tax loss utilised during the year	-	(33,921)
Underlying tax suffered	(1,168,652)	(665,254)
Current year tax expenses	-	-

10. Investments in subsidiaries

Investments consist of unquoted shares

	2023 USD	2022 USD
Cost		
At 01 April	3,747,770	2,598,488
Acquisition during the year	13,272,680	1,149,282
As at 31 March	17,020,450	3,747,770

10. **Investments in subsidiaries (continued)**

Name of company	*Type of shares*	*Number of shares*	*% held*	*Country of incorporation*
Poeticgem Limited	Equity	50,000	100%	United Kingdom
Poetic Brands Limited	Equity	30,000	60%	United Kingdom
Design Arc UK Limited	Equity	42,500	85%	United Kingdom
PDS Fashions Limited (previously known as PDS Vogue Limited)	Equity	825,000	100%	United Kingdom
Spring Design London Limited	Equity	1	100%	United Kingdom
PDS Smart Fabric Tech Limited	Equity	2,000,000	100%	Hong Kong
PDS Fashions Hong Kong Limited	Equity	10,000	100%	Hong Kong
Poeticgem International Limited	Equity	9,983	100%	Hong Kong
PG Group	Equity	1,000,000	51%	Hong Kong
PDS Fashion USA Limited	Equity	3,199,800	100%	Hong Kong
FX Import Company Ltd	Equity	10,000	100%	United Kingdom
Poetic Knitwear Limited	Equity	100	100%	United Kingdom
Pacific Logistics Limited	Equity	10,000	100%	United Kingdom
Zamira Fashion Limited	Equity	167,500	67%	Hong Kong
Techno Design HK (Prev DPOD)	Equity	55,000	55%	Hong Kong
PDS Asia Star Corporation Limited HK	Equity	120,000	60%	Hong Kong
Simple Approach (Ord Shares)	Equity	212,500	85%	Hong Kong
Simple Approach (Pref Shares)	Equity	1,990,000	100%	Hong Kong
Grupo Sourcing Limited	Equity	51,000	51%	Hong Kong

At the reporting date, the directors have reviewed the carrying amounts of the investments in subsidiaries and considered that no provision for impairment is required for the year under review.

11. Intangibles

	2023	2022
	USD	USD
At 01 April	**-**	-
Addition during the year	**917,477**	-
Depreciation during the year	**(25,455)**	-
As at 31 March	**891,992**	-

The company is implementing an IT development project.

12. Other receivables

	2023 USD	2022 USD
Unsecured, interest free loan/ advances and repayable on demand	**278,627**	272,775
Secured, interest bearing loan	**3,739,327**	-
Non-trade receivables	**1,291,244**	483,571
Prepayments	**890**	102,268
	5,310,088	858,614

13. Stated capital

	2022 USD	2021 USD
13,987,266 ordinary shares of USD 1 each	**13,987,266**	3,987,266

All shares in issue are fully paid up. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

14. Other payables

	2023 USD	2021 USD
Non-trade payables and accrued expenses	**2,492,194**	718,153

15. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subject to common control.

One director of the Company is deemed to have beneficial interests in the Administration Agreement between the Company, the Administrator and Secretary.

During the year under review, the Company entered into the following related party transactions:

PDS Sourcing Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2023

15. **Related party transactions (continued)**

Transactions during the year:	*Nature:*	**2023 USD**	2022 USD
Multinational Textiles Group Limited	Advance received	-	69,665
Multinational Textiles Group Limited	Advance advance / paid	**611,042**	(69,665)
Multinational Textiles Group Limited	Dividend payable	-	3,000,000
Multinational Textiles Group Limited	Dividend paid	-	(3,000,000)
Multinational Textiles Group Limited	Amount advanced to	-	900,000
Multinational Textiles Group Limited	Amount repaid	-	(223,000)
Multinational Textiles Group Limited	Transfer of shares (Investments)	-	(1,158,289)
PDS Vogue Limited	Investments	-	1,083,431
PDS Vogue Limited	Investments liaibility transfer to holding company	-	(1,083,431)
Spring Design Limited	Exchange difference on retranslation	-	(9,449)
Spring Design Limited	Loan advanced to	-	214,316
Poeticgem International Limited	Dividend receivable	-	3,036,000
Poeticgem International Limited	Dividend received	-	(3,036,000)
Poetic Brands Limited	Amount receivable	**335,631**	(15,889)
Poetic Brands Limited	Amount received	-	(886,024)
Norwest Industries Limited	Amount accrued	**1,053,649**	1,325,902
Norwest Industries Limited	Amount received	**991,494**	(1,543,473)
Simple Approach Limited	Amount accrued	**693,415**	656,079
Simple Approach Limited	Dividend accrued	**2,000,000**	-
Simple Approach Limited	Amount received	**2,695,297**	(743,977)
PG Group Limited	Amount accrued	**301,357**	311,060
PG Group Limited	Amount received	**301,357**	(418,515)

PDS Sourcing Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2023

15. **Related party transactions (continued)**

Transactions during the year:	*Nature:*	**2023 USD**	2022 USD
PG Home Group Limited	Amount accrued	**36,900**	36,900
PG Home Group Limited	Amount received	**36,900**	(39,900)
Styleberry Limited	Amount accrued	**532,801**	327,428
Styleberry Limited	Amount received	**528,704**	(367,147)
Progress Manufacturing Group Limited	Amount accrued	**498,304**	394,733
Progress Manufacturing Group Limited	Amount received	**468,359**	(501,603)
Grupo Sourcing Limited	Amount accrued	**49,200**	49,200
Grupo Sourcing Limited	Amount received	**50,100**	(48,000)
Twins Asia Limited	Amount accrued	**330,138**	552,068
Twins Asia Limited	Amount received	**330,138**	(578,675)
PDS Asia Star Corp Limited	Amount accrued	**344,795**	801,585
PDS Asia Star Corp Limited	Dividend accrued	**390,000**	
PDS Asia Star Corp Limited	Amount received	**394,296**	(752,084)
Fareast Vogue Limited	Amount accrued	**79,420**	68,043
Fareast Vogue Limited	Amount received	**79,420**	(73,500)
Green Apparel Industries Limited	Amount accrued	**365,037**	501,625
Green Apparel Industries Limited	Amount received	**392,361**	(580,476)
Poeticgem International Limited	Amount accrued	**1,532,560**	1,621,472
Poeticgem International Limited	Amount received	**1,511,230**	(1,692,347)
Krayons Sourcing Limited	Amount accrued	**580,159**	388,186
Krayons Sourcing Limited	Amount received	**456,505**	(440,636)
Zamira Fashions Limited	Amount accrued	**286,765**	268,854

PDS Sourcing Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2023

15. **Related party transactions (continued)**

Transactions during the year:	*Nature:*	**2023 USD**	**2022 USD**
Zamira Fashions Limited	Amount received	**290,793**	(276,958)
Blueprint Design Limited	Amount accrued	-	-
Blueprint Design Limited	Amount received	-	-
360 Degree Notch Limited	Amount accrued	**73,989**	106,600
360 Degree Notch Limited	Amount received	**81,339**	(116,250)
Clover Collections Limited	Amount accrued	**1,031,990**	706,401
Clover Collections Limited	Amount received	**1,018,729**	(721,597)
FX Import HK Limited	Amount accrued	**1,396**	-
FX Import HK Limited	Amount received	**(886,337)**	-
Design Arc Asia	Amount accrued	**898,134**	412,168
Design Arc Asia	Amount received	**880,776**	(533,025)
Techno Design HK	Amount accrued	**228,593**	190,108
Techno Design HK	Amount received	**239,198**	(202,743)
PDS Far East Limited	Amount accrued	-	28,866
PDS Far East Limited	Amount received	-	(34,866)
Rogers Capital Corporate Services Limited	Administrator fees accrued	-	33,034
Rogers Capital Corporate Services Limited	Administrator fees paid	-	(33,434)
Poeticgem Ltd	Dividend accrued	**3,261,047**	-
Poeticgem Ltd	Amount received	**(3,261,047)**	-
PDS Fashion Ltd	Recharge expense	**531,374**	-
PDS Fashion Ltd	Amount grnated	**1,809,318**	-
Spring Design Limited	Amount receivable	**(192,858)**	1,196
Pacific Logistics	Amount accrued	**538**	-
Pacific Logistics	Amount received	**(490,568)**	-
Poetic Knitwear	Amount accrued	**902**	-
Poetic Knitwear	Amount received	**(878,715)**	-

PDS Sourcing Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2023

15. **Related party transactions (continued)**

		2023	2022
Balances outstanding at 31 March:		**USD**	USD
Multinational Textiles Group Limited	Amount Payable	**677,753**	66,711
Poetic Brands Limited	Amount receivable	**335,631**	-
Spring Design Limited	Amount receivable	**194,054**	1,196
Spring Design Limited	Loan receivable	-	204,867
Norwest Industries Limited	Amount receivable	**62,155**	-
Simple Approach	Amount receivable	**37,063**	38,945
PG Group Limited	Amount receivable	-	-
PG Home Group Limited	Amount receivable	-	-
Styleberry Limited	Amount receivable	**4,097**	-
Progress Manufacturing Group Limited	Amount receivable	**26,844**	3,101
Grupo Sourcing Limited	Amount receivable	**12,300**	13,200
Twins Asia Limited	Amount receivable	-	-
PDS Asia Star Corp Limited	Amount receivable	**390,000**	49,501
Fareast Vogue Ltd	Amount receivable	-	543
Green Apparel Industries Limited	Amount receivable	**6,473**	33,797
Poeticgem International Limited	Amount receivable	**168,625**	147,295
Krayons Sourcing Limited	Amount receivable	**97,404**	26,250
Zamira Fashions Limited	Amount receivable	**15,396**	19,425
Blueprint Design Limited	Amount receivable	-	-
360 Degree Notch Limited	Amount receivable	-	7,350
Clover Collections Limited	Amount receivable	**61,148**	47,887
FX Import HK Limited	Amount receivable	**887,733**	-
Design Arc Asia	Amount receivable	**43,539**	26,181
Techno Design HK	Amount receivable	-	10,605
PDS Far East Limited	Amount receivable	-	-
Rogers Capital Corporate Services Limited	Administration fees payable	-	-
PDS Fashion Ltd	Amount receivable	**1,277,944**	
Pacific Logistics	Amount receivable	**491,106**	-
Poetic Knitwear	Amount receivable	**879,617**	-

16. Capital management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Company defines "capital" as including all components of equity. Trading balances that arise as a result of trading transactions with other group Companies are not regarded by the Company as capital.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the group. The results of the directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

17. Holding and ultimate holding company

The Company is a sub subsidiary of PDS Limited, a Company incorporated in Maharashtra, India. The ultimate holding Company is PDS Limited, a company incorporated in India with its shares listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

18. Going Concern, Impact Of Covid-19 And Ukrainian – Russian War

Impact of Ukrainian - Russian war

On 24 February 2022, the Russian Federation launched a full-scale invasion into Ukraine sovereign state. The potential impacts from the emerging Ukraine and Russian conflict remain uncertain, including but not limited to, on global economic conditions, asset valuations, interest rate expectations and exchange rates. Although the extent of these impacts has not been assessed at this stage, currently there is no direct impact on the Company as the Company does not have any transactions with both Ukraine and Russia.

Going Concern

The Company incurred a profit of USD **6,552,514** (2022: USD 3,288,583) for the year ended 31 March 2023. As at that date, the Company had net assets of USD **20,900,017** (2022:USD 4,347,503) with its total current assets exceeding its total current liabilities by USD **2,987,575** (2022: USD 599,733).

The directors have made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19 and Ukraine Russian War, which is at least, but is not limited to, twelve months from the date of approval of these financial statements and confirm that they have not identified events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

19. **Events after the reporting date**

There has been no significant event after the reporting date which in the opinion of the board of directors requires disclosure in the financial statements.

PDS Ventures Limited

Financial statements

31 March 2023

PDS Ventures Limited

Financial statements
for the year ended 31 March 2023

Contents

PDS Ventures Limited

Corporate data

Directors:		**Appointment on:**
	Deepak Kumar Seth	20 June 2016
	Payel Seth	20 June 2016
	Pallak Seth	20 June 2016
	Abhishekh Kanoi	08 August 2021
	Sharmil Shah	25 November 2015
	Dhanun Ujoodha	25 November 2015
	Sheik Mohamad Ally	
	Shameem Kureemun (alternate to Dhanun Ujoodha)	25 November 2015
	Krishna Ramguttee (alternate to Sharmil Shah)	14 February 2019

Company Administrator& Secretary:

Rogers Capital Corporate Services Limited
3rd Floor, Rogers House
No.5 President John Kennedy Street
Port Louis
Republic of Mauritius

Registered office:

C/o Rogers Capital Corporate Services Limited
3rd Floor, Rogers House
No.5 President John Kennedy Street
Port Louis
Republic of Mauritius

Auditor:

Lancasters
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Republic of Mauritius

Banker:

HSBC Bank (Mauritius) Limited
Icon Ebene, Level 5,
Office 1 (West Wing),
Rue de l'Institut,
Ebene
Mauritius

PDS Ventures Limited

Directors' report

The directors are pleased to present their report together with the audited financial statements of PDS Ventures Limited (the "Company") for the year ended 31 March 2023.

Principal activity

The principal activity of the Company is the holding of investments.

Results and dividend

The results for the year are shown on page 7.

The directors do not recommend the payment of a dividend for the year under review (2022: Nil).

Statement of directors' responsibilities in respect of financial statements

Company law requires the directors to prepare financial statements for each financial period giving a true and fair view of the state of affairs of the Company and of the statement of profit or loss and other comprehensive income of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Going Concern

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern on the year ahead.

Auditors

The auditors, Lancasters Chartered Accountants, have expressed their willingness to continue in office until the next Annual Meeting.

By order of the Board of Directors

Director

Date: 09 MAY 2023

Rogers Capital

PDS Ventures Limited

Secretary's certificate
for the year ended 31 March 2023

Secretary's certificate under Section 166 (d) of the Mauritius Companies Act 2001

In accordance with section 166 (d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under the Mauritius Companies Act 2001.

For and on behalf of **ROGERS CAPITAL CORPORATE SERVICES LIMITED**
Company secretary

Date:......09 MAY 2023..........

Rogers Capital Corporate Services Limited. Rogers House, 5 President John Kennedy Street, Port Louis, Mauritius | BRN C08011019 | T: (230) 203 1100 www.rogerscapital.mu

Auditor's report to member of PDS Ventures Limited

Opinion

We have audited the financial statements of **PDS Ventures Limited** (the "Company") set out on pages 7 to 34 which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Company Secretary's Certificate as required by the Companies Act 2001, but does not include the financial statements nor our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Auditor's report to member of PDS Ventures Limited (continued)

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Lancasters
Chartered Accountants

Auditor's report to member of PDS Ventures Limited (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other matter

This report is made solely for the Company's member, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Lancasters

Lancasters,
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius.
Date : 09.05.2023

Pasram Bissessur FCCA, ACA, MBA (UK)
Licensed by FRC

DGG INDEPENDENT MEMBER

PDS Ventures Limited

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2023

	Note	2023 USD	2022 USD
Revenue	7	**-**	-
Expenses			
Audit and accounting fees		**6,068**	6,066
Professional fees		**5,158**	4,917
Administration charges		**2,736**	2,882
Licence fees		**2,270**	2,270
Bank charges		**1,375**	1,845
		17,607	17,980
Loss from operations		**(17,607)**	(17,980)
Net finance income / (costs)	8	**73**	(73)
Impairment of loan receivable		**-**	(8,434)
Loss before taxation		**(17,534)**	(26,487)
Taxation	9	**-**	-
Loss for the year		**(17,534)**	(26,487)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(17,534)**	(26,487)

The notes on pages 11 to 34 form part of these financial statements

PDS Ventures Limited

Statement of financial position
as at 31 March 2023

	Note	2023 USD	2022 USD
Assets			
Non-current asset			
Investment in joint venture	10	-	-
Investment in subsidiary	11	**22,860,000**	10,000
Deposit on shares	12	-	17,250,000
Total Non-current assets		**22,860,000**	17,260,000
Current assets			
Other receivables	13	**345,385**	347,096
Cash and cash equivalents		**2,568**	4,997
Total current assets		**347,953**	352,093
Total assets		**23,207,953**	17,612,093
Equity			
Stated capital	14	**16,000,000**	1,000,000
Share application monies	15	**7,850,000**	-
Revenue deficit		**(1,265,911)**	(1,248,377)
Total equity		**22,584,089**	(248,377)
Liabilities			
Non-current liabilities			
Advance from holding company	16(a)	-	17,250,000
Current liabilities			
Other payables	17	**11,799**	13,405
Advance from holding company	16(b)	**612,065**	597,065
Total current liabilities		**623,864**	610,470
Total equity and liabilities		**23,207,953**	17,612,093

Approved by the Board of Directors on ......0 9 MAY 2023......and signed on its behalf by:

.... *Director*

.... *Director*

The notes on pages 11 to 34 form part of these financial statements

PDS Ventures Limited

Statement of changes in equity
for the year ended 31 March 2023

	Stated Capital (Ordinary shares) USD	Stated capital (Preference shares) USD	Share application monies USD	Retained earnings USD	Total equity USD
Balance as at 01 April 2021	1,000,000	-	-	(1,221,890)	(221,890)
Total comprehensive income for the year					
Loss for the year	-	-	-	(26,487)	(26,487)
Balance as at 01 April 2022	1,000,000	-	-	(1,248,377)	(248,377)
Transactions with owner of the Company					
Issue of shares	-	**15,000,000**	-	-	**15,000,000**
Movement during the year	-	-	**7,850,000**	-	**7,850,000**
Total comprehensive income for the year					
Loss for the year	-	-	-	**(17,534)**	**(17,534)**
Balance as at 31 March 2023	**1,000,000**	**15,000,000**	**7,850,000**	**(1,265,911)**	**22,584,089**

The notes on pages 11 to 34 form part of these financial statements

PDS Ventures Limited

Statement of cash flows
for the year ended 31 March 2023

	2023 USD	2022 USD
Cash flows from operating activities		
Loss before taxation	**(17,534)**	(26,487)
Adjustments for:		
Interest expense	-	1,785
Interest income	-	(1,712)
Impairment of loan receivable	-	8,434
	(17,534)	(17,980)
Change in working capital:		
Change in other receivable	**1,711**	-
Change in other payables	**(1,606)**	3,127
Net cash used in operating activities	**(17,429)**	(14,853)
Cash flows from financing activities		
Loan from holding Company	**5,615,000**	17,275,000
Cash flows from Investing activities		
Acquisition of investment	-	(10,000)
Deposit on shares	**(5,600,000)**	(17,250,000)
Net cash used in investing activities	**(5,600,000)**	(17,260,000)
Movement in cash and cash equivalents	**(2,429)**	147
Cash and cash equivalents at beginning of the year	**4,997**	4,850
Cash and cash equivalents at end of the year	**2,568**	4,997

The notes on pages 11 to 34 form part of these financial statements

PDS Ventures Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2023

1. General information

The Company was incorporated as a private limited Company on 25 November 2015 and was granted a Global Business Licence on 26 November 2015. The principal activity of the Company is the holding of investments.

The Company's registered office is C/o Rogers Capital Corporate Services Limited, 3rd Floor Rogers House, No.5, President John Kennedy Street, Port Louis, Republic of Mauritius.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Mauritius Companies Act. The Company is a sub subsidiary of PDS Limited and has taken advantage of paragraph 4 of International Financial Reporting Standards (IFRS 10) - 'Consolidated Financial Statements', which dispenses it from the need to present consolidated financial statements as its ultimate holding company is preparing consolidated financial statements as per IFRS as issued by the IASB. The registered PDS Limited where the consolidated financial statements are available is Unit No. 971, Solitaire Corporate Park Andheri Ghatkopar Link Road, Andheri East, Mumbai 400093, Maharashtra, India.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis except where stated otherwise.

(c) Functional currency and presentation currency

The financial statements are presented in United States Dollar (USD) which is the Company's functional currency and presentation currency.

(d) Use of the estimates and judgement

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Assumption and estimation uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2023 is included in the relevant notes as follows:

- Impairment test: key assumptions underlying recoverable amounts, including the recoverability of loan;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

2. **Basis of preparation (continued)**

(d) Use of estimates and judgement (continued)

Determination of functional currency

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising are dependent on the functional currency selected.

Since the Company operates in an international environment and conducts most of its transaction in foreign currency, the Company has chosen to retain United States Dollar (USD) as its reporting currency. The Company determines its functional currency based on the primary economic environment in which the Company operates.

3. **Application of new and revised International Financial Reporting Standards (IFRSs)**

New standards, interpretations and amendments issued during the year

There has been amendments and interpretations that have become effective for the current year.

The Company has adopted the following new interpretation during the year:

Annual Improvements to IFRS Standards 2018-2020

IFRS 9 Financial Instruments - The amendment clarifies that for the purpose of performing the ''10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

The above new, amended standard and interpretation effective for the financial year do not have any impact on the Company.

New standards, interpretations and amendments issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 April 2023 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

3. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

New standards, interpretations and amendments issued but not yet effective (continued)

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024.

The directors are currently assessing the impact of this amendment on the financial statements and do not expect any significant impact on the Company's financial statements.

Definition of accounting estimates (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.

- Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

- The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

3. **Application of new and revised International Financial Reporting Standards (IFRSs)(continued)**

New standards, interpretations and amendments issued but not yet effective (continued)

Definition of accounting estimates (Amendments to IAS 8) (continued)

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 July 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The directors are currently assessing the impact of this amendment on the financial statements and do not expect any significant impact on the Company's financial statements.

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The Board has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material. The amendments are effective from 1 July 2023 but may be applied earlier. The directors are currently assessing the impact of this amendment on the financial statements and do not expect any significant impact on the Company's financial statements.

4. Critical accounting estimates and judgements

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the United States Dollar (USD).

Going Concern

In light of the COVID19, management has made an assessment in respect of the entity's going concern and concluded that there is no issue for which the Company will no longer be going concern. Management have made an assessment of the Company's ability to continue as a going concern. The Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

5. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- available-for-sale equity investments (except on impairment, I which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

5. Significant accounting policies (continued)

(b) Revenue recognition

Revenue is recognised as follows:

- Dividend income: when the Company's right to receive payment is established.
- Interest income: as it accrues (taking into account the effective yield on the assets).

(c) Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items directly in equity or in OCI. Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

5. Significant accounting policies (continued)

(d) *Investments in jointly controlled entities*

The Company's has interests in joint ventures.

A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Company has equity accounted its investment in jointly controlled entities.

(e) *Financial instruments*

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement (continued)

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost include other receivables and cash and cash equivalents.

5. Significant accounting policies (continued)

(e) Financial instruments (continued)

Financial assets - Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintain a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed;
- how managers of the business are compensated – e.g whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

5. **Significant accounting policies (continued)**

(e) *Financial instruments (continued)*

Financial assets - Business model assessment (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

5. Significant accounting policies (continued)

(e) *Financial instrument (continued)*

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(f) *Share capital*

Ordinary shares

Ordinary shares are classified in equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(g) *Provisions*

A provision is recognised if, as a result of a past event, the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(h) *Impairment*

Non-derivative financial assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

5. Significant accounting policies (continued)

(h) Impairment (continued)

Non-derivative financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security {if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per (Rating Agency X) or BBB- or higher per (Rating Agency Y).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Financial assets not classified as fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

5. Significant accounting policies (continued)

(h) Impairment (continued)

Non-derivative financial assets (continued)

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Company considers a decline of 20% to be significant and a period of nine months to be prolonged.

PDS Ventures Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2023

6. Financial instruments – Fair values and risk management

(a) *Accounting classifications and fair value*

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2023

	Amortised cost USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets not measured at fair value						
Other receivables	344,657	344,657	-	-	-	-
Cash and cash equivalents	2,568	2,568	-	-	-	-
	347,225	347,225	-	-	-	-
Financial liabilities not measured at fair value						
Other payables	11,799	11,799	-	-	-	-
Advance from holding company	612,065	612,065	-	-	-	-
	623,864	623,864	-	-	-	-

6. **Financial instruments – Fair values and risk management (continued)**

(a) Accounting classifications and fair value (continued)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2022

	Amortised cost USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets not measured at fair value						
Other receivables	346,369	346,369	-	-	-	-
Cash and cash equivalents	4,997	4,997	-	-	-	-
	351,366	351,366	-	-	-	-
Financial liabilities not measured at fair value						
Other payables	13,405	13,405	-	-	-	-
Advance from holding company	17,847,065	17,847,065	-	-	-	-
	17,860,470	17,860,470	-	-	-	-

6. Financial instruments – Fair values and risk management (continued)

(b) Financial risk management

Introduction and preview

Financial instruments carried on the statement of financial position include other receivables, cash and cash equivalents, other payables and advance from holding company. The recognition method adopted is disclosed in the individual policy statement associated with each item. The most important types of risk are market risk, credit risk and liquidity risk.

The Company's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company's aims are therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews their risk management policies and systems to reflect changes in markets and emerging best practice.

Risk management is carried out by the Board of directors through board meetings. The Company provide principles for overall risk management.

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant exposure to interest rate risk.

6. Financial instruments – Fair values and risk management (continued)

(b) Financial risk management (continued)

(ii) Currency risk

Currency risk is the risk that the Company might be exposed to exchange rates fluctuations arising from currencies other than the functional currency which might have a material impact on the Company's financial assets and liabilities which are denominated in these currencies. All of the Company's financial assets and liabilities are denominated in USD. Consequently, the Company is not exposed to the risk of foreign currency exchange rates.

Credit risk

Credit risk represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company. The Company limits its credit risk by carrying out transactions through companies within the group. At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date was:

	2023 USD	2022 USD
Other receivables	**344,657**	346,369
Cash and cash equivalents	**2,568**	4,997
	347,225	351,366

Expected credit loss assessment

Cash and cash equivalents

The Company's policy is to maintain its cash balance with a reputed banking institution and to monitor the placement of cash balances on an ongoing basis. Due to the low credit risk of the counterparty, the expected credit loss (ECL) was considered to be immaterial. The carrying amount of financial assets represents the maximum credit exposure.

Impairment assessment

Other receivables

	2023 USD	2022 USD
Other receivables	**344,657**	354,803
Impairment loss	**-**	(8,434)
Balance as at 31 March	**344,657**	346,369

6. **Financial instruments – Fair values and risk management (continued)**

(b) Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Company's reputation.

	Within one year	**One to five years**	**Total**
31 March 2023	**USD**	**USD**	**USD**
Financial liabilities			
Other payables	**11,799**	**-**	**11,799**
Advance from holding company	**612,065**	**-**	**612,065**
	623,864	**-**	**623,864**

	Within one year	One to five years	Total
31 March 2022	USD	USD	USD
Financial liabilities			
Other payables	13,405	-	13,405
Advance from holding company	597,065	17,250,000	17,847,065
	610,470	17,250,000	17,860,470

7. **Revenue**

No revenue was generated during the year under review.

8. **Net finance income/ (costs)**

	2023	2022
	USD	USD
Finance Income		
Interest Income	**1,785**	1,712
Finance Costs		
Interest expense	**(1,712)**	(1,785)
Net finance income/ (costs)	**73**	(73)

9. Taxation

The Company holds a Global Business Licence for the purpose of the Financial Services Act 2007 of Mauritius. The Company is liable to tax at the rate of 15% on all its income. Pursuant to the enactment of the Finance Act 2018, with effect since 01 January 2019, the deemed foreign tax credit has phased out since 01 July 2021. Any income derived prior 30 June 2021, will still be entitled to deemed foreign tax credit of 80% or actual foreign tax credit, whichever is the higher. Any income derived after 30 June 2021 will be subject to tax at the rate of 15% and would be entitled to either:

(a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability arising in Mauritius on such income, or

(b) a partial exemption of 80% applicable to specified income, including but not limited to foreign-source dividends or interest income, subject to the Company meeting the necessary substance requirements.

Further, the Company is exempted from income tax in Mauritius on profits or gains arising from the sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to shareholders or in respect of redemptions or exchanges of shares.

A reconciliation of the actual income tax based on accounting profit and the actual income tax expense is as follows:

Total tax expense for the year:

	2023	2022
	USD	USD
Current year income tax	-	-

Reconciliation of effective taxation

	2023	2022
	USD	USD
Loss before taxation	**(17,534)**	(26,487)
Income tax at 15%	**(2,630)**	(3,973)
Unauthorised deductions	-	1,265
Deferred tax asset not recognised	**2,630**	2,708
Income tax expenses	-	-

10. Investment in joint venture

Investment consists of unquoted shares

	2023 USD	2022 USD
Cost:		
At 01 April	**10,000**	10,000
Additions during the year	**-**	-
At 31 March	**10,000**	10,000
Share of loss of equity accounted investee		
At 01 April	**(10,000)**	(10,000)
Movement during the year	**-**	-
At 31 March	**(10,000)**	(10,000)
Carrying amount	**-**	-

Name of company	*Type of shares*	*Number of shares*	*% held*	*Country of incorporation*
Redwood Internet Ventures Limited	Equity	5,000	50	Hong Kong
Digital Internet Technologies Limited	Equity	5,000	50	Hong Kong

11. Investments in subsidiary

Investments consist of both ordinary and preference shares in subsidiary

(a) Ordinary shares

	2023 USD	2022 USD
Cost		
At 01 April		-
Additions during the year	**10,000**	10,000
At 31 March	**10,000**	10,000

(b) Preference shares

	2023 USD	2022 USD
At 01 April	**-**	-
Allotment during the year (from deposit on shares)	**17,250,000**	-
Acquisition during the year	**5,600,000**	-
At 31 March	**22,850,000**	-

0.1% redeemable cumulative preference shares of USD 1 each

Name of company	*Type of shares*	*Number of shares*	*2023 % held*	*2022 % held*	*Country of incorporation*
Subsidiaries					
PDS Ventures Limited, Hong Kong	Ordinary	10,000	**100%**	100%	Hong Kong

12. Deposit on shares

	2023 USD	2022 USD
Balance at 01 April	**17,250,000**	17,250,000
Reclassify to preference shares (to investments in subsidiary)	**(17,250,000)**	-
Balance at 31 March	**-**	17,250,000

13. Other receivables

	2023 USD	2022 USD
(a) Loan receivable		
At cost	**880,709**	880,709
Impairment of loan during the year	**(536,052)**	(536,052)
Net book value	**344,657**	344,657
Unsecured, interest free loan with no fixed repayment terms		
(b) Prepayments	**728**	727
(c) Interest Receivable	**-**	1,712
	345,385	347,096

14. Stated capital

	2023 USD	2022 USD
Issued and fully paid:		
1,000,000 ordinary shares of USD 1 each	**1,000,000**	1,000,000
15,000,000 cumulative redeemable preference shares at USD 1 each	**15,000,000**	-
	16,000,000	1,000,000

15. Share application monies

	2023 USD	2022 USD
Reclassified from non-current liabilities	**2,250,000**	-
Addition during the year	**5,600,000**	-
Balance at 31 March	**7,850,000**	-

Share application monies consist of cumulative redeemable preference shares to Multinational Textile Group Limited

16. **Advance from holding company**

(a) Non-current liabilities	**2023**	2022
	USD	USD
Balance at 01 April	**17,250,000**	17,250,000
Converted into stated capital during the year	**(15,000,000)**	-
Reclassify to share application monies during the year	**(2,250,000)**	-
Balance at 31 March	**-**	**17,250,000**

The redeemable cumulative preference shares has been accounted as a liability component because as per the term sheets repayments are expected any time within the period of 7 years. In addition, the company also has an obligation to accrue and pay an interest of 0.1 % per annum. (Payable annually).

(b) Current liabilities	**2023**	2022
	USD	USD
Unsecured, interest free with no fixed term of repayment.	**612,065**	597,065

17. **Other payables**

	2023	2022
	USD	USD
Accrued expenses	**11,799**	13,405

18. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subject to common control.

One director of the Company is deemed to have beneficial interests in the Administration Agreement between the Company, the Administrator and Secretary.

During the year under review, the Company entered into the following related party transactions.

	Nature of transactions	**2023 USD**	2022 USD
Related parties:			
Digital Internet Technologies Limited	Impairment	-	(8,434)
Multinational Textiles Group Limited	Interest accrued	-	1,785
Multinational Textiles Group Limited	Amount received	-	17,275,000
Balances outstanding at 31 March:			
Digital Internet Technologies Limited	Amount receivable	**344,657**	344,657
Multinational Textiles Group Limited	Amount payable	**612,065**	17,848,850

19. Holding and ultimate holding company

The Company is a sub subsidiary of PDS Limited, a Company incorporated in Maharashtra, India. The ultimate holding Company is PDS Limited, a company incorporated in India with its shares listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

20. Going Concern, Impact Of Covid-19 And Ukrainian – Russian War

Impact of COVID-19

The directors continue to monitor the ongoing developments, and its impact on the performance of the Company. Management has considered the impact of the COVID-19 outbreak on the Company and has concluded that the pandemic should not have a significant effect on the Company's financial position and performance.

The Company continues to engage effectively on its focus areas and its operations are being carried out normally.

20. Going Concern, Impact Of Covid-19 And Ukrainian – Russian War (continued)

Impact of Ukrainian - Russian war

On 24 February 2022, the Russian Federation launched a full-scale invasion into Ukraine sovereign state. The potential impacts from the emerging Ukraine and Russian conflict remain uncertain, including but not limited to, on global economic conditions, asset valuations, interest rate expectations and exchange rates. Although the extent of these impacts has not been assessed at this stage, currently there is no direct impact on the Company as the Company does not have any transactions with both Ukraine and Russia.

Going Concern

The Company incurred a loss of USD **17,534** (2022: USD 26,487) for the year ended 31 March 2023. As at that date, the Company had net assets of USD **22,584,089** (2022: USD 248,377) with its total current liabilities exceeding its total current assets by USD **275,911** (2022: USD 258,377).

The directors have made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19 and Ukraine Russian War, which is at least, but is not limited to, twelve months from the date of approval of these financial statements and confirm that they have not identified events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

21. Events after the reporting date

There has been no significant event after the reporting date which in the opinion of the board of directors requires disclosure in the financial statements.

Report of the Directors and Audited Financial Statements

PDS FAR-EAST LIMITED

31 March 2023

CERTIFIED TRUE COPY

ERNST & YOUNG

安永

Building a better working world

PDS FAR-EAST LIMITED

CONTENTS

PDS FAR-EAST LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2023.

Principal activity

The principal activity of the Company is trading of garments. There was no significant change in the Company's principal activity during the year.

Results

The Company's loss for the year ended 31 March 2023 and its financial position as at that date are set out the financial statements on pages 5 to 33.

Directors

The directors of the Company during the year were:

Gaurav Pandey
Krishna Kanodia
Abhishekh Kanoi

In accordance with Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests

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

Auditors

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

ON BEHALF OF THE BOARD

....

Gaurav Pandey
Director

14 September 2023

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report
To the member of PDS Far-east Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of PDS Far-east Limited (the "Company") set out on pages 5 to 33, which comprises the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

EY 安永

Independent auditor's report (continued)
To the member of PDS Far-east Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the member of PDS Far-east Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Certified Public Accountants
Hong Kong
14 September 2023

PDS FAR-EAST LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
REVENUE	4	63,511,085	71,796,212
Cost of sales		(59,667,492)	(70,796,821)
Gross profit		3,843,593	999,391
Other income and gains	4	767,608	1,054,253
Selling and distribution expenses		(2,812,837)	(1,840,240)
Administrative expenses		(23,574,947)	(17,225,256)
Other operating expenses		(294,782)	(52,046)
Finance costs	6	(116,443)	(25,068)
LOSS BEFORE TAX	5	(22,187,808)	(17,088,966)
Income tax	8	-	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(22,187,808)	(17,088,966)

PDS FAR-EAST LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
NON-CURRENT ASSET			
Property, plant and equipment	9	443,957	641,980
CURRENT ASSETS			
Inventories	10	3,137,611	-
Trade receivables	11	493,617	36,167,688
Prepayments and deposit		1,293,944	432,147
Due from fellow subsidiaries	15(b)	-	1,473,907
Cash and cash equivalents		1,827,100	3,095,911
Total current assets		6,752,272	41,169,653
CURRENT LIABILITIES			
Trade payables	12	-	18,186,230
Other payables and accruals	12	1,470,932	1,387,146
Due to the immediate holding company	15(b)	43,101,752	41,692,217
Due to fellow subsidiaries	15(b)	3,764,752	2,860,728
Interest-bearing bank borrowings		3,086,913	-
Total current liabilities		51,424,349	64,126,321
NET CURRENT LIABILITIES		(44,672,077)	(22,956,668)
TOTAL ASSETS LESS CURRENT LIABILITIES		(44,228,120)	(22,314,688)
NON-CURRENT LIABILITY			
Other payable	12	44,361	-
Net liabilities		(44,272,481)	(22,314,688)
EQUITY			
Share capital	13	7,780	7,780
Accumulated losses		(44,280,261)	(22,322,468)
Net deficiency in assets		(44,272,481)	(22,314,688)

Gaurav Pandey
Director

Abhishekh Kanoi
Director

PDS FAR-EAST LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Notes	Share capital HK$	Contribution from the ultimate holding company HK$	Accumulated losses HK$	Net deficiency in assets HK$
At 1 April 2021		7,780	-	(5,360,573)	(5,352,793)
Loss and total comprehensive loss for the year		-	-	(17,088,966)	(17,088,966)
Equity-settled share-based arrangements	14	-	127,071	-	127,071
At 31 March 2022 and 1 April 2022		7,780	127,071*	(22,449,539)*	(22,314,688)
Loss and total comprehensive loss for the year		-	-	(22,187,808)	(22,187,808)
Equity-settled share-based arrangements	14	-	230,015	-	230,015
At 31 March 2023		7,780	357,086*	(44,637,347)*	(44,272,481)

* These reserve accounts comprise the deficit in reserves of HK$44,280,261 (2022: HK$22,322,468) in the statement of financial position.

PDS FAR-EAST LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(22,187,808)	(17,088,966)
Adjustments for:			
Bank interest income	4	(928)	(7)
Finance costs	6	116,443	25,068
Impairment/(reversal of impairment) of trade receivables	5	(41,001)	41,001
Depreciation of property, plants and equipment	5	291,242	52,047
Equity-settled share-based expense	5	230,015	127,071
		(21,592,037)	(16,843,786)
Decrease/(increase) in trade receivables		35,715,072	(35,255,928)
Increase in prepayments and deposit		(861,797)	(428,047)
Increase in inventories		(3,137,611)	-
Increase/(decrease) in trade payables		(18,186,230)	18,186,230
Increase in other payables and accruals		128,147	776,732
Increase in an amount due to the immediate holding company		1,409,535	35,382,586
Change in balance with fellow subsidiaries		2,377,931	1,285,053
Cash flows generated from/(used in) operating activities		(4,146,990)	3,102,840
Interest received		928	7
Interest paid		(116,443)	(25,068)
Net cash flow from/(used in) operating activities		(4,262,505)	3,077,779
CASH FLOW FROM AN INVESTING ACTIVITY			
Purchase of items of property, plant and equipment		(93,219)	(643,034)
CASH FLOW FROM A FINANCING ACTIVITY			
Proceeds from bank loans, net		3,086,913	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1,268,811)	2,434,745
Cash and cash equivalents at beginning of year		3,095,911	661,166
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,827,100	3,095,911
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		1,827,100	3,095,911

1. CORPORATE INFORMATION

PDS Far-East Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company was engaged in the trading of garments during the year.

The Company is a wholly-owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, PDS Limited (formerly known as PDS Multinational Fashions Limited), a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, is the Company's ultimate holding company.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's intermediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the revised HKFRSs has had no significant impact on the Company's financial performance and financial position.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non- current liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to HKFRS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKFRS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from A Single Transactions*[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this Amendment shall apply it on initial application of HKFRS 17

The Company is in the process of making an assessment of the impact of these new and revised HKFRSs upon their initial application. So far, the Company considers that these new and revised HKFRSs are unlikely to have a significant impact on the Company's financial statements in the period of initial application.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Company are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation
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 Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rate used for office equipment and furniture and fixtures are $33\frac{1}{3}\%$.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)
When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplify approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings or payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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

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

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

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

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

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

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

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.

Commission income from the provision of marketing services is recognised at the point in time when control of the asset is transferred to the customer, generally upon the completion of the services.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company's operations. Employees (including directors) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option-pricing model, further details of which are given in note 14 to the financial statements.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)
Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Foreign currency transactions
These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgement
In the process of applying the Company's accounting policies, management has made the following judgement apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Determination of functional currency
In determining the functional currency of each of the operating unit of the Company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country/jurisdiction whose competitive forces and regulations mainly determine the sales prices of its goods and services. The functional currency of each of the operating unit of the Company is determined based on management's assessment of the primary economic environment in which the operating unit operates. When the indicators are mixed and the functional currency is not obvious, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. (i.e., by geographical region).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 11 to the financial statements.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

An analysis of the Company's revenue is as follows:

	2023 HK$	2022 HK$
Revenue from contracts with customers		
Sale of goods	63,511,085	71,796,212

(i) *Disaggregated revenue information*
The Company's entire revenue of goods transferred is recognised at a point in time.

(ii) *Performance obligations*
Information about the Company's performance obligations is summarised below:

Sale of garment products
The performance obligation is satisfied upon delivery of garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of the Company's other income and gains are as follows:

	2023 HK$	2022 HK$
Other income and gains		
Bank interest income	928	7
Foreign exchange gain, net	111,876	28,173
Commission income	438,804	1,026,073
Government grant^	216,000	-
	767,608	1,054,253

^ Government Employer Support Scheme represents subsidy received in connection with the support from the "Employment Support Scheme" of The Government of the Hong Kong Special Administrative Region. There are no unfulfilled conditions or contingencies relating to this grant recognised during the year.

5. LOSS BEFORE TAX

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

	Notes	2023 HK$	2022 HK$
Cost of inventories sold		59,667,492	70,796,821
Auditor's remuneration		30,522	25,626
Depreciation of property, plant and equipment	9	291,242	52,047
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries and allowances		12,054,216	9,348,298
Pension costs (defined contribution scheme)		190,002	220,429
Equity-settled share-based expenses	14	230,015	127,071
		12,474,233	9,695,798
Impairment/(reversal of impairment) of trade receivables	11	(41,001)	41,001
Foreign exchange difference, net#		(111,876)	(28,173)

These gains are included in "Other income and gains" and the losses are included in "Other operating expenses", as appropriate, in statement of profit or loss.

6. FINANCE COSTS

	2023 HK$	2022 HK$
Interest on bank loans and overdrafts	116,443	25,068

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 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:

	2023 HK$	2022 HK$
Fees	-	-
Other emoluments:		
Salaries and allowances	2,483,000	2,469,918
	2,483,000	2,469,918

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year (2022: Nil).

A reconciliation of the tax credit applicable to loss before tax at the Hong Kong statutory tax rate of 16.5% (2022: 16.5%) to the tax amount at the effective tax rate, is as follows:

	2023 HK$	2022 HK$
Loss before tax	(22,187,808)	(17,088,966)
Tax credit at the statutory tax rate	(3,660,988)	(2,819,679)
Income not subject to tax	(760,848)	(338,851)
Expenses not deductible for tax	4,421,836	3,158,530
Tax amount at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2022: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$	Furniture and fixtures HK$	Total HK$
31 March 2023			
At 1 April 2022			
Cost	635,555	94,664	730,219
Accumulated depreciation	(76,873)	(11,366)	(88,239)
Net carrying amount	558,682	83,298	641,980
At 1 April 2022	558,682	83,298	641,980
Additions	74,619	18,600	93,219
Depreciation provided during the year	(260,338)	(30,904)	(291,242)
At 31 March 2023, net of accumulated depreciation	372,963	70,994	443,957
At 31 March 2023			
Cost	710,174	113,264	823,438
Accumulated depreciation	(337,211)	(42,270)	(379,481)
Net carrying amount	372,963	70,994	443,957
31 March 2022			
At 1 April 2021			
Cost	87,185	-	87,185
Accumulated depreciation	(36,192)	-	(36,192)
Net carrying amount	50,993	-	50,993
At 1 April 2021	50,993	-	50,993
Additions	548,370	94,664	643,034
Depreciation provided during the year	(40,681)	(11,366)	(52,047)
At 31 March 2022, net of accumulated depreciation	558,682	83,298	641,980
At 31 March 2022			
Cost	635,555	94,664	730,219
Accumulated depreciation	(76,873)	(11,366)	(88,239)
Net carrying amount	558,682	83,298	641,980

10. INVENTORIES

The Company's inventories represented fabrics sourced for supplies to manufacturers for their production of garments for the Company.

11. TRADE RECEIVABLES

	2023 HK$	2022 HK$
Trade receivables	493,617	36,208,689
Less: Impairment	-	(41,001)
	493,617	36,167,688

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days, extending up to 90 days. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Company's trade receivables related to a number of customers, there is no significant concentration of credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 HK$	2022 HK$
At beginning of year	41,001	-
Impairment losses (note 5)	(41,001)	41,001
At end of year	-	41,001

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

11. TRADE RECEIVABLES (continued)

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 March 2023

	Current	Past due: Less than 1 month	Past due: 1 to 3 months	Past due: Over 3 months	Total
Expected credit loss rate	0%	-	-	-	0%
Gross carrying amount (HK$)	493,617	-	-	-	493,617
Expected credit losses (HK$)	-	-	-	-	-

As at 31 March 2022

	Current	Past due: Less than 1 month	Past due: 1 to 3 months	Past due: Over 3 months	Total
Expected credit loss rate	0.11%	0.15%	-	-	0.11%
Gross carrying amount (HK$)	35,757,004	451,685	-	-	36,208,689
Expected credit losses (HK$)	40,346	655	-	-	41,001

The expected credit loss for trade receivables as at 31 March 2023 and 31 March 2022 was assessed to be minimal.

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default and had a good track record with the Company. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	Notes	2023 HK$	2022 HK$
Trade payables	(i)	-	18,186,230
Accruals	(ii)	927,168	744,063
Other payables		588,125	643,083
		1,515,293	1,387,146
Less: Portion classified as non-current assets		(44,361)	-
		1,470,932	207,500

(i) The trade payables are non-interest-bearing and are normally settled on 30-day terms.

(ii) Other payables are non-interest-bearing and have an average term of three months.

13. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid: 1,000 (2022: 1,000) ordinary shares	7,780	7,780

14. SHARE OPTION SCHEME

The employees of the Company are covered under the share-based schemes of Employee Stock Option Plan 2021 – Plan A and Phantom Stock Units Plan 2021 (the ultimate holding company).

Employee Stock Option Plan (ESOP):
The employee stock option plan is offered to all eligible employees fixed numbers of share options. Under the plan, the option price per share is 100 percent of the fair market value on the grant date with a discount of 20 percent. The options have a four-year term plan and would be exercisable in four equal instalments.

Total share-based expense recognised in the statement of profit and loss as part of employee benefits expense is as follows:

	2023 HK$	2022 HK$
Equity-settled share-based expense	230,015	127,071

Computation methodology and assumptions
The Company accounts for all awards granted under the share based schemes and estimates the fair values for stock options using the Black-Scholes option-pricing model with the following weighted average assumptions as follows:

	22 October 2021 HK$	8 December 2021 HK$	30 December 2021 HK$
Weighted average grant date fair value, per share*	28.6	33.0	35.6
Weighted average exercise price, per share*	22.8	22.8	22.8
Weighted average assumptions used:			
Expected volatility	25%	25%	25%
Expected lives (in years)	4	4	4
Risk-free interest rates	5.50%	5.65%	5.85%
Expected dividend yields	1.12%	95%	0.88%

14. SHARE OPTION SCHEME (continued)

Computation methodology and assumptions (continued)
The Company determines expected volatility on all options granted using available implied volatility rates. The Company believes that market-based measures of implied volatility are currently the best available indicators of the expected volatility used in these estimates. The Company determines expected lives of options based on the weighted average life of the options. The Company believes that the weighted average life of the options is the best estimate currently available. The risk-free interest rates are determined using the implied yield currently available for zero-coupon U.S. government issues with a remaining term equal to the expected life of the options. The expected dividend yields are based on the annualised approved quarterly dividend rate and the current market price of the ultimate holding company's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term. Employee stock purchase plan is a discount-purchase plan and consequently the fair value per share under this plan equals the amount of the discount.

Summarised information about movement in the share based schemes:

The Options outstanding under the employee stock option plan as of 31 March 2023 had an exercise price equal to 80 percent of the fair market value of holding company's stock on the date of exercise.

The following share options were outstanding under the Scheme during the year:

	2023		2022	
	Weighted average exercise price HK$ per share*	Number of options*	Weighted average exercise price HK$ per share	Number of options
At 1 April	114	10,000	-	-
Adjustment of stock split	-	40,000	-	-
Granted during the year	-	-	114	10,000
At 31 March	28.15	50,000	114	10,000

*During the year, the ultimate holding company’s stock has been split 1:5 from face value of HK$1.29 to HK$0.26.

15. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related parties based on mutually agreed terms during the year:

	2023 HK$	2022 HK$
Intermediate holding company:		
Management fees paid	1,021,483	371,760
Fellow subsidiaries:		
Purchase of goods	13,786,923	13,284,668
Consultancy fees paid	-	224,577
Commission income	1,502,730	1,026,073
Support services fee paid	5,181	-

(b) The balances with the immediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 7 to the financial statements.

16. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, financial assets included in prepayments and deposit, amounts due from fellow subsidiaries and cash and cash equivalents which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position.

The financial liabilities of the Company comprise trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and amounts due to the immediate holding company and fellow subsidiaries, which are categorised as financial liabilities at amortised cost. The carrying amount of financial liabilities included in other payables and accruals amounted to HK$569,764 (2022: HK$664,483). The carrying amounts of the Company's financial liabilities other than the financial liabilities included in other payables and accruals are the amounts shown on the statement of financial position.

17. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Management has assessed that the fair values of trade receivables, financial assets included in prepayments and deposit, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and balances with the immediate holding company and fellow subsidiaries approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Company did not have any financial assets and liabilities measured at fair value as at the end of the reporting period.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit risk

The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Company'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. The amounts presented are gross carrying amounts of the financial assets.

As at 31 March 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	493,617	493,617
Financial assets included in prepayments and deposit					
- Normal**	15,249	-	-	-	15,249
Cash and cash equivalents					
- Not yet past due	1,827,100	-	-	-	1,827,100
	1,842,349	-	-	493,617	2,335,966

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging (continued)
As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	36,208,689	36,208,689
Due from fellow subsidiaries					
- Normal**	1,473,907	-	-	-	1,473,907
Cash and cash equivalents					
- Not yet past due	3,095,911	-	-	-	3,095,911
	4,569,818	-	-	36,208,689	40,778,507

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 11 to the financial statements.

** The credit quality of financial assets included in prepayments and deposit and amounts due from fellow subsidiaries are 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".

Liquidity risk
In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, are either repayable on demand or repayable within three months.

Capital management
The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

19. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 September 2023.

Report of the Directors and Audited Financial Statements

PDS TAILORING LIMITED

31 March 2023

EY 安永

Building a better working world

CERTIFIED TRUE COPY

Ernst & Young

ERNST & YOUNG

PDS TAILORING LIMITED

CONTENTS

PDS TAILORING LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2023.

Principal activity
The principal activity of the Company has not changed during the year consist of the trading of garments.

Results
The Company's loss for the year ended 31 March 2023 and its financial position at that date are set out in the financial statements on pages 5 to 28.

Directors
The directors of the Company during the year were:

Alexandra Louise Pickles
Abhishekh Kanoi
Krishna Kanodia

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies 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 or any of its holding companies or fellow subsidiaries was a party during the year.

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

ON BEHALF OF THE BOARD

....
Abhishekh Kanoi
Director

14 SEP 2023

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report
To the members of PDS Tailoring Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of PDS Tailoring Limited (the "Company") set out on pages 5 to 28, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

EY安永

Independent auditor's report (continued)
To the members of PDS Tailoring Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

EY 安永

Independent auditor's report (continued)
To the members of PDS Tailoring Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Certified Public Accountants
Hong Kong
14 SEP 2023

PDS TAILORING LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
REVENUE	4	25,799,635	7,903,787
Cost of sales		(22,313,474)	(7,513,692)
Gross profit		3,486,161	390,095
Other income and gains	4	598,696	25,880
Selling and distribution expenses		(579,728)	(91,713)
Administrative expenses		(5,604,091)	(6,219,250)
Other operating expenses		(90,318)	(19,915)
Finance costs	6	(108,005)	(1,984)
LOSS BEFORE TAX	5	(2,297,285)	(5,916,887)
Income tax expense	8	-	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(2,297,285)	(5,916,887)

PDS TAILORING LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
NON-CURRENT ASSET			
Property, plant and equipment	9	10,785	24,899
CURRENT ASSETS			
Trade receivables	10	4,567,147	735,065
Prepayments		454,830	32,209
Due from a fellow subsidiary	13(a)	1,961,380	-
Cash and cash equivalents		714,647	2,122,711
Total current assets		7,698,004	2,889,985
CURRENT LIABILITIES			
Trade payables	11	6,006,539	4,910,572
Other payables and accruals		579,401	16,052
Due to the ultimate holding company	13(b)	-	291,049
Due to the immediate holding company	13(b)	12,879,270	6,398,932
Due to fellow subsidiaries	13(b)	425,656	1,183,071
Total current liabilities		19,890,866	12,799,676
NET CURRENT LIABILITIES		(12,192,862)	(9,909,691)
Net liabilities		(12,182,077)	(9,884,792)
EQUITY			
Share capital	12	77,800	77,800
Accumulated losses		(12,259,877)	(9,962,592)
Net deficiency in assets		(12,182,077)	(9,884,792)

....
Abhishekh Kanoi
Director

....
Krishna Kanodia
Director

PDS TAILORING LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Share capital HK$	Accumulated losses HK$	Net deficiency in assets HK$
At 1 April 2021	77,800	(4,045,705)	(3,967,905)
Loss and total comprehensive loss for the year	-	(5,916,887)	(5,916,887)
At 31 March 2022 and 1 April 2022	77,800	(9,962,592)	(9,884,792)
Loss and total comprehensive loss for the year	-	(2,297,285)	(2,297,285)
At 31 March 2023	77,800	(12,259,877)	(12,182,077)

PDS TAILORING LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(2,297,285)	(5,916,887)
Adjustments for:			
Interest income	4	(278)	(27)
Finance costs	6	108,005	1,984
Depreciation of property, plant and equipment	5	21,848	19,915
Impairment of trade receivables, net	5	6,767	9,079
		(2,160,943)	(5,885,936)
Increase in trade receivables		(3,838,849)	(744,144)
Increase in prepayments		(422,621)	(32,209)
Increase in trade payables		1,095,967	4,910,572
Increase in other payables and accruals		563,349	1,052
Increase in an amount due to the immediate holding company		6,480,338	3,037,086
Increase/(decrease) in an amount due to the ultimate holding company		(291,049)	291,049
Change in balances with fellow subsidiaries		(2,718,795)	163,820
Cash generated from/(used in) operations		(1,292,603)	1,741,290
Interest received		278	27
Interest paid		(108,005)	(1,984)
Net cash flows from/(used in) operating activities		(1,400,330)	1,739,333
CASH FLOW FROM AN INVESTING ACTIVITY			
Purchases of items of property, plant and equipment		(7,734)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1,408,064)	1,739,333
Cash and cash equivalents at beginning of year		2,122,711	383,378
CASH AND CASH EQUIVALENTS AT END OF YEAR		714,647	2,122,711
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		714,647	2,122,711

-

1. CORPORATE INFORMATION

PDS Tailoring Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

During the year, the Company was principally involved in the trading of garment.

The Company is a non-wholly owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Limited (formerly known as PDS Multinational Fashions Limited), a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's intermediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the above revised standards has had no significant financial effect on these financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non- current liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to HKFRS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKFRS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from A Single Transactions*[1]

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] No mandatory effective date yet determined but available for adoption
[4] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
[5] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
[6] An entity that chooses to apply the transition option relating to the classification overlay set out in this Amendment shall apply it on initial application of HKFRS 17

The Company is in process of making an assessment of the impact of these new and revised HKFRSs upon their initial application. So far, the Company considers that these new and revised HKFRSs are unlikely to have a significant impact on the Company's financial statements in the period of initial application.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets
Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Company are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a Company of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Property, plant and equipment and depreciation
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 Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)
Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rate used for office equipment is 33⅓%.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach (continued)
The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach
For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial instruments

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Income tax

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and 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 the 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 the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

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

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

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.

Other employee benefits

Pension scheme

The Company operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. The Company's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Company's overseas subsidiaries/branches are required to participate in central pension schemes operated by the respective local governments. These subsidiaries/branches are required to contribute certain percentages of its payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

Foreign currency transactions

These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

Provision for expected credit losses on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic condition (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 10 to the financial statements.

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

Determination of functional currency

In determining the functional currency of the Company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the Company is determined based on management's assessment of the economic environment in which the Company operates and the Company's process of determining sales prices. Management has assessed that prices are mainly denominated and settled in HK$ and therefore, management concluded that the functional currency of the Company is HK$.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

An analysis of revenue is as follows:

	2023	2022
	HK$	HK$
Revenue from contracts with customers		
Sale of goods	25,799,635	7,903,787

(i) *Disaggregated revenue information*
The Company's entire revenue of goods transferred is recognised at a point in time.

(ii) *Performance obligations*
Information about the Company's performance obligations is summarised below:

Sale of garment products
The performance obligation is satisfied upon delivery of garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of other income and gains are as follows:

	2023	2022
	HK$	HK$
Other income and gains		
Bank interest income	278	27
Foreign exchange gain, net	-	5,373
Penalty income from suppliers	562,218	20,480
Others	36,200	-
	598,696	25,880

5. LOSS BEFORE TAX

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

	Notes	2023 HK$	2022 HK$
Cost of inventories sold		22,313,474	7,513,692
Auditor's remuneration		20,000	16,052
Depreciation of property, plant and equipment	9	21,848	19,915
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries and allowances		3,594,116	3,764,877
Pension scheme contributions (defined contribution scheme)#		47,712	53,879
		3,641,828	3,818,756
Impairment of trade receivables, net	10	6,767	9,079
Foreign exchange difference, net##		-	(5,373)

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

\## These gains are included in "Other income and gains" and the losses are included in "Other operating expenses", as appropriate, in statement of profit or loss.

6. FINANCE COSTS

	2023 HK$	2022 HK$
Interest on bank overdrafts	24,441	1,184
Interest on letter of credit	83,564	800
	108,005	1,984

7. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2022: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Company did not generate any assessable profits in Hong Kong during the year (2022: Nil).

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

	2023 HK$	2022 HK$
Loss before tax	(2,297,285)	(5,916,887)
Tax credit at the statutory tax rate	(379,052)	(976,286)
Income not subject to tax	(674,001)	(68,636)
Expenses not deductible for tax	1,053,053	1,044,922
Tax amount at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2022: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$
At 1 April 2022:	
Cost	59,750
Accumulated depreciation	(34,851)
Net carrying amount	24,899
At 1 April 2022, net of accumulated depreciation	24,899
Addition	7,734
Depreciation provided during the year	(21,848)
At 31 March 2023, net of accumulated depreciation	10,785
At 31 March 2023:	
Cost	67,484
Accumulated depreciation	(56,699)
Net carrying amount	10,785
At 1 April 2021:	
Cost	59,750
Accumulated depreciation	(14,936)
Net carrying amount	44,814
At 1 April 2021, net of accumulated depreciation	44,814
Depreciation provided during the year	(19,915)
At 31 March 2022, net of accumulated depreciation	24,899
At 31 March 2022:	
Cost	59,750
Accumulated depreciation	(34,851)
Net carrying amount	24,899

10. TRADE RECEIVABLES

	2023 HK$	2022 HK$
Trade receivables	4,582,993	744,144
Less: Impairment	(15,846)	(9,079)
	4,567,147	735,065

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade receivables are non-interest bearing and are on credit terms of up to 90 days. The Company seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Company's trade receivables related to a number of customers, there is no significant concentration of credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 HK$	2022 HK$
At beginning of year	9,079	-
Impairment losses (note 5)	6,767	9,079
At end of year	15,846	9,079

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

10. TRADE RECEIVABLES (continued)

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 March 2023

	Current	Past due: Less than 1 month	Past due: 1 to 3 months	Past due: Over 3 months	Total
Expected credit loss rate	0.32%	-	0.40%	-	0.35%
Gross carrying amount (HK$)	3,122,793	-	1,460,200	-	4,582,993
Expected credit losses (HK$)	9,964	-	5,882	-	15,846

As at 31 March 2022

	Current	Past due: Less than 1 month	Past due: 1 to 3 months	Past due: Over 3 months	Total
Expected credit loss rate	1.21%	1.28%	-	-	1.22%
Gross carrying amount (HK$)	613,049	131,095	-	-	744,144
Expected credit losses (HK$)	7,401	1,678	-	-	9,079

11. Trade payables

	Note	2023 HK$	2022 HK$
Trade payables	(i)	6,006,539	4,910,572

(i) The trade payables are non-interest-bearing and are normally settled on 30-day terms.

12. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid:		
10,000 (2022: 10,000) ordinary shares	77,800	77,800

13. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Company had the following material transactions with related parties based on mutually agreed terms during the year:

	2023 HK$	2022 HK$
Fellow subsidiaries:		
Recharge of expenses paid	4,896,125	5,172,156

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

(c) The key management personnel of the Company did not receive any compensation in respect of their services rendered to the Company during the year (2022: Nil).

14. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, cash and cash equivalents and amount due from a fellow subsidiary which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the notes to the financial statements.

The financial liabilities of the Company comprise trade payables, financial liabilities included in other payables and accruals, amounts due to the ultimate holding company, the immediate holding company and fellow subsidiaries which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the notes to the financial statements.

15. FAIR VALUE OF FINANCIAL ASSESTS AND LIABILITIES

The fair values of financial assets and liabilities are included at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sale transactions. The fair values of balances with the ultimate holding company, the immediate holding company and fellow subsidiaries, trade receivables, cash and cash equivalents, trade payables and financial liabilities included in other payables and accruals approximated to their carrying amounts largely due to the short term maturities/repayable on demand of these instruments or effect of discounting is not material.

The Company did not have any financial assets and liabilities measured at fair value as at the end of the reporting period.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The credit quality and the maximum exposure to credit risk based on the Company's credit policy 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.

As at 31 March 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	4,582,993	4,582,993
Due from a fellow subsidiary					
- Normal**	1,961,380	-	-	-	1,961,380
Cash and cash equivalents					
- Not yet past due	714,647	-	-	-	714,647
	2,676,027	-	-	4,582,993	7,259,020

As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	744,144	744,144
Cash and cash equivalents					
- Not yet past due	2,112,711	-	-	-	2,112,711
	2,112,711	-	-	744,144	2,856,855

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging (continued)

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 10 to the financial statements.

** The credit quality of the amount due from a fellow subsidiaries 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".

Liquidity risk
In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, are either repayable on demand or are repayable within three months.

Capital management
The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 2022.

17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on
14 SEP 2023

Report of the Directors and Audited Financial Statements

PG HOME GROUP LIMITED

31 March 2023

CERTIFIED TRUE COPY

Ernst & Young

ERNST & YOUNG

EY 安永

Building a better working world

PG HOME GROUP LIMITED

CONTENTS

PG HOME GROUP LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2023.

Principal activities

The principal activities of the Company are the trading of home and garment products and investment holding. The principal activity of the Company's subsidiary is set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Results and dividend

The Group's profit for the year ended 31 March 2023 and the Group's financial position at that date are set out in the financial statements on pages 6 to 38.

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

Directors

The directors of the Company during the year were:

Berstein Jauregui Sebastian Felipe	
Mahesh Kumar Seth	
Vial Cerda Vicente	
Raamann Ahuja	(appointed on 1 April 2022)
Abhishekh Kanoi	(appointed on 1 April 2022)
Deepak Kumar Seth	(resigned on 1 April 2022)
Pallak Seth	(resigned on 1 April 2022)
Payel Seth	(resigned on 1 April 2022)

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests

At no time during the year was the Company, its subsidiary or any of its holding companies 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 Group to which the Company, its subsidiary or any of its holding companies or fellow subsidiaries was a party during the year.

Auditors

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

ON BEHALF OF THE BOARD

....

Berstein Jauregui Sebastian Felipe
Director

14 August 2023

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report
To the members of PG Home Group Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the consolidated financial statements of PG Home Group Limited (the "Company") and its subsidiary set out on pages 6 to 38, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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.

Information other than the consolidated financial statements and auditor's report thereon
The directors of the Company are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

EY 安永

Independent auditor's report (continued)
To the members of PG Home Group Limited
(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors for the consolidated financial statements
The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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.

EY 安永

Independent auditor's report (continued)
To the members of PG Home Group Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young

Certified Public Accountants
Hong Kong

14 August 2023

PG HOME GROUP LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2023

	Notes	2023 US$	2022 US$
REVENUE	5	8,430,266	13,113,382
Cost of sales		(6,903,683)	(10,724,520)
Gross profit		1,526,583	2,388,862
Other income and gains	5	10,214	24,009
Administrative expenses		(790,648)	(1,005,463)
Finance costs	8	(4,189)	(2,500)
PROFIT BEFORE TAX	6	741,960	1,404,908
Income tax	9	-	-
PROFIT FOR THE YEAR		741,960	1,404,908

PG HOME GROUP LIMITED

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	2023 US$	2022 US$
PROFIT FOR THE YEAR	741,960	1,404,908
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of a foreign operation	1,347	(6,657)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	743,307	1,398,251

PG HOME GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 US$	2022 US$
NON-CURRENT ASSETS			
Property, plant and equipment	11	4,502	4,546
Prepayments	13	6,038	5,449
Total non-current assets		10,540	9,995
CURRENT ASSETS			
Trade and bills receivables	12	437,563	1,481,208
Prepayments, deposits and other receivables	13	15,907	50,525
Due from the immediate holding company	17(b)	1,138,002	1,406,198
Due from a fellow subsidiary	17(b)	755,660	-
Tax recoverable		1,760	1,781
Cash and cash equivalents		366,914	619,092
Total current assets		2,715,806	3,558,804
CURRENT LIABILITIES			
Trade payables		326,595	817,784
Other payables and accruals	14	224,614	270,497
Total current liabilities		551,209	1,088,281
NET CURRENT ASSETS		2,164,597	2,470,523
Net assets		2,175,137	2,480,518
EQUITY			
Share capital	15	250,000	250,000
Reserves	16	1,925,137	2,230,518
Total equity		2,175,137	2,480,518

Berstein Jauregui Sebastian Felipe
Director

Vial Cerda Vicente
Director

PG HOME GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Note	Share capital US$	Exchange reserve US$	Retained profits US$	Total equity US$
At 1 April 2021		250,000	14,030	1,135,925	1,399,955
Profit for the year		-	-	1,404,908	1,404,908
Other comprehensive income for the year:					
Exchange difference on translation of a foreign operation		-	(6,657)	-	(6,657)
Total comprehensive income for the year		-	(6,657)	1,404,908	1,398,251
Final 2021 dividend		-	-	(317,688)	(317,688)
At 31 March 2022 and 1 April 2022		250,000	7,373*	2,223,145*	2,480,518
Profit for the year		-	-	741,960	741,960
Other comprehensive income for the year:					
Exchange difference on translation of a foreign operation		-	1,347	-	1,347
Total comprehensive income for the year		-	1,347	741,960	743,307
Final 2022 dividend	10	-	-	(1,048,688)	(1,048,688)
At 31 March 2023		250,000	8,720*	1,916,417*	2,175,137

* These reserve accounts comprise the consolidated reserves of US$1,925,137 (2022: US$2,230,518) in the consolidated statement of financial position.

PG HOME GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 US$	2022 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		741,960	1,404,908
Adjustments for:			
Finance costs	8	4,189	2,500
Interest income	5	(629)	(13)
Depreciation of property, plants and equipment	6	420	469
Reversal of impairment of trade and bills receivables	6	(799)	(832)
		745,141	1,407,032
Decrease/(increase) in trade and bills receivables		1,044,444	(35,952)
Decrease/(increase) in prepayments, deposits and other receivables		33,632	(10,601)
Decrease/(increase) in an amount due from the immediate holding company		268,196	(1,813,028)
Decrease/(increase) in an amount due from a fellow subsidiary		(755,660)	695,151
Decrease in trade payables		(491,189)	(152,561)
Decrease in other payables and accruals		(45,594)	(15,407)
Cash generated from operations		798,970	74,634
Interest received		629	13
Overseas tax paid		-	(1,791)
Net cash flows from operating activities		799,599	72,856
CASH FLOWS FROM AN INVESTING ACTIVITY			
Purchases of items of property, plant and equipment		(471)	(4,432)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,048,688)	(317,688)
Interest paid		(4,189)	(2,500)
Cash flows used in financing activities		(1,052,877)	(320,188)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(253,749)	(251,764)
Cash and cash equivalents at beginning of year		619,092	880,305
Effect of foreign exchange rate changes, net		1,571	(9,449)
CASH AND CASH EQUIVALENTS AT END OF YEAR		366,914	619,092
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		366,914	619,092

1. CORPORATE INFORMATION

PG Home Group Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F, Surson Commercial Building, 140-142 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

During the year, the Company was involved in the trading of home and garment products, and investment holding.

The Company is a non-wholly owned subsidiary of PG Group Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Limited (formerly known as PDS Multinational Fashions Limited), a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Information about a subsidiary

Particulars of the Company's subsidiary as at the end of the reporting period are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
PG Home Group S.P.A.	Chile	Chilean Pesos 3,000,000	100	-	Provision of sales and marketing services

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention. These financial statements are presented in United States dollars ("US$").

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary (collectively referred to as the "Group") for the year ended 31 March 2023. 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).

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation

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

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICLIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the revised HKFRSs has had no significant impact on the Group's financial performance and financial position.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non- current liabilities with Covenants* (the "2020 Amendments")[2]
Amendments to HKFRS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKFRS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from A Single Transactions*[1]

[1] Effective for annual periods beginning on or after 1 January 2023

[2] Effective for annual periods beginning on or after 1 January 2024

[3] No mandatory effective date yet determined but available for adoption

[4] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

[5] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

[6] An entity that chooses to apply the transition option relating to the classification overlay set out in this Amendment shall apply it on initial application of HKFRS 17

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The Goup is still in the process of assessing impact of the above new and revised HKFRSs and does not expect these new and revised HKFRSs would have any significant impact on the Group's consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets
Where an indicator of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation
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 the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Furniture and fixtures	10%
Office equipment	10%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)
Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases.

Short-term leases
The Group applies the short-term lease recognition exemption to its short-term leases of property (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
Initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets
The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bills receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Simplified approach

For trade and bills receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Group are classified, at initial recognition, as loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial instruments

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside the profit or loss is recognised 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, and 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred tax 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.

Revenue recognition
Revenue from contracts with customers
Revenue from contracts with customers is recognised when 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.

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

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Pension scheme

The Group operates a mandatory provident fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary which operates in Chile are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Foreign currencies

These financial statements are presented in US$, which is the Company'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 foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair values were measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or the profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

The functional currency of an overseas subsidiary is a currency other than US$. As at the end of the reporting period, the assets and liabilities of the subsidiary are translated into US$ at the exchange rates prevailing at the end of the reporting period, and its statement of profit or loss is translated into US$ at the weighted average exchange rate for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

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

Provision for income tax

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectations are different from the original estimates, such differences will impact on the recognition of deferred tax assets and deferred tax in the periods in which such estimates have been changed.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 12 to the financial statements.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

An analysis of revenue is as follows:

	2023 US$	2022 US$
Revenue from contracts with customers		
Sale of goods	8,430,266	13,113,382

(i) Disaggregated revenue information
The Group's entire revenue from the sale of home and garment products is recognised at a point in time.

(ii) Performance obligations
Information about the Group's performance obligations is summarised below:

Sale of home and garment products
The performance obligation is satisfied upon delivery of the home and garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of other income and gains are as follows:

	2023 US$	2022 US$
Other income and gains		
Interest income	629	13
Foreign exchange differences, net	8,679	13,695
Others	906	10,301
	10,214	24,009

6. PROFIT BEFORE TAX

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

	Notes	2023 US$	2022 US$
Depreciation of property, plants and equipment	11	420	469
Lease payment not included in the measurement of lease liabilities		11,629	11,606
Auditors' remuneration		5,269	4,819
Employee benefit expenses (excluding directors' remuneration (note 7)):			
Salaries and allowances		131,282	154,386
Pension scheme contributions (defined contribution scheme)		6,214	9,164
		137,496	163,550
Foreign exchange differences, net#		(8,679)	(13,695)
Reversal of impairment of trade and bills receivables	12	(799)	(832)

\# These gains are included in "Other income and gains" and the losses are included in "Administrative expenses", as appropriate, in statement of profit or loss.

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 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:

	2023 US$	2022 US$
Fees	-	-
Other emoluments:		
Salaries and allowances	120,167	122,443
Pension scheme contributions	-	-
	120,167	122,443

8. FINANCE COSTS

	2023 US$	2022 US$
Interest on bank overdrafts	4,189	2,500

9. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2022: Nil). Taxes on profits assessable elsewhere have been calculated at the prevailing tax rates in the countries or jurisdictions in which the Group operates.

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the jurisdiction in which the Company and its subsidiary are domiciled to the tax amount at the Group's effective tax rate is as follows:

	2023 US$	2022 US$
Profit before tax	741,960	1,404,908
Tax charge at the Hong Kong statutory tax rate of 16.5% (2022:16.5%)	122,423	231,810
Difference in tax rates applied for specific provinces or local authority	(408)	1,312
Income not subject to tax	(140,179)	(228,533)
Expenses not deductible for tax	1,013	6,301
Tax losses utilised	-	(10,890)
Tax losses not recognised	17,151	-
Tax amount at the effective tax rate	-	-

As at the end of the reporting period, a subsidiary of the Group had tax losses arising in Chile of US$863,477 (2022: US$759,529), that are available indefinitely for offsetting against future taxable profits of that subsidiary.

At the end of the reporting period, deferred tax assets have not been recognised in respect of the unused tax losses of US$863,477 (2022: US$759,529), which are available for offsetting against future taxable profits of the subsidiary in which the losses arose. Deferred tax assets have not been recognised in respect of these unused tax losses items as it is not considered probable that taxable profits will be available against which these unused tax losses can be utilised.

10. DIVIDEND

	2023 US$	2022 US$
Final – Nil (2022: US$4.194752) per ordinary share	-	1,048,688

11. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures US$	Office equipment US$	Total US$
31 March 2023			
At 1 April 2022:			
Cost	2,654	23,466	26,120
Accumulated depreciation	(2,528)	(19,046)	(21,574)
Net carrying amount	126	4,420	4,546
At 1 April 2022, net of accumulated depreciation	126	4,420	4,546
Additions	-	471	471
Depreciation provided during the year	-	(420)	(420)
Exchange realignment	-	(95)	(95)
At 31 March 2023, net of accumulated depreciation	126	4,376	4,502
At 31 March 2023:			
Cost	2,624	23,658	26,282
Accumulated depreciation	(2,498)	(19,282)	(21,780)
Net carrying amount	126	4,376	4,502

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Furniture and fixtures US$	Office equipment US$	Total US$
31 March 2022			
At 1 April 2021:			
Cost	2,903	20,845	23,748
Accumulated depreciation	(2,764)	(20,321)	(23,085)
Net carrying amount	139	524	663
At 1 April 2021, net of accumulated depreciation	139	524	663
Additions	-	4,432	4,432
Depreciation provided during the year	-	(469)	(469)
Exchange realignment	(13)	(67)	(80)
At 31 March 2022, net of accumulated depreciation	126	4,420	4,546
At 31 March 2022:			
Cost	2,654	23,466	26,120
Accumulated depreciation	(2,528)	(19,046)	(21,574)
Net carrying amount	126	4,420	4,546

12. TRADE AND BILLS RECEIVABLES

	2023 US$	2022 US$
Trade receivables	404,138	969,406
Amount due from a related party	34,769	-
Less: Impairment	(1,344)	(2,143)
	437,563	967,263
Bills receivables	-	513,945
	437,563	1,481,208

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade and bills receivables are non-interest-bearing and are on credit terms of 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables related to a large amount of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances.

As at the end of the reporting period, included in the Group's trade receivables of US$34,769 (2022: Nil) is an amount due from Grupo Extremo SUR S.A. ("Grupo"), a related company as detailed in note 17(c), which is repayable on credit terms similar to those offered to the major customers of the Group.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 US$	2022 US$
At beginning of year	2,143	2,975
Reversal of impairment losses recognised (note 6)	(799)	(832)
At end of year	1,344	2,143

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and bills receivables are written off if past due for more than one year and are not subject to enforcement activity.

12. TRADE AND BILLS RECEIVABLES (continued)

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix:

As at 31 March 2023

	Current	Past due: Less than 1 month	Past due: 1 to 3 months	Past due: Over 3 months	Total
Expected credit loss rate	0.31%	0.31%	-	-	0.31%
Gross carrying amount (US$)	418,000	20,907	-	-	438,907
Expected credit losses (US$)	1,280	64	-	-	1,344

As at 31 March 2022

	Current	Past due: Less than 1 month	Past due: 1 to 3 months	Past due: Over 3 months	Total
Expected credit loss rate	0.22%	-	-	-	0.22%
Gross carrying amount (US$)	969,406	-	-	-	969,406
Expected credit losses (US$)	2,143	-	-	-	2,143

None of the bills receivable was either past due or impaired as at 31 March 2023 and 2022. There was no recent history of default for bills receivables.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 US$	2022 US$
Prepayments	6,038	5,449
Deposits	15,907	18,093
Other receivables	-	32,432
	21,945	55,974
Less: Portion classified as non-current	(6,038)	(5,449)
	15,907	50,525

None of the above assets is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no history of default.

14. OTHER PAYABLES AND ACCRUALS

	Note	2023 US$	2022 US$
Accruals		30,356	24,336
Other payables		194,258	191,009
Contract liabilities	(i)	-	55,152
		224,614	270,497

Other payables are non-interest-bearing and have an average term of three months.

Note:

(i) Details of contract liabilities as at 31 March are as follows

	31 March 2023 US$	31 March 2022 US$	1 April 2021 US$
Short-term advances received from customers			
Sale of goods	-	55,152	16,288

Contract liabilities include advances received to deliver home and garment products. The decrease in contract liabilities in 2023 was mainly due to the decrease in sales orders received from customers in relation to sales of home and garment products near year end. The increase in contract liabilities in 2022 was mainly due to the increase in sales orders received from customers in relation to sales of home and garment products near year end and whereas the Group had not yet delivered the products to customers.

15. SHARE CAPITAL

	2023 US$	2022 US$
Issued and fully paid:		
250,000 (2022: 250,000) ordinary shares	250,000	250,000

16. RESERVES

The amounts of the Group's reserves and the movements therein for the current year and the prior year are presented in the consolidated statement of changes in equity on page 9 of the financial statements.

17. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties based on mutually agreed terms during the year:

	2023 US$	2022 US$
Immediate holding company:		
Sales commission expense	-	7,200
Consulting fee	36,900	-
Fellow subsidiaries:		
Consulting fee	-	36,900
Sourcing expense	162,283	435,119

(b) The balances with the immediate holding company and a fellow subsidiary are unsecured, interest free and repayable on demand.

(c) Particulars of an amount due from a related company, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance, are as follows:

Name	31 March 2023 US$	Maximum amount outstanding during the year US$	31 March 2022 US$	Maximum amount outstanding during the year US$
Trade receivables from Grupo (note 12)	34,769	34,769	-	-

The related company is a wholly-owned subsidiary of GES Corp. HK Limited, which is a non-controlling shareholder of the Company.

18. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Group comprise trade and bills receivables, financial assets included prepayments, deposits and other receivables, cash and cash equivalents, amounts due from the immediate holding company and a fellow subsidiary, which are categorised as financial assets at amortised cost. The carrying amount of financial assets included in prepayments, deposits and other receivables amounted to US$15,907 (2022: US$50,525). The carrying amounts of these financial assets other than the financial assets included in prepayments, deposits and other receivables are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Group comprise trade payables and financial liabilities included in other payables and accruals, which are categorised as financial liabilities at amortised cost. The carrying amount of financial liabilities included in other payables and accruals amounted to US$207,146 (2022: US$215,345). The carrying amounts of these financial liabilities other than financial liabilities included in other payables and accruals are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The Group did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

The Group's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below shows 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. The amounts presented are gross carrying amounts of the financial assets.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 March 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Simplified approach US$	US$
Trade receivables*	-	-	-	438,907	438,907
Financial assets included in prepayments, deposits and other receivables					
- Normal**	15,907	-	-	-	15,907
Due from the immediate holding company					
- Normal**	1,138,002	-	-	-	1,138,002
Due from a fellow subsidiary					
- Normal**	755,660	-	-	-	755,660
Cash and cash equivalents					
- Not yet past due	366,914	-	-	-	366,914
	2,276,483	-	-	438,907	2,715,390

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	US$	US$	US$	US$	US$
Trade receivables*	-	-	-	969,406	969,406
Bills receivables					
- Normal**	513,945	-	-	-	513,945
Financial assets included in prepayments, deposits and other receivables					
- Normal**	50,525	-	-	-	50,525
Due from the immediate holding company					
- Normal**	1,406,198	-	-	-	1,406,198
Cash and cash equivalents					
- Not yet past due	619,092	-	-	-	619,092
	2,589,760	-	-	969,406	3,559,166

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 12 to the financial statements.

** The credit quality of the bills receivables, the financial assets included in prepayments, deposits and other receivables and amounts due from the immediate holding company and a fellow subsidiary are 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".

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2023		
	On demand/ less than 1 year US$	1 to 5 years US$	Total US$
Trade payables	326,595	-	326,595
Financial liabilities included in other payables and accruals	207,146	-	207,146
	533,741	-	533,741

	2022		
	On demand/ less than 1 year US$	1 to 5 years US$	Total US$
Trade payables	817,784	-	817,784
Financial liabilities included in other payables and accruals	215,345	-	215,345
	1,033,129	-	1,033,129

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to its shareholders, return capital to the shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 2022.

21. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2023 US$	2022 US$
NON-CURRENT ASSET		
Investment in a subsidiary	-	-
CURRENT ASSETS		
Trade and bills receivables	437,563	1,481,208
Prepayments and other receivables	-	32,432
Due from a fellow subsidiary	755,660	-
Due from the immediate holding company	1,138,002	1,406,198
Due from a subsidiary	1,143,413	1,133,440
Cash and cash equivalents	295,957	559,123
Total current assets	3,770,595	4,612,401
CURRENT LIABILITIES		
Trade payables	326,595	817,784
Other payables and accruals	182,289	229,841
Total current liabilities	508,884	1,047,625
Net assets	3,261,711	3,564,776
EQUITY		
Share capital	250,000	250,000
Reserves	3,011,711	3,314,776
Total equity	3,261,711	3,564,776

Berstein Jauregui Sebastian Felipe
Director

Vial Cerda Vicente
Director

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

Note:

A summary of the Company's retained profits is as follows:

	US$
At 1 April 2021	2,248,551
Profit and total comprehensive income for the year	1,383,913
Final 2021 dividend	(317,688)
At 31 March 2022 and 1 April 2022	3,314,776
Profit and total comprehensive income for the year	745,623
Final 2022 dividend	(1,048,688)
At 31 March 2023	3,011,711

22. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 August 2023.

Report of the Directors and Audited Financial Statements

RISING ASIA STAR HONGKONG CO., LIMITED

31 March 2023

CERTIFIED TRUE COPY

Ernst & Young

ERNST & YOUNG

EY 安永

Building a better working world

RISING ASIA STAR HONGKONG CO., LIMITED

CONTENTS

RISING ASIA STAR HONGKONG CO., LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2023.

Principal activity

The Company was inactive during the year.

Results

The Company's loss for the year ended 31 March 2023 and its financial position at that date are set out in the financial statements on pages 5 to 20.

Directors

The directors of the Company during the year were:

Jacek Roman Ostrowski	
Abhishekh Kanoi	(appointed on 6 February 2023)
Mayank Vimal Agarwal	(appointed on 6 February 2023)
Deepak Kumar Seth	(resigned on 6 February 2023)
Pallak Seth	(resigned on 6 February 2023)
Payel Seth	(resigned on 6 February 2023)

In accordance with Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests

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

Auditors

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

ON BEHALF OF THE BOARD

....

Abhishekh Kanoi
Director

14 August 2023

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong
安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓
Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report
To the member of Rising Asia Star Hongkong Co., Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Rising Asia Star Hongkong Co., Limited (the "Company") set out on pages 5 to 20, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

EY安永

Independent auditor's report (continued)
To the member of Rising Asia Star Hongkong Co., Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the member of Rising Asia Star Hongkong Co., Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Certified Public Accountants
Hong Kong
14 August 2023

RISING ASIA STAR HONGKONG CO., LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
Other income and gains	4	26	284,567
Administrative expenses		(27,675)	(23,740)
Other operating expenses		(22,516)	(250)
PROFIT/(LOSS) BEFORE TAX	5	(50,165)	260,577
Income tax expense	7	-	-
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(50,165)	260,577

RISING ASIA STAR HONGKONG CO., LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
CURRENT ASSETS			
Prepayment		-	26,841
Due from a fellow subsidiary	9(b)	291,443	732,300
Cash and cash equivalents		126,135	188,629
Total current assets		417,568	947,770
CURRENT LIABILITIES			
Accrual		17,550	16,050
Due to the immediate holding company	9(b)	15,235,566	12,294,463
Due to an intermediate holding company	9(b)	-	3,422,640
Total current liabilities		15,253,116	15,733,153
Net liabilities		(14,835,548)	(14,785,383)
EQUITY			
Share capital	8	77,800	77,800
Accumulated losses		(14,913,348)	(14,863,183)
Net deficiency in assets		(14,835,548)	(14,785,383)

....
Abhishekh Kanoi
Director

....
Mayank Vimal Agarwal
Director

RISING ASIA STAR HONGKONG CO., LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Share capital HK$	Accumulated losses HK$	Net deficiency in assets HK$
At 1 April 2021	77,800	(15,123,760)	(15,045,960)
Profit and total comprehensive income for the year	-	260,577	260,577
At 31 March 2022 and 1 April 2022	77,800	(14,863,183)	(14,785,383)
Loss and total comprehensive loss for the year		(50,165)	(50,165)
At 31 March 2023	77,800	(14,913,348)	(14,835,548)

RISING ASIA STAR HONGKONG CO., LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Note	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(50,165)	260,577
Adjustment for bank interest income	4	(26)	(12)
		(50,191)	260,565
Decrease/(increase) in prepayment		26,841	(26,841)
Decrease/(increase) in an amount due from a fellow subsidiary		440,867	(445,446)
Increase in accrual		1,500	1,050
Increase/(decrease) in an amount due to an intermediate holding company		(3,422,640)	15,000
Increase in an amount due to the immediate holding company		2,941,103	15
Cash used in operations		(62,520)	(195,657)
Interest received		26	12
NET CASH FLOWS USED IN OPERATING ACTIVITIES AND NET DECREASE IN CASH AND CASH EQUIVALENTS		(62,494)	(195,645)
Cash and cash equivalents at beginning of year		188,629	384,274
CASH AND CASH EQUIVALENTS AT END OF YEAR		126,135	188,629
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		126,135	188,629

1. CORPORATE INFORMATION

Rising Asia Star Hongkong Co., Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong.

The Company was inactive during the year.

The Company is a wholly-owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Limited (formerly known as PDS Multinational Fashions Limited), a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's intermediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due until such time as the Company is in a position to repay the amount without prejudicing its ability to continue as a going concern.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the above revised HKFRSs has had no significant financial effect on the Company's financial performance and financial position.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*[3]
Amendments to HKFRS 16	*Lease liability in a sale and leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1,5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2,4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] No mandatory effective date yet determined but available for adoption
[4] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion
[5] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
[6] An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

The Company is still in the process of assessing impact of the above new and revised HKFRSs and does not expect these new and revised HKFRSs would have any significant impact on the Company's financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
 (i) has control or joint control over the Company;
 (ii) has significant influence over the Company; or
 (iii) is a member of the key management personnel of the Company or of a parent of the Company;

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)
or

(b) the party is an entity where any of the following conditions applies:
  (i) the entity and the Company are members of the same group;
  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  (iii) the entity and the Company are joint ventures of the same third party;
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  (vi) the entity is controlled or jointly controlled by a person identified in (a);
  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach (continued)
The Company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities
Initial recognition and measurement
Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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.

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
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, 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 the 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 the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intends 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.

Revenue recognition
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.

Foreign currency transactions
These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements apart from those involving estimations which have the most significant effect on the amounts recognised in the financial statements.

Determination of functional currency

The Company measures foreign currency transactions in its functional currency. The functional currency of the Company is determined based on management's assessment of the primary economic environment in which the Company operates. When the indicators are mixed and the functional currency is not obvious, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2023 HK$	2022 HK$
Bank interest income	26	12
Foreign exchange gain, net	-	284,555
	26	284,567

5. PROFIT/(LOSS) BEFORE TAX

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

	2023 HK$	2022 HK$
Auditor's remuneration	17,550	16,050
Foreign exchange difference, net#	22,516	(284,555)

\# These gains are included in "Other income and gains" and the losses are included in "Other operating expenses", as appropriate, in statement of profit or loss and other comprehensive income.

6. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2022: Nil).

7. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Company did not generate any assessable profits in Hong Kong during the year (2022: Nil).

A reconciliation of the tax charge/(credit) applicable to profit/(loss) before tax using the Hong Kong statutory rate of 16.5% (2022: 16.5%) to the tax amount at the effective tax rate is as follows:

	2023 HK$	2022 HK$
Profit/(loss) before tax	(50,165)	260,577
Tax expense/(credit) at the Hong Kong statutory tax rate of 16.5% (2022: 16.5%)	(8,277)	42,995
Income not subject to tax	(4)	(46,953)
Expenses not deductible for tax	8,281	3,958
Tax amount at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the period and as at the end of the reporting period (2022: Nil).

8. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid: 10,000 (2022: 10,000) ordinary shares	77,800	77,800

9. RELATED PARTY TRANSACTIONS

(a) As disclosed elsewhere in these financial statements, the Company had no other significant related party transactions during the years ended 31 March 2023 and 31 March 2022.

(b) The balances with the immediate holding company, an intermediate holding company and a fellow subsidiary are unsecured, interest-free and repayable on demand.

(c) The key management personnel of the Company did not receive any compensation in respect of their services rendered to the Company during the year (2022: Nil).

10. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise an amount due from a fellow subsidiary and cash and cash equivalents which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

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

11. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Management has assessed that the fair values of cash and cash equivalents, accrual, and balances with the immediate holding company, an intermediate holding company and a fellow subsidiary, approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Company did not have any financial assets and liabilities measured at fair value as at the end of the reporting period.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The credit quality and the maximum exposure to credit risk based on the Company's credit policy 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.

The maximum exposure of the Company's financial assets, which comprise an amount due from a fellow subsidiary and cash and cash equivalents, equal to the aggregate carrying amount of these instruments.

An amount due from a fellow subsidiary and cash and cash equivalents are classified within Stage 1 and their loss allowance are measured at an amount equal to 12-month ECLs. The credit quality of an amount due from a fellow subsidiary 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".

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, are either repayable on demand or repayable within three months subsequent to the end of the reporting period.

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 August 2023.

Report of the Directors and Audited Financial Statements

SPRING NEAR EAST MANUFACTURING COMPANY LIMITED

31 March 2023

CERTIFIED TRUE COPY

Ernst & Young

ERNST & YOUNG

EY 安永

Building a better working world

SPRING NEAR EAST MANUFACTURING COMPANY LIMITED

CONTENTS

SPRING NEAR EAST MANUFACTURING COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2023.

Principal activity
The principal activity of the Company is the trading of garments. There was no significant change in the nature of the Company's principal activity during the year.

Results and dividends
The Company's loss for the year ended 31 March 2023 and its financial position at that date are set out in the financial statements on pages 5 to 43.

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

Directors
The directors of the Company during the year were:

Safak Kipik	
Ashish Gupta	(appointed on 1 April 2022)
Mayank Vimal Agarwal	(appointed on 1 April 2022)
Deepak Kumar Seth	(resigned on 1 April 2022)
Pallak Seth	(resigned on 1 April 2022)

Subsequent to the end of the reporting period, on 10 April 2023, Ashish Gupta resigned as a director of the Company and on 26 July 2023, Mayank Vimal Agarwal resigned as a director of the Company and Rahul Khettry was appointed as a director of the Company.

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies 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 or any of the Company's holding companies or fellow subsidiaries was a party during the year.

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

ON BEHALF OF THE BOARD

Rahul Khettry
Director

14 September 2023

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report
To the members of Spring Near East Manufacturing Company Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Spring Near East Manufacturing Company Limited (the "Company") set out on pages 5 to 43, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the members of Spring Near East Manufacturing Company Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the members of Spring Near East Manufacturing Company Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Certified Public Accountants
Hong Kong
14 September 2023

SPRING NEAR EAST MANUFACTURING COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 GBP	2022 GBP
REVENUE	4	32,748,860	13,901,668
Cost of sales		(31,046,869)	(12,417,211)
Gross profit		1,701,991	1,484,457
Other income and gains	4	4,608,862	3,259,779
Selling and distribution expenses		(142,850)	(267,412)
Administrative expenses		(5,887,638)	(4,480,447)
Other operating expenses		(115,225)	(116,017)
Finance costs	6	(338,005)	(25,441)
LOSS BEFORE TAX	5	(172,865)	(145,081)
Income tax credit/(expense)	8	10,134	(17,832)
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(162,731)	(162,913)

SPRING NEAR EAST MANUFACTURING COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 GBP	2022 GBP
NON-CURRENT ASSETS			
Property, plant and equipment	9	247,017	316,528
Right-of-use asset	10(a)	734,903	887,310
Total non-current assets		981,920	1,203,838
CURRENT ASSETS			
Trade receivables	12	1,996,143	1,096,676
Prepayments, deposits and other receivables	11	397,439	351,118
Due from the ultimate holding company	20(b)	14,054	-
Due from the immediate holding company	20(b)	1,317,734	2,136,992
Due from an intermediate holding company	20(b)	-	30,766
Due from fellow subsidiaries	20(b)	62,196	4,362
Pledged time deposits	13	1,560,194	1,559,012
Cash and cash equivalents	13	1,501,672	1,312,356
Total current assets		6,849,432	6,491,282
CURRENT LIABILITIES			
Trade payables	14	1,479,913	985,205
Other payables and accruals	15	201,762	371,566
Due to fellow subsidiaries	20(b)	1,917,423	2,301,276
Lease liability	10(b)	153,666	160,751
Interest-bearing bank borrowings	16	468,294	-
Tax payable		101,580	101,580
Total current liabilities		4,322,638	3,920,378
NET CURRENT ASSETS		2,526,794	2,570,904
TOTAL ASSETS LESS CURRENT LIABILITIES		3,508,714	3,774,742
NON-CURRENT LIABILITY			
Lease liability	10(b)	669,644	807,969
Net assets		2,839,070	2,966,773

continued/...

SPRING NEAR EAST MANUFACTURING COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (continued)

31 March 2023

	Note	2023 GBP	2022 GBP
EQUITY			
Share capital	17	134,971	134,971
Reserves		2,704,099	2,831,802
Total equity		2,839,070	2,966,773

Rahul Khettry
Director

Safak Kipik
Director

SPRING NEAR EAST MANUFACTURING COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Notes	Share capital GBP	Contribution from the ultimate holding company GBP	Retained profits GBP	Total equity GBP
At 1 April 2021		134,971	-	2,976,962	3,111,933
Loss and total comprehensive loss for the year		-	-	(162,913)	(162,913)
Equity-settled share-based arrangements	18	-	17,753	-	17,753
At 31 March 2022 and 1 April 2022		134,971	17,753*	2,814,049*	2,966,773
Loss and total comprehensive loss for the year		-	-	(162,731)	(162,731)
Equity-settled share-based arrangements	18	-	35,028	-	35,028
At 31 March 2023		134,971	52,781*	2,651,318*	2,839,070

* These reserve accounts comprise the reserves of GBP2,704,099 (2022: GBP2,831,802) in the statement of financial position.

SPRING NEAR EAST MANUFACTURING COMPANY LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 GBP	2022 GBP
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(172,865)	(145,081)
Adjustments for:			
Bank interest income	4	(1,865)	(32)
Finance costs	6	338,005	25,441
Depreciation of property, plant and equipment	5	103,207	70,348
Depreciation of a right-of-use asset	5	324,522	156,584
Impairment of trade receivables	5	6,332	4,178
Write-off of items of property, plant and equipment	5	5,431	2,957
Gain on lease modification	5	(47,505)	-
Loss on termination of a lease	5	-	9,775
Equity-settled share-based expenses	5	35,028	17,753
		590,290	141,923
Increase in trade receivables		(905,799)	(437,359)
Decrease/(increase) in prepayments, deposits and other receivables		(46,321)	336,151
Decrease/(increase) in an amount due from the immediate holding company		819,258	(366,256)
Increase in an amount due from the ultimate holding company		(14,054)	-
Increase in trade payables		494,708	307,218
Decrease in other payables and accruals		(169,804)	(1,003,961)
Change in balance with an intermediate holding company		30,766	(9,455)
Change in balance with fellow subsidiaries		(441,687)	1,719,069
Cash generated from operations		357,357	687,330
Hong Kong profits tax refunded/(paid)		10,134	(112,681)
Interest received		1,865	32
Interest paid		(323,735)	(10,035)
Net cash flows from operating activities		45,621	564,646
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(39,127)	(326,422)
Increase in pledged time deposits		(1,182)	(19)
Net cash flows used in investing activities		(40,309)	(326,441)

continued/...

SPRING NEAR EAST MANUFACTURING COMPANY LIMITED

STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2023

	Notes	2023 GBP	2022 GBP
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans		527,423	-
Repayment of bank loans		(59,129)	-
Principal portion of lease payments	10	(270,020)	(82,075)
Interest portion of lease payments	10	(14,270)	(15,406)
Net cash flows from/(used in) financing activities		184,004	(97,481)
NET INCREASE IN CASH AND CASH EQUIVALENTS		189,316	140,724
Cash and cash equivalents at beginning of year		1,312,356	1,171,632
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,501,672	1,312,356
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	13	1,501,672	1,312,356

1. CORPORATE INFORMATION

Spring Near East Manufacturing Company Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong.

During the year, the Company was engaged in the trading of garments.

The Company is a non-wholly owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Limited (formerly known as PDS Multinational Fashions Limited), a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in British Pound Sterling ("GBP").

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the above revised standards has had no significant financial effect on these financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1,5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023

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

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion.

5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

The Company is in the progress of making an assessment of the impact of these new and revised HKFRSs upon initial applications. So far, the Company considers that these new and revised HKFRSs are unlikely to have a significant impact on the Company's financial statement in the period of initial application.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Company are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
An assessment is made at the end of the reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation
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 Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Leasehold improvement	Over the shorter of the lease terms and 33⅓%
Furniture and fixtures	25%
Office equipment	33⅓%
Computer equipment	33⅓%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)
Company as a lessee (continued)

(c) Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivable which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement of loans and borrowings (continued)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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 finance costs in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

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

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

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

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

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 categorised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax 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.

Revenue recognition

Revenue from contracts with customers

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)
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.

Commission income from the provision of marketing services is recognised at the point in time when control of the asset is transferred to the customer, generally upon the completion of the services.

Sourcing income is recognised when the relevant services has been rendered.

Share-based payments
The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company's operations. Employees (including directors) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option-pricing model, further details of which are given in note 18 to the financial statements.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)
Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Employee benefits
Retirement benefit costs
The Company operates a mandatory provident fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. The Company's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Foreign currency transactions
The Company's functional currency is GBP. Foreign currency transactions recorded by the operating units in the Company are initially recorded using their 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 foreign currencies are translated using the exchange rates at the dates of the initial transactions.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgement
In the process of applying the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgement (continued)

Determination of functional currency

In determining the functional currency of each of the operating unit of the Company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country/jurisdiction whose competitive forces and regulations mainly determine the sales prices of its goods and services. The functional currency of each of the operating unit of the Company is determined based on management's assessment of the primary economic environment in which the operating unit operates. When the indicators are mixed and the functional currency is not obvious, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 12 to the financial statements.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Company's revenue, other income and gains are as follows:

	2023 GBP	2022 GBP
Revenue from contracts with customers		
Sale of goods	32,748,860	13,901,668

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2023 GBP	2022 GBP
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods	85,283	589,353

(i) *Disaggregated revenue information*
The Company's entire revenue of goods transferred is recognised at a point in time.

(ii) *Performance obligation*
Information about the Company's performance obligations is summarised below:

Sale of garment products
The performance obligation is satisfied upon delivery of garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

As a practical expedient, the amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are not disclosed in the notes to the financial statements because all the remaining performance obligations in relation to the sale of goods have an original expected duration of one year or less.

	2023 GBP	2022 GBP
Other income and gains		
Bank interest income	1,865	32
Commission income	272,345	-
Sourcing income	3,649,616	2,404,575
Gain on lease modification	47,505	-
Foreign exchange differences, net	509,985	721,017
Others	127,546	134,155
	4,608,862	3,259,779

5. LOSS BEFORE TAX

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

	Notes	2023 GBP	2022 GBP
Cost of inventories sold		31,046,869	12,417,211
Auditor's remuneration		4,471	3,686
Depreciation of property, plant and equipment	9	103,207	70,348
Depreciation of right-of-use asset	10(a)	324,522	156,584
Impairment of trade receivables	12	6,332	4,178
Lease payments not included in the measurement of lease liability		39,764	87,503
Write-off of items of property, plant and equipment		5,431	2,957
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries and allowances		2,045,766	1,523,980
Pension scheme contributions* (defined contribution schemes)		765,829	682,418
		2,811,595	2,206,398
Foreign exchange difference, net#		(509,985)	(721,017)
Gain on lease modification		(47,505)	-
Loss on termination of a lease		-	9,775

\# These gains are included in "Other income and gains" and the losses are included in "Other operating expenses", as appropriate, in statement of profit or loss and other comprehensive income.

* There are no forfeited contributions that may be used by the Company as the employer to reduce its contributions in future years (2022: Nil).

6. FINANCE COSTS

	Note	2023 GBP	2022 GBP
Interest on bank loans and overdrafts		14,498	10,035
Interest on lease liability	10	14,270	15,406
Interest on factoring		308,371	-
Interest on letter of credit		866	-
		338,005	25,441

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 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:

	2023 GBP	2022 GBP
Directors' fees	-	-
Other emoluments:		
Salaries and allowances	129,220	100,425
Equity-settled share option expenses	35,028	17,753
	164,248	118,178

8. INCOME TAX

No provision for Hong Kong profits tax had been made for the year ended 31 March 2023 as the Company did not generate any assessable profits arising in Hong Kong during the year ended 31 March 2023.

Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year ended 31 March 2022. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Company operates.

	2023 GBP	2022 GBP
Current - Hong Kong		
Charge for the year	-	17,832
Overprovision in prior years	(10,134)	-
Total tax charge/(credit) for the year	(10,134)	17,832

A reconciliation of the tax charge/(credit) applicable to profit before tax using the Hong Kong statutory rate of 16.5% (2022: 16.5%) to the tax expense/(credit) at the effective tax rate is as follows:

8. INCOME TAX (continued)

	2023 GBP	2022 GBP
Loss before tax	(172,865)	(145,081)
Tax at the Hong Kong statutory tax rate of 16.5%	(28,522)	(23,938)
Adjustments in respect of current tax of previous periods	(10,134)	-
Income not subject to tax	(1,041,291)	(782,799)
Expense not deductible for tax	1,069,813	824,569
Tax charge/(credit) at the effective tax rate	(10,134)	17,832

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2022: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement GBP	Furniture and fixtures GBP	Office equipment GBP	Computer equipment GBP	Total GBP
31 March 2023					
At 1 April 2022:					
Cost	195,580	45,276	100,377	71,547	412,780
Accumulated depreciation	(19,558)	(4,812)	(43,958)	(27,924)	(96,252)
Net carrying amount	176,022	40,464	56,419	43,623	316,528
At 1 April 2022, net of accumulated depreciation	176,022	40,464	56,419	43,623	316,528
Additions	-	11,262	2,782	25,083	39,127
Write-off	-	(5)	(5,426)	-	(5,431)
Depreciation provided during the year	(39,116)	(10,445)	(28,736)	(24,910)	(103,207)
At 31 March 2023, net of accumulated depreciation	136,906	41,276	25,039	43,796	247,017
At 31 March 2023:					
Cost	195,580	54,134	85,579	93,929	429,222
Accumulated depreciation	(58,674)	(12,859)	(60,539)	(50,133)	(182,205)
Net carrying amount	136,906	41,275	25,040	43,796	247,017

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvement GBP	Furniture and fixtures GBP	Office equipment GBP	Computer equipment GBP	Total GBP
31 March 2022					
At 1 April 2021:					
Cost	109,113	191,691	169,120	102,637	572,561
Accumulated depreciation	(107,849)	(187,241)	(132,625)	(81,435)	(509,150)
Net carrying amount	1,264	4,450	36,495	21,202	63,411
At 1 April 2021, net of accumulated depreciation	1,264	4,450	36,495	21,202	63,411
Additions	195,580	42,873	49,158	38,811	326,422
Write-off	(549)	(1,792)	(610)	(6)	(2,957)
Depreciation provided during the year	(20,273)	(5,067)	(28,624)	(16,384)	(70,348)
At 31 March 2022, net of accumulated depreciation	176,022	40,464	56,419	43,623	316,528
At 31 March 2022:					
Cost	195,580	45,276	100,377	71,547	412,780
Accumulated depreciation	(19,558)	(4,812)	(43,958)	(27,924)	(96,252)
Net carrying amount	176,022	40,464	56,419	43,623	316,528

10. LEASES

The Company as a lessee

The Company has a lease contract for an office premises which has a lease term of 5 years.

(a) Right-of-use asset

The carrying amount of the Company's right-of-use asset and the movements during the year are as follows:

	Office premises GBP
As at 1 April 2021	44,575
New lease	1,043,894
Depreciation charge	(156,584)
Termination of a lease	(44,575)
As at 31 March 2022 and 1 April 2022	887,310
Depreciation charge	(324,522)
Lease modification	172,115
As at 31 March 2023	734,903

(b) Lease liability

The carrying amount of a lease liability and the movements during the year are as follows:

	2023 GBP	2022 GBP
Carrying amount as at the beginning of the year	968,720	41,701
New lease	-	1,043,894
Accretion of interest recognised during the year	14,270	15,406
Payments	(284,290)	(97,481)
Termination of a lease	-	(34,800)
Lease modification	124,610	-
Carrying amount at end of year	823,310	968,720
Analysed into:		
Current portion	153,666	160,751
Non-current portion	669,644	807,969

The maturity analysis of lease liabilities is disclosed in note 23 to the financial statements.

10. LEASES (continued)

The Company as a lessee (continued)

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

	2023 GBP	2022 GBP
Interest on lease liability	14,270	15,406
Depreciation charge of a right-of-use asset	324,522	156,584
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 March	39,764	87,503
Loss on termination of a lease	-	9,775
Gain on lease modification	(47,505)	-
Total amount recognised in profit or loss	331,051	269,268

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 GBP	2022 GBP
Prepayments	355,007	25,570
Deposits	42,432	40,693
Other receivables	-	284,855
	397,439	351,118

None of the above assets is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.

12. TRADE RECEIVABLES

	2023 GBP	2022 GBP
Trade receivables	2,009,033	1,103,234
Less: Impairment	(12,890)	(6,558)
	1,996,143	1,096,676

12. TRADE RECEIVABLES (continued)

The Company's trading terms with its customers are mainly on credit. The credit period is generally within three months. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Company's trade receivables related to a number of customers, there is no significant concentration of credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 GBP	2022 GBP
At beginning of year	6,558	2,380
Impairment losses (note 5)	6,332	4,178
At end of year	12,890	6,558

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 March 2023

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.64%	0.64%	0.64%	-	0.64%
Gross carrying amount (GBP)	1,913,469	90,517	5,017	-	2,009,033
Expected credit losses (GBP)	12,277	581	32	-	12,890

As at 31 March 2022

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.59%	0.59%	-	-	0.59%
Gross carrying amount (GBP)	1,007,743	95,491	-	-	1,103,234
Expected credit losses (GBP)	5,992	566	-	-	6,558

13. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

	2023 GBP	2022 GBP
Cash and bank balances	1,501,672	1,312,356
Pledged time deposits	1,560,194	1,559,012
	3,061,866	2,871,368
Less: Pledged time deposits for banking facilities: - with original maturity of less than three months when acquired	(1,560,194)	(1,559,012)
Cash and cash equivalents for the purpose of the statement of financial position	1,501,672	1,312,356

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

14. TRADE PAYABLES

	2023 GBP	2022 GBP
Trade payables	1,479,913	985,205

Trade payable balances are non-interest-bearing and are normally due for settlement within 30 to 75 days.

15. OTHER PAYABLES AND ACCRUALS

	Notes	2023 GBP	2022 GBP
Other payables	(a)	65,850	35,723
Accrued employee benefits		32,192	195,794
Accruals		51,616	54,766
Contract liabilities	(b)	52,104	85,283
		201,762	371,566

Notes:

(a) Other payables are non-interest-bearing and have an average term of three months.

15. OTHER PAYABLES AND ACCRUALS (continued)

(b) Details of contract liabilities are as follows:

	31 March 2023 GBP	31 March 2022 GBP	1 April 2021 GBP
Short-term advances received from customers			
Sales of goods	52,104	85,283	589,353

Contract liabilities include short-term advances received to deliver garment products. The decrease in contract liabilities as at 31 March 2023 and 31 March 2022 was mainly due to the decrease in short-term advances received from customers in relation to the future sales of garment at the end of the year.

16. INTEREST-BEARING BANK BORROWINGS

	2023			2022		
	Contractual interest rate (%) per annum	Maturity	GBP	Contractual interest rate (%) per annum	Maturity	GBP
Trust receipt loans**	LIBOR#+3.5%, USD SOFR*+2.15%	on demand	468,294	-	-	-

** Denominated in GBP
* HSBC Secured Overnight Financing Rate ("SOFR")
# London Interbank Offered Rate ("LIBOR")

The above bank borrowings are (i) secured by certain of investment properties, time deposits, and unlisted investments of the Company and the immediate holding company and (ii) guaranteed by the ultimate holding company.

17. SHARE CAPITAL

	2023 GBP	2022 GBP
Issued and fully paid:		
200,000 (2022: 200,000) ordinary shares	134,971	134,971

18. SHARE OPTION SCHEME

The employees of the Company are covered under the share-based schemes of Employee Stock Option Plan 2021 – Plan A and Phantom Stock Units Plan 2021 (the ultimate holding company).

Employee Stock Option Plan (ESOP):
The employee stock option plan is offered to all eligible employees fixed numbers of share options. Under the plan, the option price per share is 100 percent of the fair market value on the grant date with a discount of 20 percent. The options have a four-year term plan and would be exercisable in four equal instalments.

Total share-based expense recognised in profit and loss as part of employee benefits expense is as follows:

	2023 GBP	2022 GBP
Equity-settled share-based expense	35,028	17,753

Computation methodology and assumptions
The Company accounts for all awards granted under the share based schemes and estimates the fair values for stock options using the Black-Scholes option-pricing model with the following weighted average assumptions as follows:

	22 October 2021 GBP	8 December 2021 GBP	30 December 2021 GBP
Weighted average grant date share price, per share*	2.68	3.09	3.33
Weighted average exercise price, per share*	2.15	2.15	2.15
Weighted average assumptions used:			
Expected volatility	25%	25%	25%
Expected lives (in years)	4	4	4
Risk-free interest rates	5.50%	5.65%	5.85%
Expected dividend yields	1.12%	95%	0.88%

*During the year, the ultimate holding company's stock has been split 1:5 from face value of GBP0.10 to GBP0.02.

18. SHARE OPTION SCHEME (continued)

The Company determines expected volatility on all options granted using available implied volatility rates. The Company believes that market-based measures of implied volatility are currently the best available indicators of the expected volatility used in these estimates. The Company determines expected lives of options based on the weighted average life of the options. The Company believes that the weighted average life of the options is the best estimate currently available. The risk-free interest rates are determined using the implied yield currently available for zero-coupon U.S. government issues with a remaining term equal to the expected life of the options. The expected dividend yields are based on the categorised approved quarterly dividend rate and the current market price of the ultimate holding company's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term. Employee stock purchase plan is a discount-purchase plan and consequently the fair value per share under this plan equals the amount of the discount.

Summarised information about movement in the share based schemes:

The Options outstanding under the employee stock option plan as of 31 March 2023 had an exercise price equal to 80 percent of the fair market value of holding company's stock on the date of exercise.

The following share options were outstanding under the Scheme during the year:

	2023		2022	
	Weighted average exercise price GBP per share*	Number of options*	Weighted average exercise price GBP per share	Number of options
At 1 April	10.73	15,000	-	-
Adjustment of stock split	-	60,000	-	-
Granted during the year	-	-	10.73	15,000
At 31 March	2.98	75,000	10.73	15,000

*During the year, the ultimate holding company's stock has been split 1:5 from face value of GBP0.10 to GBP0.02.

19. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Company had non-cash modification to right-of-use asset and lease liability of GBP172,115 (2022: Nil) and GBP124,610 (2022: Nil), respectively, in respect of lease arrangements for office premises.

(b) Changes in liabilities arising from financing activities

	Lease liability GBP	Interest-bearing bank borrowings GBP
At 1 April 2021	41,701	-
Changes from financing cash flows, net	(97,481)	-
New lease	1,043,894	-
Interest expense	15,406	-
Termination of a lease	(34,800)	-
At 31 March 2022 and 1 April 2022	968,720	-
Changes from financing cash flows, net	(284,290)	468,294
Lease modification	124,610	-
Interest expense	14,270	-
At 31 March 2023	823,310	468,294

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cashflow is as follows:

	2023 GBP	2022 GBP
Within operating activities	(39,764)	(87,503)
Within financing activities	(284,290)	(97,481)
	(324,054)	(184,984)

20. RELATED PARTY TRANSACTION

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related parties based on mutually agreed terms during the year:

	2023 GBP	2022 GBP
Intermediate holding company:		
Management fees paid	214,183	124,212
SAP Expenses paid	5,926	-
Immediate holding company:		
Management fees received	134,858	-
Fellow subsidiaries:		
Management fees received	1,937,583	1,482,764

(b) Outstanding balances with related parties:

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

(c) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 7 to the financial statement.

21. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, financial assets included in prepayments, deposits and other receivables, amounts due from the ultimate holding company, the immediate holding company, an intermediate holding company and fellow subsidiaries, pledged time deposits, and cash and cash equivalents which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Company comprise trade payables, financial liabilities included in other payables and accruals, amounts due to fellow subsidiaries, interest-bearing bank borrowings and lease liability which are categorised as financial liabilities at amortised cost. The carrying amounts of financial liabilities included in other payables and accruals amounted to GBP117,466 (2022: GBP90,489). The carrying amounts of these financial liabilities other than the financial liabilities included in other payables and accruals are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of trade receivables, financial assets included in prepayments, deposits and other receivables, cash and cash equivalent, pledged time deposits, trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and balances with the ultimate holding company, the immediate holding company, an intermediate holding company and fellow subsidiaries approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Company did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Foreign currency risk

The Company has transactional currency exposures. Such exposures arise from sales or purchases in currencies other than the Company's functional currency. The Company uses forward currency contracts to eliminate the foreign currency exposures on its sales transactions, for which the corresponding settlements are anticipated to take place more than one month after the Company has entered into firm commitments for the sales. The forward currency contracts must be in the same currency as that of the hedged items. The Company negotiates the terms of the hedge derivatives to match the terms of the hedged items to maximise hedge effectiveness. It is the Company's policy that a forward contract is not entered into until a firm commitment is in place.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Company's equity except on the retained profits.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	Change in the exchange rate %	Increase/ (decrease) in loss before tax GBP
2023		
If GBP weakens against USD	10	610,194
If GBP strengthens against USD	(10)	(610,194)

	Change in the exchange rate %	Increase/ (decrease) in profit before tax GBP
2022		
If GBP weakens against USD	10	672,993
If GBP strengthens against USD	(10)	(672,993)

Credit risk

The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Company'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. The amounts presented are gross carrying amounts of the financial assets.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 March 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 GBP	Stage 2 GBP	Stage 3 GBP	Simplified approach GBP	Total GBP
Trade receivables*	-	-	-	2,009,033	2,009,033
Financial assets included in prepayments, deposits and other receivables					
- Normal**	42,432	-	-	-	42,432
Due from the ultimate holding company					
- Normal**	14,054	-	-	-	14,054
Due from the immediate holding company					
- Normal**	1,317,734	-	-	-	1,317,734
Due from fellow subsidiaries					
- Normal**	62,196	-	-	-	62,196
Pledged time deposits					
- Not yet past due	1,560,194	-	-	-	1,560,194
Cash and cash equivalents					
- Not yet past due	1,501,672	-	-	-	1,501,672
	4,498,282	-	-	2,009,033	6,507,315

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 GBP	Stage 2 GBP	Stage 3 GBP	Simplified approach GBP	Total GBP
Trade receivables*	-	-	-	1,103,234	1,103,234
Financial assets included in prepayments, deposits and other receivables					
- Normal**	325,548	-	-	-	325,548
Due from the immediate holding company					
- Normal**	2,136,992	-	-	-	2,136,992
Due from fellow subsidiaries					
- Normal**	4,362	-	-	-	4,362
Due from an intermediate holding company					
- Normal**	30,766	-	-	-	30,766
Pledged time deposits					
- Not yet past due	1,559,012	-	-	-	1,559,012
Cash and cash equivalents					
- Not yet past due	1,312,356	-	-	-	1,312,356
	5,369,036	-	-	1,103,234	6,472,270

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 12 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables and amounts due from the ultimate holding company, the immediate holding company, fellow subsidiaries and an intermediate holding company are 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".

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from its group companies.

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 March 2023

	On demand/ less than 1 year GBP	1 to 5 years GBP	Total GBP
Lease liability	167,673	687,537	855,210
Trade payables	1,479,913	-	1,479,913
Financial liabilities included in other payables and accruals	117,466	-	117,466
Due to fellow subsidiaries	1,917,423	-	1,917,423
Interest-bearing bank borrowings	477,981	-	477,981
	4,160,456	687,537	4,847,993

As at 31 March 2022

	On demand/ less than 1 year GBP	1 to 5 years GBP	Total GBP
Lease liability	177,349	838,089	1,015,438
Trade payables	985,205	-	985,205
Financial liabilities included in other payables and accruals	90,489	-	90,489
Due to fellow subsidiaries	2,301,276	-	2,301,276
	3,554,319	838,089	4,392,408

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to its shareholders, return capital to its shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

24. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 September 2023.

Report of the Directors and Audited Financial Statements

SOURCING SOLUTIONS LIMITED

31 March 2023

Building a better working world

CERTIFIED TRUE COPY

ERNST & YOUNG

SOURCING SOLUTIONS LIMITED

CONTENTS

SOURCING SOLUTIONS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2023.

Principal activities
The principal activities of the Company have not changed during the year consist of the trading of garments and investment holding.

Results
The Company's profit for the year ended 31 March 2023 and its financial position at that date are set out in the financial statements on pages 5 to 33.

Directors
The directors of the Company during the year were:

Pallak Seth	
Deepak Kumar Seth	
Imran Peter Rath	
Suresh Mahadev Punjabi	(appointed on 1 April 2022)
Mohandas Thekkeyil	(appointed on 1 April 2022)

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies 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 or any of its holding companies or fellow subsidiaries was a party during the year.

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

ON BEHALF OF THE BOARD

....
Mohandas Thekkeyil
Director

14 August 2023

Independent auditor's report
To the members of Sourcing Solutions Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Sourcing Solutions Limited (the "Company") set out on pages 5 to 33, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Independent auditor's report (continued)
To the members of Sourcing Solutions Limited
(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent auditor's report (continued)
To the members of Sourcing Solutions Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

Ernst & Young

Certified Public Accountants
Hong Kong
14 August 2023

SOURCING SOLUTIONS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
REVENUE	4	107,883,504	84,250,991
Cost of sales		(90,557,130)	(72,009,103)
Gross profit		17,326,374	12,241,888
Other income and gains	4	2,441,814	2,228,098
Selling and distribution expenses		(961,161)	(350,870)
Administrative expenses		(9,725,920)	(8,309,820)
Other operating expenses		(672,888)	(1,339,903)
Finance costs	6	(37,194)	(277,595)
Share of loss of an associate		(1,519,909)	(1,650,478)
PROFIT BEFORE TAX	5	6,851,116	2,541,320
Income tax expense	8	-	-
PROFIT FOR THE YAR		6,851,116	2,541,320
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of an associate		(827,930)	301,891
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,023,186	2,843,211

SOURCING SOLUTIONS LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	9	92,633	73,205
Investment in an associate	10	450,811	2,798,650
Total non-current assets		543,444	2,871,855
CURRENT ASSETS			
Trade receivables	11	26,291,273	31,719,580
Prepayments and other receivables	12	3,752,969	2,653,473
Due from fellow subsidiaries	16(b)	740,323	240,504
Due from an intermediate holding company	16(b)	99,452	73,420
Cash and cash equivalents		970,896	1,243,296
Total current assets		31,854,913	35,930,273
CURRENT LIABILITIES			
Trade payables	13	15,805,591	19,733,703
Other payables and accruals	13	8,129,419	4,999,405
Due to the immediate holding company	16(b)	7,522,204	19,135,178
Interest-bearing bank borrowings	14	2,332,236	2,348,121
Total current liabilities		33,789,450	46,216,407
NET CURRENT LIABILITIES		(1,934,537)	(10,286,134)
Net liabilities		(1,391,093)	(7,414,279)
EQUITY			
Share capital	15	77,800	77,800
Accumulated losses		(1,468,893)	(7,492,079)
Net deficiency in assets		(1,391,093)	(7,414,279)

....
Imran Peter Rath
Director

....
Mohandas Thekkeyil
Director

SOURCING SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Share capital HK$	Accumulated losses HK$	Exchange reserve HK$	Net deficiency in assets HK$
At 1 April 2021	77,800	(10,335,290)	-	(10,257,490)
Profit for the year	-	2,541,320	-	2,541,320
Other comprehensive income for the year:				
Exchange differences on translation of an associate	-	-	301,891	301,891
Total comprehensive income for the year	-	2,541,320	301,891	2,843,211
At 31 March 2022 and 1 April 2022	77,800	(7,793,970)	301,891	(7,414,279)
Profit for the year	-	6,851,116	-	6,851,116
Other comprehensive loss for the year:				
Exchange differences on translation of an associate	-	-	(827,930)	(827,930)
Total comprehensive income for the year	-	6,851,116	(827,930)	6,023,186
At 31 March 2023	77,800	(942,854)	(526,039)	(1,391,093)

SOURCING SOLUTIONS LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		6,851,116	2,541,320
Adjustments for:			
Interest income	4	(2,159)	(6)
Finance costs	6	37,194	277,595
Impairment of trade receivables	5	9,411	230,849
Depreciation of plant, property and equipment	5	59,290	31,574
Share of losses of an associate		1,519,909	1,650,478
		8,474,761	4,731,810
Decrease/(increase) in trade receivables		5,418,896	(18,365,151)
Decrease/(increase) in prepayments and other receivables		(1,099,496)	2,306,029
Decrease/(increase) in an amount due from an intermediate holding company		(26,032)	73,863
Increase in an amount due from an associate		-	(4,147,237)
Changes in balances with fellow subsidiaries		(499,819)	262,710
Increase/(decrease) in trade payables		(3,928,112)	14,118,086
Increase in other payables and accruals		3,130,014	1,918,520
Increase/(decrease) in an amount due to the immediate holding company		(11,612,974)	1,493,558
Cash generated from/(used in) operations		(142,762)	2,392,188
Interest paid		(37,194)	(277,595)
Net cash flows from/(used in) operating activities		(179,956)	2,114,593
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of plant, property and equipment		(78,718)	(101,352)
Interest received		2,159	6
Net cash flows used in investing activities		(76,559)	(101,346)

continued/...

SOURCING SOLUTIONS LIMITED

STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2023

	2023 HK$	2022 HK$
CASH FLOWS FROM A FINANCING ACTIVITY		
Repayments of trust receipt loans	(15,885)	(2,922,290)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(272,400)	(909,043)
Cash and cash equivalents at beginning of year	1,243,296	2,152,339
CASH AND CASH EQUIVALENTS AT END OF YEAR	970,896	1,243,296
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	970,896	1,243,296

1. CORPORATE INFORMATION

Sourcing Solutions Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong.

During the year, the Company was principally involved in the trading of garments and investment holding.

The Company is a wholly-owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared under the going concern concept, notwithstanding that the Company had net current liabilities and net liabilities as at the end of the reporting period, as the Company's intermediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the above revised standards has had no significant financial effect on these financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non- current liabilities with Covenants* (the "2020 Amendments")[2]
Amendments to HKFRS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKFRS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from A Single Transactions*[1]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] No mandatory effective date yet determined but available for adoption
[4] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
[5] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
[6] An entity that chooses to apply the transition option relating to the classification overlay set out in this Amendment shall apply it on initial application of HKFRS 17

The Company is in process of making an assessment of the impact of these new and revised HKFRSs upon their initial application. So far, the Company considers that these new and revised HKFRSs are unlikely to have a significant impact on the Company's financial statements in the period of initial application.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in an associate
An associate is an entity in which the Company has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Company's investment in an associate is stated in the statement of financial position at the Company's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Company's share of the post-acquisition results and other comprehensive income of an associate is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Company recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and its associate are eliminated to the extent of the Company's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associate or joint ventures is included as part of the Company's investments in an associate.

Impairment of non-financial assets
Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Company are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Property, plant and equipment and depreciation

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

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rate used for office equipment is 33⅓%.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)
Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment and other financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach (continued)
The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach
For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and other payables, net of directly attributable transaction costs.

Subsequent measurement of financial liabilities at amortised cost (loans and borrowings)
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)
Subsequent measurement of financial liabilities at amortised cost (loans and borrowings) (continued)
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets are recognised for 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, and the carryforward of unused tax credits and unused tax losses can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intends 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.

Revenue recognition

Revenue from contracts with customers

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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.

Marketing fee income from the provision of marketing services is recognised at the point in time when control of the asset is transferred to the customer, generally upon the completion of the services.

Foreign currency transactions

These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions are initially recorded using the 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 the 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region and customer type).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)
Provision for expected credit losses on trade receivables (continued)
The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 11 to the financial statements.

Provision for income tax
Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

An analysis of revenue is as follows:

	2023 HK$	2022 HK$
Revenue from contracts with customers		
Sale of goods	107,883,504	84,250,991

(i) Disaggregated revenue information
The Company's entire revenue from the sale of garments is recognised at a point in time.

(ii) Performance obligations
Information about the Company's performance obligations is summarised below:

Sale of garment products
The performance obligation is satisfied upon delivery of the garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

4. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of other income and gains are as follows:

	2023 HK$	2022 HK$
Other income and gains		
Marketing fee income	1,198,869	1,456,209
Interest income	2,159	6
Penalty on suppliers	1,240,786	555,009
Others	-	216,874
	2,441,814	2,228,098

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2023 HK$	2022 HK$
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods	3,387,601	1,294,705

For a contract where the performance obligation has an original expected duration of one year or less, the information on remaining performance obligations is not disclosed, using the practical expedient in HKFRS 15.

5. PROFIT BEFORE TAX

The Company's profit before tax is arrived at after charging:

	Notes	2023 HK$	2022 HK$
Cost of inventories sold		90,557,130	72,009,103
Auditor's remuneration		30,000	31,224
Depreciation of property, plant and equipment	9	59,290	31,574
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries and allowances		1,933,765	1,958,514
Pension scheme contributions* (defined contribution scheme)		64,515	57,845
		1,998,280	2,016,359
Impairment of trade receivables	11	9,411	230,849
Impairment of an amount due from an associate		-	5,395,649
Gain on disposal of a subsidiary		-	(4,165,876)
Foreign exchange differences, net		613,597	78,556

* There are no forfeited contributions that may be used by the Company as the employer to reduce the existing level of contribution.

6. FINANCE COSTS

	2023 HK$	2022 HK$
Interest on bank overdraft	37,194	60,721
Letter of credit charges	-	216,874
	37,194	277,595

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 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:

	2023 HK$	2022 HK$
Directors' fees	-	-
Other emoluments:		
Salaries, allowances and other benefits	408,926	227,798
	408,926	227,798

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year (2022: Nil).

A reconciliation of the tax expense applicable to profit before tax using the Hong Kong statutory rate of 16.5% (2022: 16.5%) to the tax amount at the effective tax rate is as follows:

	2023 HK$	2022 HK$
Profit before tax	6,851,116	2,541,320
Tax charge at the Hong Kong statutory tax rate	1,130,434	419,318
Income not subject to tax	(3,261,751)	(2,387,548)
Expenses not deductible for tax	2,131,317	1,968,230
Tax amount at the Company's effective rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2022: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$
At 31 March 2022 and 1 April 2022:	
Cost	142,430
Accumulated depreciation	(69,225)
Net carrying amount	73,205
At 1 April 2022, net of accumulated depreciation	73,205
Additions	78,718
Depreciation provided during the year	(59,290)
At 31 March 2023, net of accumulated depreciation	92,633
At 31 March 2023:	
Cost	221,148
Accumulated depreciation	(128,515)
Net carrying amount	92,633
At 1 April 2021:	
Cost	41,078
Accumulated depreciation	(37,651)
Net carrying amount	3,427
At 1 April 2021, net of accumulated depreciation	3,427
Additions	101,352
Depreciation provided during the year	(31,574)
At 31 March 2022, net of accumulated depreciation	73,205
At 31 March 2022:	
Cost	142,430
Accumulated depreciation	(69,225)
Net carrying amount	73,205

10. INVESTMENT IN AN ASSOCIATE

	2023 HK$	2022 HK$
Share of net liabilities	(9,092,075)	(6,744,236)
Due from an associate	9,542,886	9,542,886
	450,811	2,798,650

The amount due from an associate is unsecured, interest-free and repayable on demand. In the opinion of the Directors, this balance is considered as part of the Company's net investment in an associate.

Particulars of the Company's associate as at 31 March 2023 are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest	Principal activities
Sourcing Solutions Europe	Ordinary shares	Belgium	50	Trading of garment products

The following table illustrates the summarised financial information in respect of Sourcing Solution Europe adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2023 HK$	2022 HK$
Current assets	5,510,890	4,236,907
Current liabilities	(23,695,040)	(17,725,380)
Net liabilities	(18,184,150)	(13,488,473)
Reconciliation to the Company's interest in the associate:		
Proportion of the Company's ownership	50%	50%
Company's share of net liabilities of the associate	(9,092,075)	(6,744,236)
Due from an associate	9,542,886	9,542,886
Carrying amount of the investment	450,811	2,798,650

10. INVESTMENT IN AN ASSOCIATE (continued)

	2023 HK$	2022 HK$
Revenue for the year/period (Note)	15,080,817	13,216,095
Loss for the year/period (Note)	(3,039,818)	(3,300,957)
Other comprehensive income/(loss) for the year/period (Note)	(1,655,859)	603,781
Total comprehensive loss for the year/period (Note)	(4,695,677)	(2,697,176)

Note: The financial information for the year ended 31 March 2022 presented above was based on the results for the period from the respective date when Sourcing Solutions Europe became associate of the Group to 31 March 2022.

11. TRADE RECEIVABLES

	2023 HK$	2022 HK$
Trade receivables	26,531,533	31,950,429
Less: Impairment	(240,260)	(230,849)
	26,291,273	31,719,580

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade receivables are non-interest-bearing and are on terms of up to 90 days. The Company seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Company's trade receivables related to a number of diversified customers, there is no significant concentration of credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 HK$	2022 HK$
At beginning of year	230,849	-
Impairment of trade receivables, net (note 5)	9,411	230,849
At end of year	240,260	230,849

11. TRADE RECEIVABLES (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 March 2023

		Past due				
	Current	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%
Gross carrying amount (HK$)	18,559,428	6,286,429	771,980	94,772	818,924	26,531,533
Expected credit losses (HK$)	168,067	56,928	6,991	858	7,416	240,260

As at 31 March 2022

		Past due				
	Current	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate	0.83%	0.33%	0.14%	-	-	0.72%
Gross carrying amount (HK$)	25,048,803	6,637,380	264,246	-	-	31,950,429
Expected credit losses (HK$)	208,404	22,062	383	-	-	230,849

12. PREPAYMENTS AND OTHER RECEIVABLES

	2023 HK$	2022 HK$
Prepayments	3,429,321	2,329,825
Other receivables	323,648	323,648
	3,752,969	2,653,473

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 March 2023 and 2022, the loss allowance was assessed to be minimal.

13. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	Notes	2023 HK$	2022 HK$
Trade payables	(i)	15,805,591	19,733,703
Other payables	(ii)	1,912,186	1,402,018
Accrued employee benefits		-	88,599
Accruals		30,000	121,187
Contract liabilities	(iii)	6,187,233	3,387,601
		8,129,419	4,999,405

Notes:

(i) The trade payables are non-interest-bearing and are normally settled on 30-day terms.

(ii) Other payables are non-interest bearing and have an average term of three months.

(iii) Details of contract liabilities are as follows:

	31 March 2023 HK$	31 March 2022 HK$	1 April 2021 HK$
Short-term advances received from customers			
Sales of goods	6,187,233	3,387,601	1,294,705

Contract liabilities include short-term advances received to deliver garment products. The increase in contract liabilities was mainly due to the increase in short-term advances received from customers in relation to the future sales of garment at the end of the year.

14. INTEREST-BEARING BANK BORROWINGS

	2023			2022		
	Contractual interest rate (%) per annum	Maturity	HK$	Contractual interest rate (%) per annum	Maturity	HK$
Trust receipt loans**	USD SOFR*+2.15%	on demand	2,332,236	USD SOFR*+2.15%	on demand	2,348,121

** Denominated in US$
* HSBC Secured Overnight Financing Rate ("SOFR")

The above bank borrowings are (i) secured by certain of investment properties, time deposits, and unlisted investments of the immediate holding company and a fellow subsidiary and (ii) guaranteed by the ultimate holding company.

15. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid:		
10,000 (2022: 10,000) ordinary shares	77,800	77,800

16. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Company had the following transactions with related parties based on mutually agreed terms during the year:

	2023 HK$	2022 HK$
Fellow subsidiaries:		
Marketing fee income	1,198,869	1,354,784
Intermediate holding company:		
Management fee expense	397,815	293,672

(b) The balances with the immediate holding company, an intermediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 7 to the financial statements.

17. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, financial assets included in prepayments and other receivables, amounts due from fellow subsidiaries and an intermediate holding company, and cash and cash equivalents which are categorised as financial assets at amortised costs. The carrying amounts of financial assets included in prepayments and other receivables amounted to HK$323,648 (2022: HK$323,648). The carrying amounts of these financial assets other than the financial assets included in prepayments and other receivables are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Company comprise trade payables, financial liabilities included in other payables and accruals, and amounts due to the immediate holding company which are categorised as financial liabilities at amortised cost. The carrying amounts of financial liabilities included in other payables and accruals amounted to HK$1,942,186 (2022: HK$1,523,205). The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of trade receivables, financial assets included in prepayments and other receivables, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, balances with the immediate holding company, an intermediate holding company and fellow subsidiaries approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Company did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Company'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. The amounts presented are gross carrying amounts of the financial assets.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging (continued)

As at 31 March 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	26,531,533	26,531,533
Financial assets included in prepayments and other receivables					
- Normal**	323,648	-	-	-	323,648
Due from fellow subsidiaries					
- Normal**	740,323	-	-	-	740,323
Due from an intermediate holding company					
- Normal**	99,452	-	-	-	99,452
Cash and cash equivalents					
- Not yet past due	970,896	-	-	-	970,896
	2,134,319	-	-	26,531,533	28,665,852

As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	31,950,429	31,950,429
Financial assets included in prepayments and other receivables					
- Normal**	323,648	-	-	-	323,648
Due from fellow subsidiaries					
- Normal**	240,504	-	-	-	240,504
Due from an intermediate holding company					
- Normal**	73,420	-	-	-	73,420
Cash and cash equivalents					
- Not yet past due	1,243,296	-	-	-	1,243,296
	1,880,868	-	-	31,950,429	33,831,297

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging (continued)

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 11 to the financial statements.

** The credit quality of financial assets included in prepayments and other receivables, amounts due from an intermediate holding company and fellow subsidiaries are 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".

Liquidity risk
In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments are either repayable on demand or are repayable within one year.

Capital management
The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its businesses and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to its shareholders, return capital to the shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 August 2023.

Report of the Directors and Audited Financial Statements

STYLEBERRY LIMITED

31 March 2023

CERTIFIED TRUE COPY

ERNST & YOUNG

EY 安永

Building a better working world

STYLEBERRY LIMITED

CONTENTS

STYLEBERRY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2023.

Principal activity
The principal activity of the Company is the trading of garments. There was no significant change in the Company's principal activity during the year.

Results
The Company's loss for the year ended 31 March 2023 and its financial position as at that date are set out in the financial statements on pages 5 to 44.

Directors
The directors of the Company during the year were:

Pallak Seth
Deepak Kumar Seth
Raveesh Khanna
Ajai Singh (resigned on 14 June 2022)

In accordance with Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies 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
The directors had no material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of its holding companies or fellow subsidiaries was a party during the year.

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

ON BEHALF OF THE BOARD

....
Pallak Seth
Chairman

14 September 2023

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

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

Opinion
We have audited the financial statements of Styleberry Limited (the "Company") set out on pages 5 to 44, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Certified Public Accountants
Hong Kong
14 September 2023

STYLEBERRY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
REVENUE	4	83,021,465	32,525,612
Cost of sales		(79,761,705)	(30,034,276)
Gross profit		3,259,760	2,491,336
Other income and gains	4	854,882	1,381,197
Selling and distribution expenses		(2,148,028)	(912,237)
Administrative expenses		(11,973,357)	(7,603,178)
Other operating expenses		(1,368,768)	(285,007)
Finance costs	6	(122,876)	(52,791)
LOSS BEFORE TAX	5	(11,498,387)	(4,980,680)
Income tax expense	8	-	-
LOSS FOR THE YEAR		(11,498,387)	(4,980,680)
OTHER COMPREHENSIVE LOSS			
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent period:			
Remeasurement gain/(loss) on defined benefit obligations		259,070	(19,653)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(11,239,317)	(5,000,333)

STYLEBERRY LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,035,242	93,040
Right-of-use assets	10(a)	1,830,691	429,134
Deposit		292,684	-
Total non-current assets		3,158,617	522,174
CURRENT ASSETS			
Trade receivables	11	236,032	8,453,940
Prepayments and deposits		21,648,291	2,360,897
Due from the ultimate holding company	18(b)	794,067	368,532
Due from fellow subsidiaries	18(b)	5,713,768	786,995
Due from a director	18(b)	3,274,065	1,167,000
Cash and cash equivalents		7,667,673	1,336,772
Total current assets		39,333,896	14,474,136
CURRENT LIABILITIES			
Trade payables	12	8,840,041	5,368,467
Other payables and accruals	12	505,231	1,090,427
Due to the immediate holding company	18(b)	43,805,200	9,304,014
Due to fellow subsidiaries	18(b)	4,439,119	8,233,513
Interest-bearing bank borrowings	14	3,843,790	-
Lease liabilities	10(b)	548,646	108,770
Total current liabilities		61,982,027	24,105,191
NET CURRENT LIABILITIES		(22,648,131)	(9,631,055)
TOTAL ASSETS LESS CURRENT LIABILITIES		(19,489,514)	(9,108,881)
NON-CURRENT LIABILITIES			
Lease liabilities	10(b)	1,329,099	336,978
Other payable	12	335,692	641,643
Total non-current liabilities		1,664,791	978,621
Net liabilities		(21,154,305)	(10,087,502)

...continued/

STYLEBERRY LIMITED

STATEMENT OF FINANCIAL POSITION (continued)

31 March 2023

	Note	2023 HK$	2022 HK$
EQUITY			
Share capital	15	77,800	77,800
Accumulated losses		(21,232,105)	(10,165,302)
Net deficiency in assets		(21,154,305)	(10,087,502)

....

Pallak Seth
Director

....

Deepak Kumar Seth
Director

STYLEBERRY LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Note	Share capital HK$	Contribution from the ultimate holding company HK$	Accumulated losses HK$	Net deficiency in assets HK$
At 1 April 2021		77,800	-	(5,260,274)	(5,182,474)
Loss for the year		-	-	(4,980,680)	(4,980,680)
Other comprehensive loss for the year:					
Remeasurement loss of defined benefit plan, net of tax		-	-	(19,653)	(19,653)
Total comprehensive loss for the year		-	-	(5,000,333)	(5,000,333)
Equity-settled share option arrangements	16	-	95,305	-	95,305
At 31 March 2022 and 1 April 2022		77,800	95,305*	(10,260,607)*	(10,087,502)
Loss for the year		-	-	(11,498,387)	(11,498,387)
Other comprehensive income for the year:					
Remeasurement gain of defined benefit plan, net of tax		-	-	259,070	259,070
Total comprehensive loss for the year		-	-	(11,239,317)	(11,239,317)
Equity-settled share option arrangements	16	-	172,514	-	172,514
At 31 March 2023		77,800	267,819*	(21,499,924)*	(21,154,305)

* These reserve accounts comprise the deficit in reserves of HK$21,232,105 (2022: HK$10,165,302) in the statement of financial position.

STYLEBERRY LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(11,498,387)	(4,980,680)
Adjustment for:			
Depreciation of right-of-use assets	5	545,139	149,339
Depreciation of property, plant and equipment	5	209,678	60,190
Finance costs	6	122,876	52,791
Interest income	4	(364)	(2)
Equity-settled share option expenses	5	172,514	95,305
Impairment/(reversal of impairment) of trade receivables	5	(20,680)	17,429
Gain on termination of a lease	5	(15,489)	(1,480)
		(10,484,713)	(4,607,108)
Decrease/(increase) in trade receivables		8,238,588	(8,184,960)
Increase in prepayments and deposits		(19,580,078)	(2,046,046)
Increase in an amount due from the ultimate holding company		(425,535)	(368,532)
Decrease in an amount due from an intermediate holding company		-	28,366
Increase in an amount due from a director		(2,107,065)	(1,167,000)
Increase in trade payables		3,471,574	5,367,606
Increase/(decrease) in other payables and accruals		(632,077)	958,893
Increase in an amount due to the immediate holding company		34,501,186	2,941,789
Changes in balance with fellow subsidiaries		(8,721,167)	7,256,448
Cash generated from operations		4,260,713	179,456
Interest paid		(60,338)	(42,323)
Interest received		364	2
Net cash flows from operating activities		4,200,739	137,135
CASH FLOW FROM AN INVESTING ACTIVITY			
Purchases of items of property, plant and equipment		(1,151,880)	(61,752)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans		10,360,279	-
Repayment of bank loans		(6,516,489)	-
Principal portion of lease payments		(499,210)	(133,241)
Interest element of lease liabilities		(62,538)	(10,468)
Net cash flows from/(used in) financing activities		3,282,042	(143,709)

...continued/

STYLEBERRY LIMITED

STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2023

	2023 HK$	2022 HK$
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,330,901	(68,326)
Cash and cash equivalents at beginning of year	1,336,772	1,405,098
CASH AND CASH EQUIVALENTS AT END OF YEAR	7,667,673	1,336,772
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	7,667,673	1,336,772

1. CORPORATE INFORMATION

Styleberry Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong.

During the year, the Company was engaged in the trading of garments.

The Company is a wholly-owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, PDS Limited (formerly known as PDS Multinational Fashions Limited), a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, is the Company's ultimate holding company.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's intermediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the revised HKFRSs has had no significant impact on the Company's financial performance and financial position.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non- current liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to HKFRS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKFRS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from A Single Transactions*[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this Amendment shall apply it on initial application of HKFRS 17

The Company is in process of making an assessment of the impact of these new and revised HKFRSs upon their initial application. So far, the Company considers that these new and revised HKFRSs are unlikely to have a significant impact on the Company's financial statements in the period of initial application.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Company are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
An assessment is made at the end of the reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation
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 Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Leasehold improvement	Over the shorter of the lease terms and 33⅓%
Computer equipment	33⅓%
Furniture and fixtures	33⅓%
Office equipment	33⅓%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

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

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities
Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivable which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Income tax

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and 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 the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

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

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

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.

Commission income from the provision of marketing services is recognised at the point in time when control of the asset is transferred to the customer, generally upon the completion of the services.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company's operations. Employees (including directors) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option-pricing model, further details of which are given in note 16 to the financial statements.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)
Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits
Defined benefit plan
The Company's liability for termination benefit and earned leave for its employees is pursuant to Bangladesh Labour Act and is based on the most recent salary of the employees, number of completed years of service and number of working days.

The cost of providing termination benefit and earned leave is determined based on the valuations performed by an independent actuary. Remeasurements arising from a defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligations under "administrative expenses" in profit or loss by function:

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

Foreign currency transactions
These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions 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 the profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgement

In the process of applying the Company's accounting policies, management has made the following judgement apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Determination of functional currency

In determining the functional currency of each of the operating unit of the Company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country/jurisdiction whose competitive forces and regulations mainly determine the sales prices of its goods and services. The functional currency of each of the operating unit of the Company is determined based on management's assessment of the primary economic environment in which the operating unit operates. When the indicators are mixed and the functional currency is not obvious, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Estimation uncertainty

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

Provision of income taxes

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Provision for expected credit losses on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for expected credit losses on trade receivables (continued)

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 11 to the financial statements.

Defined benefit plan

The determination of the Company's obligation and cost for defined benefits is performed by independent actuary engaged by the Company and dependent on the selection of certain assumptions used by them in calculating such amounts. Those assumptions include among others, discount rates and future annual salary increases. In accordance with the Company's accounting policy for pension obligations, actual results that differ from the Company's assumptions are recognised immediately in other comprehensive income as and they occur. While the Company believes that the actuary's assumptions are reasonable and appropriate, significant differences in the Company's actual experience or significant changes in the Company's assumptions may materially affects its pension and other retirement obligations.

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Company's revenue, other income and gains are as follows:

	2023 HK$	2022 HK$
Revenue from contracts with customers		
Sale of goods	83,021,465	32,525,612

(i) *Disaggregated revenue information*
The Company's entire revenue of goods transferred is recognised at a point in time.

(ii) *Performance obligations*
Information about the Company's performance obligations is summarised below:

Sale of garment products
The performance obligation is satisfied upon delivery of garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

	2023 HK$	2022 HK$
Other income and gains		
Bank interest income	364	2
Commission income	418,932	368,532
Penalty income from suppliers	420,097	896,651
Recovery from customer	-	114,532
Gain on termination of a lease	15,489	1,480
	854,882	1,381,197

5. LOSS BEFORE TAX

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

	Notes	2023 HK$	2022 HK$
Cost of inventories sold		79,761,705	30,034,276
Auditor's remuneration		32,380	28,041
Depreciation for property, plants and equipment	9	209,678	60,190
Depreciation for right-of-use assets	10(a)	545,139	149,339
Impairment/(reversal of impairment) of trade receivables	11	(20,680)	17,429
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries and allowances		1,213,750	1,122,574
Pension scheme contributions* (defined benefit scheme)	13	68,864	104,915
Equity-settled share option expense	16	172,514	95,305
		1,455,128	1,322,794
Gain on termination of a lease		(15,489)	(1,480)
Foreign exchange differences, net#		600,001	38,858

* There are no forfeited contributions that may be used by the Company as the employer to reduce the existing level of contribution.

The balance is included in "Other operating expenses" in statement of profit or loss and other comprehensive income.

6. FINANCE COSTS

	2023 HK$	2022 HK$
Interest on lease liabilities	62,538	10,468
Interest on overdrafts	60,338	42,323
	122,876	52,791

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 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:

	2023 HK$	2022 HK$
Directors' fees	-	-
Other emoluments:		
Salaries, allowances and other benefits	238,068	-
	238,068	-

8. INCOME TAX

No provision for Hong Kong profits tax has been provided for the year as the Company did not generate any assessable profits arising in Hong Kong during the year (2022: Nil).

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

	2023 HK$	2022 HK$
Loss before tax	(11,498,387)	(4,980,680)
Tax credit at the statutory tax rate	(1,897,233)	(821,812)
Expenses not deductible for tax	2,576,148	1,232,882
Income not subject to tax	(678,915)	(411,070)
Tax at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2022: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvement HK$	Computer equipment HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
31 March 2023					
At 1 April 2022:					
Cost	-	174,374	28,467	99,632	302,473
Accumulated depreciation	-	(107,533)	(27,243)	(74,657)	(209,433)
Net carrying amount	-	66,841	1,224	24,975	93,040
At 1 April 2022:	-	66,841	1,224	24,975	93,040
Additions	750,580	21,450	-	379,850	1,151,880
Depreciation provided during the year	(83,389)	(34,974)	(976)	(90,339)	(209,678)
At 31 March 2023, net of accumulated depreciation	667,191	53,317	248	314,486	1,035,242
At 31 March 2023:					
Cost	750,580	195,824	28,467	479,482	1,454,353
Accumulated depreciation	(83,389)	(142,507)	(28,219)	(164,996)	(419,111)
Net carrying amount	667,191	53,317	248	314,486	1,035,242

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Computer equipment HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
31 March 2022				
At 1 April 2021:				
Cost	116,676	28,467	95,578	240,721
Accumulated depreciation	(75,106)	(23,230)	(50,907)	(149,243)
Net carrying amount	41,570	5,237	44,671	91,478
At 1 April 2021:	41,570	5,237	44,671	91,478
Additions	57,698	-	4,054	61,752
Depreciation provided during the year	(32,427)	(4,013)	(23,750)	(60,190)
At 31 March 2022, net of accumulated depreciation	66,841	1,224	24,975	93,040
At 31 March 2022:				
Cost	174,374	28,467	99,632	302,473
Accumulated depreciation	(107,533)	(27,243)	(74,657)	(209,433)
Net carrying amount	66,841	1,224	24,975	93,040

10. LEASES

The Company as a lessee
The Company has lease contracts for office premises which have lease terms between 2 and 5 years.

(a) Right-of-use assets

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

	Office premises HK$
As at 1 April 2021	146,988
New lease	527,474
Depreciation charge	(149,339)
Termination of a lease	(95,989)
As at 31 March 2022 and 1 April 2022	429,134
New lease	2,275,488
Depreciation charge	(545,139)
Termination of a lease	(328,792)
As at 31 March 2023	1,830,691

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 HK$	2022 HK$
Carrying amount at the beginning of the year	445,748	148,984
New lease	2,275,488	527,474
Accretion of interest recognised during the year	62,538	10,468
Payments	(561,748)	(143,709)
Termination of a lease	(344,281)	(97,469)
Carrying amount at the end of the year	1,877,745	445,748
Analysed into:		
Current portion	548,646	108,770
Non-current portion	1,329,099	336,978

10. LEASES (continued)

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

	2023 HK$	2022 HK$
Interest on lease liabilities	62,538	10,468
Depreciation charge of right-of-use assets	545,139	149,339
Gain on termination of a lease	(15,489)	(1,480)
Total amount recognised in profit or loss	592,188	158,327

11. TRADE RECEIVABLES

	2023 HK$	2022 HK$
Trade receivables	236,909	8,475,497
Less: Impairment	(877)	(21,557)
	236,032	8,453,940

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days, extending up to 90 days for major customers. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Company's trade receivables related to a number of customers, there is no significant concentration of credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 HK$	2022 HK$
At beginning of year	21,557	4,128
Impairment/(reversal of impairment) losses (note 5)	(20,680)	17,429
At end of year	877	21,557

11. TRADE RECEIVABLES (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 March 2023

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.35%	-	-	0.43%	0.37%
Gross carrying amount (HK$)	176,408	-	-	60,501	236,909
Expected credit losses (HK$)	617	-	-	260	877

As at 31 March 2022

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.25%	-	-	-	0.25%
Gross carrying amount (HK$)	8,475,497	-	-	-	8,475,497
Expected credit losses (HK$)	21,557	-	-	-	21,557

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	Notes	2023 HK$	2022 HK$
Trade payables	(i)	8,840,041	5,368,467
Accruals		505,231	1,022,763
Contract liabilities	(ii)	-	67,664
Defined benefit obligations	13	335,692	641,643
		840,923	1,732,070
Less: Portion classified as non-current liability		(335,692)	(641,643)
		505,231	1,090,427

(i) The trade payables are non-interest-bearing and are normally settled on 30-day terms.

(ii) Details of contract liabilities as at 31 March 2023, 31 March 2022 and 1 April 2021 are as follows:

	2023 HK$	2022 HK$	2021 HK$
Advances received from customers			
Sales of goods	-	67,664	67,664

Contract liabilities include advances received to deliver garment products. The decrease in contract liabilities in 2023 was mainly due to the decrease in sales order received from customers in relation to sales of garment near year end.

13. DEFINED BENEFIT OBLIGATIONS

The Company made provisions for estimated liabilities for employee benefits in respect of termination benefit and earned leave pursuant to Bangladesh Labour Act. According to the law, employees are entitled to termination benefit and earned leave upon dismissal or retirement. Employees who have completed at least five years but less than ten years of continuous service are entitled to termination benefit equal fourteen days' salary for each completed year of service. Employees who have completed ten or more years of continuous service are entitled to termination benefit equal thirty days' salary for each completed year of service. Employees who have completed one year of continuous service are entitled to one day of earned leave for every fifteen days of work to up to sixty days.

The liability for termination of employment is measured using the projected unit credit method. The actuarial assumptions include expected salary increases and rates of employee turnover based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to market yields at the reporting date on government bonds with a term that is consistent with the estimated term of the severance pay obligation.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out on 31 March 2023 by Charan Gupta Consultants Pvt Ltd, a member of the Actuarial Society of India, using the projected unit credit actuarial valuation method.

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

	2023	2022
Discount rate (%)	7.5	7.1
Expected rate of salary increases (%)	6.0	6.0

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

	Increase in rate %	Increase/ (decrease) in defined benefit obligations HK$	Decrease in rate %	Increase/ (decrease) in defined benefit obligations HK$
2023				
Discount rate	0.5	(17,128)	0.5	18,302
Future salary increase	0.5	18,630	0.5	(17,508)
2022				
Discount rate	0.5	(34,732)	0.5	37,148
Future salary increase	0.5	37,403	0.5	(35,185)

13. DEFINED BENEFIT OBLIGATIONS (continued)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

The total expenses recognised in profit or loss in respect of the plan are as follows:

	2023 HK$	2022 HK$
Current service cost	27,109	68,114
Interest cost	38,886	36,801
Net benefit expenses recognised in administrative expenses	65,995	104,915

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

	2023 HK$	2022 HK$
At beginning of year	641,643	525,730
Current service cost	27,109	68,114
Net interest cost	38,886	36,801
Actuarial loss arising from experience adjustments	(259,070)	19,653
Benefit paid	(17,290)	(8,655)
Exchange realignment	(95,586)	-
At 31 March	335,692	641,643

14. INTEREST-BEARING BANK BORROWINGS

	2023 HK$	2022 HK$
Trust receipt loans, unsecured	3,843,790	-

The trust receipt loans as at 31 March 2023 were denominated in United States dollars, interest-bearing at London Interbank Offered Rate plus 2% (2022: Nil) per annum and will be matured in 2023 (2022: Nil). The Trust receipt loans are repayable on demand.

The Company's interest-bearing bank borrowings are guaranteed by the intermediate holding company and directors of the immediate holding company.

15. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid:		
10,000 (2022: 10,000) ordinary shares	77,800	77,800

16. SHARE OPTION SCHEME

The employees of the Company are covered under the share-based schemes of Employee Stock Option Plan 2021 – Plan A and Phantom Stock Units Plan 2021 (the ultimate holding company).

Employee Stock Option Plan (ESOP):
The employee stock option plan is offered to all eligible employees fixed numbers of share options /appreciation rights. Under the plan, the option price per share is 100 percent of the fair market value on the grant date with a discount of 20 percent. The options have a four-year term plan and would be exercisable in four equal instalments.

Total share-based expense recognised in the statement of profit and loss as part of employee benefits expense is as follows:

	2023 HK$	2022 HK$
Share-based expense	172,514	95,305

Computation methodology and assumptions
The Company accounts for all awards granted under the share based schemes and estimates the fair values for stock options using the Black-Scholes option-pricing model with the following weighted average assumptions as follows:

	22 October 2021 HK$	8 December 2021 HK$	30 December 2021 HK$
Weighted average grant date fair value, per share*	28.6	33.0	35.6
Weighted average exercise price, per share*	22.8	22.8	22.8
Weighted average assumptions used:			
Expected volatility	25%	25%	25%
Expected lives (in years)	4	4	4
Risk-free interest rates	5.50%	5.65%	5.85%
Expected dividend yields	1.12%	95%	0.88%

16. SHARE OPTION SCHEME (continued)

The Company determines expected volatility on all options granted using available implied volatility rates. The Company believes that market-based measures of implied volatility are currently the best available indicators of the expected volatility used in these estimates. The Company determines expected lives of options based on the weighted average life of the options. The Company believes that the weighted average life of the options is the best estimate currently available. The risk-free interest rates are determined using the implied yield currently available for zero-coupon U.S. government issues with a remaining term equal to the expected life of the options. The expected dividend yields are based on the annualised approved quarterly dividend rate and the current market price of the ultimate holding company's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term. Employee stock purchase plan is a discount-purchase plan and consequently the fair value per share under this plan equals the amount of the discount.

Summarised information about movement in the share based schemes:

The Options outstanding under the employee stock purchase plan as of 31 March 2023 had an exercise price equal to 80 percent of the fair market value of holding company's stock on the date of exercise.

The following share options were outstanding under the Scheme during the year:

	2023		2022	
	Weighted average exercise price HK$ per share*	Number of options*	Weighted average exercise price HK$ per share	Number of options
At 1 April	114	7,500	-	-
Adjustment of stock split	-	30,000	-	-
Granted during the year	-	-	114	7,500
Exercised during the year	28.15	(9,375)	-	-
At 31 March	28.15	28,125	114	7,500

*During the year, the ultimate holding company's stock has been split 1:5 from face value of HK$1.29 to HK$0.26.

17. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Lease liabilities HK$	Interest-bearing bank borrowings HK$
At 1 April 2021	148,984	-
Changes from financing cash flows, net	(143,709)	-
New leases	527,474	-
Interest expense	10,468	-
Termination of a lease	(97,469)	-
At 31 March 2022 and 1 April 2022	445,748	-
Changes from financing cash flows, net	(561,748)	3,843,790
New lease	2,275,488	-
Interest expense	62,538	-
Termination of a lease	(344,281)	-
At 31 March 2023	1,877,745	3,843,790

(b) Major non-cash transaction

During the year, the Company had non-cash additions to right-of-use assets and lease liabilities of HK$2,275,488 (2022: HK$527,474) and HK$2,275,488 (2022: HK$527,474), respectively, in respect of lease arrangements for properties.

18. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related parties based on mutually agreed terms during the year:

	2023 HK$	2022 HK$
Intermediate holding company:		
Management fees paid	384,114	290,692
SAP expenses	23,340	-
Fellow subsidiaries:		
Sales of goods	72,983,645	-
Purchase of goods	6,206,515	17,735,766
Consultancy fees paid	-	474,580
Designing expenses	-	22,546
Sample expenses	-	2,072,808

(b) Outstanding balances with related parties:

(i) The balances with the ultimate holding company, the immediate holding company, fellow subsidiaries and a director are unsecured, interest-free and repayable on demand.

(ii) Particulars of amount due from a director, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance, is as follows:

Name	At 31 March 2023 HK$	Maximum amount outstanding during the year HK$	At 31 March 2022 HK$	Maximum amount outstanding during the year HK$	At 1 April 2021 HK$
Raveesh Khanna	3,274,065	3,274,065	1,167,000	1,167,000	-

(c) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 7 to the financial statements.

19. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, financial assets included in prepayments and deposits, cash and cash equivalents, amounts due from the ultimate holding company, fellow subsidiaries and a director which are categorised as financial assets at amortised cost. The carrying amounts of financial assets included in prepayments and deposits amounted to HK$292,684 (2022: HK$10,984). The carrying amounts of these financial assets other than the financial assets included in prepayments and deposits are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Company comprise trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, lease liabilities and amounts due to the immediate holding company and fellow subsidiaries which are categorised as financial liabilities at amortised cost. The carrying amount of financial liabilities included in other payables and accruals amounted to HK$410,735 (2022: HK$684,658). The carrying amounts of these financial liabilities other than financial liabilities included in other payables and accruals are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

20. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Management has assessed that the fair values of trade receivables, financial assets included in prepayments and deposits, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, balances with the ultimate holding company, the immediate holding company, fellow subsidiaries and a director approximated to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of deposit has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Company did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Company'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. The amounts presented are gross carrying amounts of the financial assets.

As at 31 March 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	236,909	236,909
Financial assets included in prepayments and deposits					
- Normal**	292,684	-	-	-	292,684
Due from ultimate holding company					
- Normal**	794,067	-	-	-	794,067
Due from fellow subsidiaries					
- Normal**	5,713,768	-	-	-	5,713,768
Due from a director					
- Normal**	3,274,065	-	-	-	3,274,065
Cash and cash equivalents					
- Not yet past due	7,667,673	-	-	-	7,667,673
	17,742,257	-	-	236,909	17,979,166

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging (continued)
As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	8,475,497	8,475,497
Financial assets included in prepayments and deposits - Normal**	10,984	-	-	-	10,984
Due from ultimate holding company - Normal**	368,532	-	-	-	368,532
Due from fellow subsidiaries - Normal**	786,995	-	-	-	786,995
Due from a director - Normal**	1,167,000	-	-	-	1,167,000
Cash and cash equivalents - Not yet past due	1,336,772	-	-	-	1,336,772
	3,670,283	-	-	8,475,497	12,145,780

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 11 to the financial statements.

** The credit quality of financial assets included in prepayments and deposits, amounts due from the ultimate holding company, fellow subsidiaries and a director are 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".

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk
In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 March 2023

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Trade payables	8,840,041	-	8,840,041
Financial liabilities included in other payables and accruals	410,735	-	410,735
Due to the immediate holding company	43,805,200	-	43,805,200
Due to fellow subsidiaries	4,439,119	-	4,439,119
Lease liabilities	605,906	1,390,675	1,996,581
Interest-bearing bank borrowings	3,921,156	-	3,921,156
	62,022,157	1,390,675	63,412,832

As at 31 March 2022

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Trade payables	5,368,467	-	5,368,467
Financial liabilities included in other payables and accruals	684,658	-	684,658
Due to the immediate holding company	9,304,014	-	9,304,014
Due to fellow subsidiaries	8,233,513	-	8,233,513
Lease liabilities	152,622	355,166	507,788
	23,743,274	355,166	24,098,440

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. The Company is not subject to any external imposed capital requirement. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

22. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 September 2023.

Report of the Directors and Audited Financial Statements

TWINS ASIA LIMITED

31 March 2023

CERTIFIED TRUE COPY

ERNST & YOUNG

Building a better
working world

TWINS ASIA LIMITED

CONTENTS

TWINS ASIA LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2023.

Principal activity

The Company's principal activity has not changed during the year and consisted of the trading of garments.

Results and dividend

The Company's profit for the year ended 31 March 2023 and its financial position at that date are set out in the financial statements on pages 5 to 40.

The first and second interim 2023 dividend of US$38 and US$20 per ordinary share was paid on 30 June 2022 and 1 March 2023, respectively. The directors do not recommend the payment of a final dividend in respect of the year.

Directors

The directors of the Company during the year were:

Ashish Gupta	(appointed on 13 December 2022)
Suresh Mahadev Punjabi	(appointed on 13 December 2022)
Rakesh Chadha	(appointed on 13 December 2022)
Pallak Seth	(resigned on 13 December 2022)
Deepak Kumar Seth	(resigned on 13 December 2022)
Payel Seth	(resigned on 13 December 2022)

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests

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

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

Auditors

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

ON BEHALF OF THE BOARD

....

Suresh Mahadev Punjabi
Director

14 August 2023

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

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

Opinion
We have audited the financial statements of Twins Asia Limited (the "Company") set out on pages 5 to 40, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the member of Twins Asia Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the member of Twins Asia Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)

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

Ernst & Young

Certified Public Accountants
Hong Kong
14 August 2023

TWINS ASIA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
REVENUE	4	118,162,730	529,641,123
Cost of sales		(87,043,375)	(479,119,464)
Gross profit		31,119,355	50,521,659
Other income and gains	4	8,435,471	3,310,580
Selling and distribution expenses		(650,174)	(886,184)
Administrative expenses		(12,664,262)	(19,642,681)
Other operating expenses		(404,733)	(1,323,359)
Finance costs	6	(530,843)	(513,652)
PROFIT BEFORE TAX	5	25,304,814	31,466,363
Income tax expense	8	-	-
PROFIT FOR THE YEAR		25,304,814	31,466,363
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent period:			
Remeasurement loss on defined benefit obligations		(46,171)	(252,920)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		25,258,643	31,213,443

TWINS ASIA LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	10	91,215	423,115
Right-of-use assets	11(a)	475,183	134,740
Deposit	13	83,810	16,476
Total non-current assets		650,208	574,331
CURRENT ASSETS			
Trade receivables	12	-	121,906,499
Prepayments and deposits	13	26,417	98,601
Due from the ultimate holding company	20(b)	16,955,281	-
Due from the immediate holding company	20(b)	32,919,819	70,049,216
Due from fellow subsidiaries	20(b)	231,929	71,023
Cash and cash equivalents		4,138,963	18,203,401
Total current assets		54,272,409	210,328,740
CURRENT LIABILITIES			
Trade and bills payables	14	12,307,056	143,011,283
Other payables and accruals	14	4,692,333	7,389,595
Due to fellow subsidiaries	20(b)	10,772,427	10,005,248
Interest-bearing bank borrowings	16	11,555,116	15,496,616
Lease liabilities	11(b)	417,729	122,725
Total current liabilities		39,744,661	176,025,467
NET CURRENT ASSETS		14,527,748	34,303,273
TOTAL ASSETS LESS CURRENT LIABILITIES		15,177,956	34,877,604
NON-CURRENT LIABILITIES			
Other payable	14	2,476,885	2,641,727
Lease liabilities	11(b)	71,079	22,218
Total non-current liabilities		2,547,964	2,663,945
Net assets		12,629,992	32,213,659
EQUITY			
Share capital	17	778,000	778,000
Reserves		11,851,992	31,435,659
Total equity		12,629,992	32,213,659

....

Suresh Mahadev Punjabi
Director

Rakesh Chadha
Director

TWINS ASIA LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Notes	Share capital HK$	Contribution from the ultimate holding company HK$	Retained profits HK$	Total equity HK$
At 1 April 2021		778,000	-	19,588,993	20,366,993
Profit for the year		-	-	31,466,363	31,466,363
Other comprehensive loss for the year:					
Remeasurement of defined benefit plan, net of tax		-	-	(252,920)	(252,920)
Total comprehensive income for the year		-	-	31,213,443	31,213,443
Final 2021 dividend		-	-	(19,450,000)	(19,450,000)
Equity-settled share-based payment arrangements	18	-	83,223	-	83,223
At 31 March 2022 and 1 April 2022		778,000	83,223*	31,352,436*	32,213,659
Profit for the year		-	-	25,304,814	25,304,814
Other comprehensive loss for the year:					
Remeasurement of defined benefit plan, net of tax		-	-	(46,171)	(46,171)
Total comprehensive income for the year		-	-	25,258,643	25,258,643
First interim 2023 dividend	9	-	-	(29,564,000)	(29,564,000)
Second interim 2023 dividend	9	-	-	(15,560,000)	(15,560,000)
Equity-settled share-based payment arrangements	18	-	281,690	-	281,690
At 31 March 2023		778,000	364,913*	11,487,079*	12,629,992

* These reserve accounts comprise the reserves of HK$11,851,992 (2022: HK$31,435,659) in the statement of financial position.

TWINS ASIA LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		25,304,814	31,466,363
Adjustments for:			
Interest income	4	(378)	(2)
Depreciation of property, plant and equipment	5	343,259	668,809
Depreciation of right-of-use assets	5	425,951	666,107
Finance costs	6	530,843	513,652
Impairment/(Reversal of impairment) of trade receivables	5	(1,121,788)	805,785
Gain on termination of leases	5	(5,185)	(36,395)
Equity-settled share-based payment expenses	5	281,690	83,223
		25,759,206	34,167,542
Decrease/(increase) in trade receivables		123,028,287	(33,970,775)
Decrease in prepayments and deposits		4,850	48,006
Increase in an amount due from the ultimate holding company		(16,955,281)	-
Decrease/(increase) in an amount due from the immediate holding company		37,129,397	(44,441,672)
Changes in balances with fellow subsidiaries		606,273	9,496,986
Increase/(decrease) in trade and bills payables		(130,704,227)	54,682,829
Increase/(decrease) in other payables and accruals		(2,908,275)	2,124,935
Cash generated from operations		35,960,230	22,107,851
Interest received		378	2
Interest paid		(516,823)	(500,732)
Net cash flows from operating activities		35,443,785	21,607,121
CASH FLOWS FROM AN INVESTING ACTIVITY			
Purchases of items of property, plant and equipment		(11,359)	(100,698)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank borrowings		(44,241,974)	(41,394,281)
New bank loans		40,300,474	55,964,425
Dividend paid		(45,124,000)	(19,450,000)
Principal portion of lease payments		(417,344)	(664,260)
Interest element of lease liabilities		(14,020)	(12,920)
Net cash flows used in financing activities		(49,496,864)	(5,557,036)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(14,064,438)	15,949,387
Cash and cash equivalents at beginning of year		18,203,401	2,254,014
CASH AND CASH EQUIVALENTS AT END OF YEAR		4,138,963	18,203,401
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		4,138,963	18,203,401

1. CORPORATE INFORMATION

Twins Asia Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong.

During the year, the Company was principally involved in the trading of garment.

The Company is a wholly-owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Limited (formerly known as PDS Multinational Fashions Limited), a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention, except for the defined benefit plan which has been measured at fair value, and are presented in Hong Kong dollars ("HK$").

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the revised HKFRSs has had no significant impact on the Company's financial performance and financial position.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non- current liabilities with Covenants* (the "2020 Amendments")[2]
Amendments to HKFRS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKFRS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from A Single Transactions*[1]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] No mandatory effective date yet determined but available for adoption
[4] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
[5] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
[6] An entity that chooses to apply the transition option relating to the classification overlay set out in this Amendment shall apply it on initial application of HKFRS 17

The Company is still in the process of assessing the impact of the above new and revised HKFRSs and does not expect these new and revised HKFRSs would have any significant impact on the Company's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Company are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation
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 Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated principal annual rate used for office equipment and furniture and fixtures is $33\frac{1}{3}\%$.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)
Company as a lessee (continued)

(a) Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities
Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach (continued)
The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach
For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities
Initial recognition and measurement
Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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.

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity 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.

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

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

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

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

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.

Commission income from the provision of marketing services is recognised at the point in time when control of the asset is transferred to the customer, generally upon the completion of the services.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Company operates a share-based scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company's operations. Employees (including directors) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option-pricing model, further details of which are given in note 18 to the financial statements.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions

These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions 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.

Other employee benefits

Defined benefit plan

The Company's liability for termination benefit and earned leave for its employees is pursuant to Bangladesh Labour Act and is based on the most recent salary of the employees, number of completed years of service and number of working days.

The cost of providing termination benefit and earned leave is determined based on the valuations performed by an independent actuary. Remeasurements arising from a defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligations under "administrative expenses" in profit or loss by function:

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

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

Provision for income tax

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Provision for expected credit losses on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 12 to the financial statements.

Defined benefit plan

The determination of the Company's obligation and cost for defined benefits is performed by independent actuary engaged by the Company and dependent on the selection of certain assumptions used by them in calculating such amounts. Those assumptions include among others, discount rates and future annual salary increases. In accordance with the Company's accounting policy for pension obligations, actual results that differ from the Company's assumptions are recognised immediately in other comprehensive income as and they occur. While the Company believes that the actuary's assumptions are reasonable and appropriate, significant differences in the Company's actual experience or significant changes in the Company's assumptions may materially affects its pension and other retirement obligations.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

An analysis of revenue is as follows:

	2023 HK$	2022 HK$
Revenue from contracts with customers		
Sale of goods	118,162,730	529,641,123

(i) Disaggregated revenue information
The Company's entire revenue from the sale of garments is recognised at a point in time.

(ii) Performance obligations
Information about the Company's performance obligations is summarised below:

Sale of garment products
The performance obligation is satisfied upon delivery of the garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of other income and gains are as follows:

	2023 HK$	2022 HK$
Other income and gains		
Interest income	378	2
Penalty from suppliers	1,506,055	2,839,650
Commission income	5,555,986	-
Foreign exchange difference, net	1,012,144	-
Gain on termination of leases	5,185	36,395
Others	355,723	434,533
	8,435,471	3,310,580

5. PROFIT BEFORE TAX

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

	Notes	2023 HK$	2022 HK$
Cost of inventories sold		87,043,375	479,119,464
Auditor's remuneration		35,000	32,100
Depreciation for property, plant and equipment	10	343,259	668,809
Depreciation for right-of-use assets	11(a)	425,951	666,107
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries and allowances		4,176,257	4,801,239
Defined benefit scheme	15	337,773	377,539
Equity-settled share-based payment expense		281,690	83,223
		4,795,720	5,262,001
Foreign exchange difference, net#		(1,012,144)	513,915
Gain on termination of leases		(5,185)	(36,395)
Impairment/(reversal of impairment) of trade receivables	12	(1,121,788)	805,785

These gains are included in "Other income and gains" and the losses are included in "Other operating expenses", as appropriate, in statement of profit or loss and other comprehensive income.

6. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2023 HK$	2022 HK$
Interest on bank loans	306,591	280,715
Interest on letters of credit	210,232	220,017
Interest on lease liabilities	14,020	12,920
	530,843	513,652

7. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2022: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits in Hong Kong during the year (2022: Nil).

A reconciliation of the tax expense applicable to profit before tax using the Hong Kong statutory rate of 16.5% (2022: 16.5%) to the tax amount at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2023 HK$	2022 HK$
Profit before tax	25,304,814	31,466,363
Tax expense at the statutory tax rate	4,175,294	5,191,950
Income not subject to tax	(6,526,546)	(8,882,320)
Expenses not subject to tax	2,351,252	3,690,370
Tax at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2022: Nil).

9. DIVIDENDS

	2023 HK$	2022 HK$
First interim - US$38 (2022: Nil) per ordinary share	29,564,000	-
Second interim - US$20 (2022: Nil) per ordinary share	15,560,000	-
	45,124,000	-

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
31 March 2023				
At 1 April 2022:				
Cost	46,861	1,571,253	1,193,478	2,811,592
Accumulated depreciation	(46,861)	(1,326,554)	(1,015,062)	(2,388,477)
Net carrying amount	-	244,699	178,416	423,115
At 1 April 2022, net of accumulated depreciation	-	244,699	178,416	423,115
Additions	-	6,652	4,707	11,359
Depreciation provided during the year	-	(219,055)	(124,204)	(343,259)
At 31 March 2023, net of accumulated depreciation	-	32,296	58,919	91,215
At 31 March 2023:				
Cost	46,861	1,577,905	1,198,185	2,822,951
Accumulated depreciation	(46,861)	(1,545,609)	(1,139,266)	(2,731,736)
Net carrying amount	-	32,296	58,919	91,215

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvement HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
31 March 2022				
At 1 April 2021:				
Cost	46,861	1,571,253	1,092,780	2,710,894
Accumulated depreciation	(46,861)	(907,954)	(764,853)	(1,719,668)
Net carrying amount	-	663,299	327,927	991,226
At 1 April 2021, net of accumulated depreciation	-	663,299	327,927	991,226
Additions	-	-	100,698	100,698
Depreciation provided during the year	-	(418,600)	(250,209)	(668,809)
At 31 March 2022, net of accumulated depreciation	-	244,699	178,416	423,115
At 31 March 2022:				
Cost	46,861	1,571,253	1,193,478	2,811,592
Accumulated depreciation	(46,861)	(1,326,554)	(1,015,062)	(2,388,477)
Net carrying amount	-	244,699	178,416	423,115

11. LEASES

The Company as a lessee
The Company has lease contracts for office premises which have lease terms of 2 years.

(a) Right-of-use assets

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

	Properties HK$
As at 1 April 2021	851,903
Additions	521,372
Depreciation charge	(666,107)
Termination of leases	(572,428)
As at 31 March 2022 and 1 April 2022	134,740
Additions	814,600
Depreciation charge	(425,951)
Termination of leases	(48,206)
As at 31 March 2023	475,183

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 HK$	2022 HK$
Carrying amount at the beginning of the year	144,943	896,654
New leases	814,600	521,372
Accretion of interest recognised during the year	14,020	12,920
Payments	(431,364)	(677,180)
Termination of leases	(53,391)	(608,823)
Carrying amount at the end of the year	488,808	144,943
Analysed into:		
Current portion	417,729	122,725
Non-current portion	71,079	22,218

The maturity analysis of lease liabilities is disclosed in note 23 to the financial statements.

11. LEASES (continued)

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

	2023 HK$	2022 HK$
Interest on lease liabilities	14,020	12,920
Depreciation charge of right-of-use assets	425,951	666,107
Gain on termination of leases	(5,185)	(36,395)
Total amount recognised in profit or loss	434,786	642,632

12. TRADE RECEIVABLES

	2023 HK$	2022 HK$
Trade receivables	-	123,028,287
Less: Impairment	-	(1,121,788)
	-	121,906,499

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days, extending up to 90 days for major customers. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Company's trade receivables related to a number of customers, there is no significant concentration of credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 HK$	2022 HK$
At beginning of year	1,121,788	316,003
Impairment/(reversal of impairment) losses (note 5)	(1,121,788)	805,785
At end of year	-	1,121,788

12. TRADE RECEIVABLES (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables as at 31 March 2022 using a provision matrix:

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.90%	1.01%	-	-	0.91%
Gross carrying amount (HK$)	111,784,164	11,244,123	-	-	123,028,287
Expected credit losses (HK$)	1,008,748	113,040	-	-	1,121,788

13. PREPAYMENTS AND DEPOSITS

	2023 HK$	2022 HK$
Prepayments	26,417	-
Deposits	83,810	115,077
	110,227	115,077
Less: Portion classified as non-current assets	(83,810)	(16,476)
	26,417	98,601

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 March 2023 and 2022, the loss allowance was assessed to be minimal.

14. TRADE AND BILLS PAYABLES, OTHER PAYABLES AND ACCRUALS

	Notes	2023 HK$	2022 HK$
Trade and bills payables	(a)	12,307,056	143,011,283
Accrued employee benefits		4,015,520	3,974,148
Accruals		181,642	230,669
Defined benefit obligations	15	2,476,885	2,641,727
Contract liabilities	(b)	495,171	3,184,778
		7,169,218	10,031,322
Less: Portion classified as non-current liabilities		(2,476,885)	(2,641,727)
		4,692,333	7,389,595

Notes:

(a) The trade and bills payables are non-interest-bearing and are normally settled on 30-day terms.

(b) Details of contract liabilities are as follows:

	31 March 2023 HK$	31 March 2022 HK$	1 April 2021 HK$
Short-term advances received from customers			
Sales of goods	495,171	3,184,778	-

Contract liabilities include short-term advances received to deliver garment products. The decrease in contract liabilities in 2023 was mainly due to the decrease in short-term advances received from customers in relation to the future sales of garment at the end of the year. The increase in contract liabilities in 2022 was mainly due to the increase in sales orders received from customers in relation to sales of garment near year end and whereas the Company had not yet delivered the products to customers.

15. DEFINED BENEFIT OBLIGATIONS

The Company made provisions for estimated liabilities for employee benefits in respect of termination benefit and earned leave pursuant to Bangladesh Labour Act. According to the law, employees are entitled to termination benefit and earned leave upon dismissal or retirement. Employees who have completed at least five years but less than ten years of continuous service are entitled to termination benefit equal fourteen days' salary for each completed year of service. Employees who have completed ten or more years of continuous service are entitled to termination benefit equal thirty days' salary for each completed year of service. Employees who have completed one year of continuous service are entitled to one day of earned leave for every fifteen days of work to up to sixty days.

The liability for termination of employment is measured using the projected unit credit method. The actuarial assumptions include expected salary increases and rates of employee turnover based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to market yields at the reporting date on government bonds with a term that is consistent with the estimated term of the severance pay obligation.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out on 31 March 2023 by Charan Gupta Consultants Pvt Ltd, a member of the Actuarial Society of India, using the projected unit credit actuarial valuation method.

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

	2023	2022
Discount rate (%)	7.5	7.1
Expected rate of salary increases (%)	6.0	6.0

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

	Increase in rate %	Increase/ (decrease) in defined benefit obligations HK$	Decrease in rate %	Increase/ (decrease) in defined benefit obligations HK$
2023				
Discount rate	0.5	(110,598)	0.5	119,220
Future salary increase	0.5	117,951	0.5	(112,464)
2022				
Discount rate	0.5	(104,302)	0.5	110,954
Future salary increase	0.5	111,720	0.5	(105,658)

15. DEFINED BENEFIT OBLIGATIONS (continued)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

The total expenses recognised in profit or loss in respect of the plan are as follows:

	2023 HK$	2022 HK$
Current service cost	177,672	227,836
Interest cost	160,101	149,703
Net benefit expenses recognised in administrative expenses	337,773	377,539

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

	2023 HK$	2022 HK$
At beginning of year	2,641,727	2,138,620
Current service cost	177,672	227,836
Net interest cost	160,101	149,703
Actuarial loss arising from experience adjustments	46,171	252,920
Benefit paid	(152,512)	(127,352)
Exchange realignment	(396,274)	-
At 31 March	2,476,885	2,641,727

16. INTEREST-BEARING BANK BORROWINGS

	2023 HK$	2022 HK$
Trust receipt loans	11,555,116	15,496,616

The trust receipt loans as at 31 March 2023 were denominated in United States dollars (2022: United States dollars), interest-bearing at cost of funding London Interbank Offered Rate ("LIBOR") plus 2% (2022: LIBOR plus 2%) per annum and will be matured in 2023 (2022: matured in 2022).

The Company's interest-bearing bank borrowings are secured by guarantees from an intermediate holding company.

17. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid:		
100,000 (2022: 100,000) ordinary shares	778,000	778,000

18. SHARE-BASED PAYMENTS

Total share-based expense recognised in the statement of profit and loss as part of employee benefits expense is as follows:

	2023 HK$	2022 HK$
Equity-settled share-based payment	281,690	83,223

Share Appreciation Rights (SARs)
According to Phantom Stock Units Plan 2021, all eligible employees of the Company are offered with fixed numbers of SARs which their eligible criteria would be determined by the compensation committee. Under the plan, the base price per share is determine by the compensation committee and shall not be less than the face value of the equity shares of the ultimate holding company as on the date of grant or such other minimum price required by applicable law. The SARs have a four-year term plan and would be exercisable in four equal instalments.

In October 2021, the compensation committee decided to reward employees for their contribution to the performance of the Company by granting them 4,000 share appreciation rights. The rights entitle the employees to a cash payment after four years of service. The amount payable will be determined based on the increase of ultimate holding company's share base price between the grant date (22 October 2021: HK$114) and the market price on vesting date (22 October 2025). The rights must be exercised on vesting date and will expire if not exercised on that date.

Movements in the number of share appreciation rights for the years presented are as follows:

	2023		2022	
	Weighted average exercise price HK$ per share*	Number of SARs*	Weighted average exercise price HK$ per share	Number of SARs
At 1 April	114	4,000	-	-
Adjustment of stock split	-	16,000	-	-
Granted during the year	-	-	114	4,000
Exercised during the year	28.15	(5,000)	-	-
At 31 March	28.15	15,000	114	4,000

18. SHARE-BASED PAYMENTS (continued)

Computation methodology and assumptions
The Company accounts for all awards granted under the share based schemes and estimates the fair values for SARs using the Black-Scholes option-pricing model with the following weighted average assumptions as follows:

	22 October 2021 HK$
Weighted average grant date fair value, per share*	28.6
Weighted average exercise price, per share*	22.8
Weighted average assumptions used:	
Expected volatility	25%
Expected lives (in years)	4
Risk-free interest rates	5.50%
Expected dividend yields	1.12%

*During the year, the ultimate holding company's stock has been split 1:5 from face value of HK$1.29 to HK$0.26.

The Company determines expected volatility on all SARs granted using available implied volatility rates. The Company believes that market-based measures of implied volatility are currently the best available indicators of the expected volatility used in these estimates. The Company determines expected lives of SARs based on the weighted average life of the rights. The Company believes that the weighted average life of the rights is the best estimate currently available. The risk-free interest rates are determined using the implied yield currently available for zero-coupon U.S. government issues with a remaining term equal to the expected life of the SARs. The expected dividend yields are based on the annualised approved quarterly dividend rate and the current market price of the ultimate holding company's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term. Employee stock purchase plan is a discount-purchase plan and consequently the fair value per share under this plan equals the amount of the discount.

19. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Company had non-cash additions to right-of-use assets and lease liabilities of HK$814,600 (2022: HK$521,372) and HK$814,600 (2022: HK$521,372), respectively, in respect of lease arrangements for office premises.

19. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities

	Lease Liabilities HK$	Interest-bearing bank borrowings HK$
At 1 April 2021	896,654	926,472
New leases	521,372	-
Changes from financing cash flows, net	(677,180)	14,570,144
Interest expense	12,920	-
Termination of leases	(608,823)	-
At 31 March 2022 and 1 April 2022	144,943	15,496,616
New leases	814,600	-
Changes from financing cash flows, net	(431,364)	(3,941,500)
Interest expense	14,020	-
Termination of leases	(53,391)	-
At 31 March 2023	488,808	11,555,116

20. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related parties based on mutually agreed terms during the year:

	2023 HK$	2022 HK$
Ultimate holding company:		
Sales received	38,828,591	732,503
Commission income received	5,555,986	-
Intermediate holding company:		
Management fees paid	979,969	732,503
SAP expense paid	15,560	-
Fellow subsidiaries:		
Management fees paid	62,646	-
Testing charges paid	-	224,308
Transportation charges paid	-	324,153
Sampling fee paid	2,505,829	3,871,624
Sampling fee received	-	164,753

20. RELATED PARTY TRANSACTIONS (continued)

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

(c) The key management personnel of the Company did not receive any compensation in respect of their services rendered to the Company during the year (2022: Nil).

21. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, financial assets included in prepayments and deposits, cash and cash equivalents, amounts due from the ultimate holding company, the immediate holding company and fellow subsidiaries which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Company comprise trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, amounts due to fellow subsidiaries and lease liabilities, which are categorised as financial liabilities at amortised cost. The carrying amounts of financial liabilities included in other payables and accruals amounted to HK$181,642 (2022: HK$230,669). The carrying amounts of these financial liabilities other than financial liabilities included in other payables and accruals are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of trade receivables, current portion of deposits, cash and cash equivalents, trade and bill payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, balances with the ultimate holding company, the immediate holding company and fellow subsidiaries, approximated to their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the non-current portion of deposit has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Company did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk
The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging
The tables below shows the credit quality and the maximum exposure to credit risk based on the Company'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. The amounts presented are gross carrying amounts of the financial assets.

As at 31 March 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Financial assets included in prepayments and deposits					
- Normal**	83,810	-	-	-	83,810
Due from the ultimate holding company					
- Normal**	16,955,281	-	-	-	16,955,281
Due from the immediate holding company					
- Normal**	32,919,819	-	-	-	32,919,819
Due from fellow subsidiaries					
- Normal**	231,929	-	-	-	231,929
Cash and cash equivalents					
- Not yet past due	4,138,963	-	-	-	4,138,963
	54,329,802	-	-	-	54,329,802

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging (continued)

As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	123,028,287	123,028,287
Financial assets included in prepayments and deposits					
- Normal**	115,077	-	-	-	115,077
Due from the immediate holding company					
- Normal**	70,049,216	-	-	-	70,049,216
Due from fellow subsidiaries					
- Normal**	71,023	-	-	-	71,023
Cash and cash equivalents					
- Not yet past due	18,203,401	-	-	-	18,203,401
	88,438,717	-	-	123,028,287	211,467,004

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 12 to the financial statements.

** The credit quality of amounts due from the ultimate holding company, the immediate holding company and fellow subsidiaries and financial assets included in prepayments 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".

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from its group companies.

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 March 2023

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Lease liabilities	424,468	71,311	495,779
Trade and bill payables	12,307,056	-	12,307,056
Financial liabilities included in other payables and accruals	181,642	-	181,642
Due to fellow subsidiaries	10,772,427	-	10,772,427
Interest-bearing bank borrowings	11,555,116	-	11,555,116
	35,240,709	71,311	35,312,020

As at 31 March 2022

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Lease liabilities	124,423	22,424	146,847
Trade and bill payables	143,011,283	-	143,011,283
Financial liabilities included in other payables and accruals	230,669	-	230,669
Due to fellow subsidiaries	10,005,248	-	10,005,248
Interest-bearing bank borrowings	15,496,616	-	15,496,616
	168,868,239	22,424	168,890,663

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to its shareholder, return capital to its shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 2022.

24. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 August 2023.

Report of the Directors and Audited Financial Statements

Jcraft Array Limited

31 March 2023

安永

Building a better working world

CERTIFIED TRUE COPY

Ernst & Young

ERNST & YOUNG

JCRAFT ARRAY LIMITED

CONTENTS

JCRAFT ARRAY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2023.

Principal activity
The Company was principally involved in the trading of garments during. There was no significant change in the Company's principal activity during the year.

Results and dividends
The Company's loss for the year ended 31 March 2023 and its financial position as at 31 March 2023 are set out in the financial statements on pages 5 to 27.

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

Directors
The directors of the Company during the year were:

Abhiroop Jolly	
Abhishekh Kanoi	(appointed on 20 October 2022)
Raamann Ahuja	(appointed on 20 October 2022)
Deepak Kumar Seth	(resigned on 20 October 2022)
Pallak Seth	(resigned on 20 October 2022)

In accordance with Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies 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
The directors had no material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of its holding companies or fellow subsidiaries was a party during the year.

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

ON BEHALF OF THE BOARD

....
Abhishekh Kanoi
Director

14 SEP 2023

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report
To the members of Jcraft Array Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Jcraft Array Limited (the "Company") set out on pages 5 to 27, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the members of Jcraft Array Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the members of Jcraft Array Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Certified Public Accountants
Hong Kong
14 SEP 2023

JCRAFT ARRAY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
REVENUE	4	3,914,248	23,427,731
Cost of sales		(3,440,996)	(18,486,156)
Gross profit		473,252	4,941,575
Other income	4	1,178,571	800,738
Selling and distribution expenses		(44,692)	(1,369,161)
Administrative expenses		(2,890,543)	(2,370,684)
Other operating expenses		(1,474)	(130)
Profit/(loss) before tax	5	(1,284,886)	2,002,338
Income tax	7	-	-
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(1,284,886)	2,002,338

JCRAFT ARRAY LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
NON-CURRENT ASSET			
Property, plant and equipment	8	3,874	-
CURRENT ASSETS			
Trade receivables	9	2,340,378	3,720,305
Due from the ultimate holding company	12(b)	818,844	400,001
Due from the immediate holding company	12(b)	2,021,069	1,495,298
Cash and cash equivalents		302,349	140,951
Total current assets		5,482,640	5,756,555
CURRENT LIABILITIES			
Trade payables		1,798,654	254,345
Other payables and accruals	10	1,110,249	1,645,477
Due to a fellow subsidiary	12(b)	5,764	-
Total current liabilities		2,914,667	1,899,822
NET CURRENT ASSETS		2,567,973	3,856,733
Net assets		2,571,847	3,856,733
EQUITY			
Share capital	11	389,000	389,000
Reserves		2,182,847	3,467,733
Total equity		2,571,847	3,856,733

....
Abhishekh Kanoi
Director

....
Raamann Ahuja
Director

JCRAFT ARRAY LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Share capital HK$	Retained profits HK$	Total equity HK$
At 1 April 2021	389,000	1,465,395	1,854,395
Profit and total comprehensive income for the year	-	2,002,338	2,002,338
At 31 March 2022 and 1 April 2022	389,000	3,467,733	3,856,733
Loss and total comprehensive loss for the year	-	(1,284,886)	(1,284,886)
At 31 March 2023	389,000	2,182,847	2,571,847

JCRAFT ARRAY LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(1,284,886)	2,002,338
Adjustments for:			
Depreciation of property, plant and equipment	5	410	-
Reversal of impairment of trade receivables, net	5	(12,035)	(31,768)
		(1,296,511)	1,970,570
Decrease in trade receivables		1,391,962	11,315,876
Increase in an amount due from the ultimate holding company		(418,843)	(400,001)
Increase/(decrease) in trade payables		1,544,309	(10,780,169)
Increase/(decrease) in other payables and accruals		(535,228)	1,313,914
Increase/(decrease) in an amount due to a fellow subsidiary		5,764	(38,954)
Change in balance with the immediate holding company		(525,771)	(4,277,468)
Net cash flow from/(used in) operating activities		165,682	(896,232)
CASH FLOW FROM AN INVESTING ACTIVITY			
Purchases of items of property, plant and equipment		(4,284)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		161,398	(896,232)
Cash and cash equivalents at beginning of year		140,951	1,037,183
CASH AND CASH EQUIVALENTS AT END OF YEAR		302,349	140,951
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		302,349	140,951

1. CORPORATE INFORMATION

Jcraft Array Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong.

The Company was principally involved in the trading of garments during the year.

The Company is a non-wholly owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, PDS Limited (formerly known as PDS Multinational Fashions Limited), a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, is the Company's ultimate holding company.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements are presented in Hong Kong dollars ("HK$") and have been prepared under the historical cost convention.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the revised HKFRSs has had no significant impact on the Company's financial performance and financial position.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non- current liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to HKFRS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKFRS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from A Single Transactions*[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this Amendment shall apply it on initial application of HKFRS 17

The Company is in the process of making an assessment of the impact of these new and revised HKFRSs upon their initial application. So far, the Company considers that these new and revised HKFRSs are unlikely to have a significant impact on the Company's financial statements in the period of initial application.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
  (i) has control or joint control over the Company;
  (ii) has significant influence over the Company; or
  (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
  (i) the entity and the Company are members of the same group;
  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  (iii) the entity and the Company are joint ventures of the same third party;
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  (vi) the entity is controlled or jointly controlled by a person identified in (a);
  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Impairment of non-financial assets
Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
An assessment is made at the end of the reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation
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 Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for office equipment is 33⅓%.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

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

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the year generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)
When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach (continued)

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach
For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Contract liabilities
A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

Financial liabilities
Initial recognition and measurement
Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities of the Company are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of financial liabilities at amortised cost (loans and borrowings)
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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.

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intends 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.

Foreign currency transactions
These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions 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.

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

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

Other income
Commission income from the provision of marketing services is recognised at the point in time when control of the asset is transferred to the customer, generally upon the completion of the services.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 9 to the financial statements.

4. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold.

An analysis of revenue is as follows:

	2023 HK$	2022 HK$
Revenue from contracts with customers		
Sale of goods	3,914,248	23,427,731

(i) Disaggregated revenue information
The Company's entire revenue from the sale of garments is recognised at a point in time.

(ii) Performance obligations
Information about the Company's performance obligations is summarised below:

Sale of garment products
The performance obligation is satisfied upon delivery of the garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of other income is as follows:

	2023 HK$	2022 HK$
Other income		
Recovery of penalty from suppliers	89,284	400,737
Commission income	1,089,287	400,001
	1,178,571	800,738

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2023 HK$	2022 HK$
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods	1,013,064	46,597

5. PROFIT/(LOSS) BEFORE TAX

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

	Notes	2023 HK$	2022 HK$
Cost of inventories sold		3,440,996	18,486,156
Auditor's remuneration		16,000	16,600
Depreciation of property, plant and equipment	8	410	-
Reversal of impairment of trade receivables, net	9	(12,035)	(31,768)
Foreign exchange differences, net#		1,064	130

\# The balance is included in "Other operating expenses" in statement of profit or loss and other comprehensive income.

6. DIRECTORS' REMUNERATION

None of the director received any fees or emoluments in respect of their services rendered to the Company during the year (2022: Nil).

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year (2022: Nil).

A reconciliation of the tax charge/(credit) applicable to profit before tax at the Hong Kong statutory tax rate of 16.5% (2022:16.5%) to the tax amount at the effective tax rate are as follows:

	2023 HK$	2022 HK$
Profit/(loss) before tax	(1,284,886)	2,002,338
Tax expense/(credit) at the Hong Kong statutory tax rate of 16.5% (2022: 16.5%)	(212,006)	330,386
Income not subject to tax	(272,551)	(947,482)
Expenses not deductible for tax	484,557	617,096
Tax at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2022: Nil).

8. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$
31 March 2023	
At 1 April 2022:	
Cost	-
Accumulated depreciation	-
Net carrying amount	-
At 1 April 2022, net of accumulated depreciation	-
Additions	4,284
Depreciation provided during the year	(410)
At 31 March 2023, net of accumulated depreciation	3,874
At 31 March 2023:	
Cost	4,284
Accumulated depreciation	(410)
Net carrying amount	3,874

9. TRADE RECEIVABLES

	2023 HK$	2022 HK$
Trade receivables	2,379,006	3,770,968
Less: Impairment	(38,628)	(50,663)
	2,340,378	3,720,305

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days, extending up to 90 days for major customers. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Company's trade receivables related to a number of customers, there is no significant concentration of credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

9. TRADE RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 HK$	2022 HK$
At beginning of year	50,663	82,431
Reversal of impairment of trade receivables (note 5)	(12,035)	(31,768)
At end of year	38,628	50,663

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 March 2023

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	1.59%	-	-	1.63%	1.62%
Gross carrying amount	191,337	-	-	2,187,669	2,379,006
Expected credit losses	3,042	-	-	35,586	38,628

As at 31 March 2022

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	1.34%	1.45%	-	-	1.34%
Gross carrying amount	3,596,914	174,054	-	-	3,770,968
Expected credit losses	48,139	2,524	-	-	50,663

10. OTHER PAYABLES AND ACCRUALS

	Note	2023 HK$	2022 HK$
Accruals		659,154	632,413
Contract liabilities	(i)	451,095	1,013,064
		1,110,249	1,645,477

Note:

(i) Details of contract liabilities are as follows:

	31 March 2023 HK$	31 March 2022 HK$	1 April 2021 HK$
Short-term advances received from customers			
Sales of goods	451,095	1,013,064	46,597

Contract liabilities include short-term advances received to deliver garment products. The decrease in contract liabilities in 2023 was mainly due to the decrease in short-term advances received from customers in relation to the future sales of garment at the end of the year. The increase in contract liabilities in 2022 was mainly due to the increase in short-term advances received from customers in relation to the future sales of garments at the end of the year.

11. SHARE CAPITAL

	2023 HK$	2022 `HK$
Issued and fully paid:		
50,000 (2022: 50,000) ordinary shares	389,000	389,000

12. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related parties based on mutually agreed terms during the year:

	2023 HK$	2022 HK$
Intermediate holding company:		
Management fees paid	119,719	77,979

(b) The balances with the ultimate holding company, the immediate holding company and a fellow subsidiary are unsecured, interest-free and repayable on demand.

(c) The key management personnel of the Company did not receive any compensation in respect of their services rendered to the Company during the year (2022: Nil).

13. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, amounts due from the ultimate holding company and the immediate holding company and cash and cash equivalents, which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Company comprise trade payables, financial liabilities included in other payables and accruals and an amount due to a fellow subsidiary, which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

14. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Management has assessed that the fair values of trade receivables, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, balances with the ultimate holding company, immediate holding company and a fellow subsidiary, approximated to their carrying amounts largely due to the short term maturities/repayable on demand of these instruments or effect of discounting is not material.

The Company did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk
The Company's cash and cash equivalents are held in a major financial institution, which management believes are of high credit quality.

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

As at 31 March 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	2,379,006	2,379,006
Due from the ultimate holding company					
- Normal**	818,844	-	-	-	818,844
Due from the immediate holding company					
- Normal**	2,021,069	-	-	-	2,021,069
Cash and cash equivalents					
- Not yet past due	302,349	-	-	-	302,349
	3,142,262	-	-	2,379,006	5,521,268

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging (continued)
As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	3,770,968	3,770,968
Due from the ultimate holding company					
- Normal**	400,001	-	-	-	400,001
Due from the immediate holding company					
- Normal**	1,495,298	-	-	-	1,495,298
Cash and cash equivalents					
- Not yet past due	140,951	-	-	-	140,951
	2,036,250	-	-	3,770,968	5,807,218

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 9 to the financial statements.

** The credit quality of amounts due from the ultimate holding company and the immediate holding company 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".

Liquidity risk
In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, are either repayable on demand or are repayable within three months.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 2022.

16. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on

14 SEP 2023

Report of the Directors and Audited Financial Statements

JJ STAR INDUSTRIAL LIMITED

31 March 2023

Building a better working world

CERTIFIED TRUE COPY

Ernst & Young

ERNST & YOUNG

JJ STAR INDUSTRIAL LIMITED

CONTENTS

JJ STAR INDUSTRIAL LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2023.

Principal activity
The Company ceased to involve in the trading of garments and became inactive during the year.

Results
The Company's loss for the year ended 31 March 2023 and its financial position as at that date are set out in the financial statements on pages 5 to 34.

Directors
The directors of the Company during the year were:

Jiehua Luo
Abhishekh Kanoi

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies 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 or any of its holding companies or fellow subsidiaries was a party during the year.

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

ON BEHALF OF THE BOARD

....
Abhishekh Kanoi
Director

14 August 2023

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report
To the members of JJ Star Industrial Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of JJ Star Industrial Limited (the "Company") set out on pages 5 to 34, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the members of JJ Star Industrial Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

EY 安永

Independent auditor's report (continued)
To the members of JJ Star Industrial Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Certified Public Accountants
Hong Kong
14 August 2023

JJ STAR INDUSTRIAL LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
REVENUE	4	-	41,552,059
Cost of sales		-	(38,424,750)
Gross profit		-	3,127,309
Other income and gains	4	133	3,078,693
Selling and distribution expenses		-	(1,994,037)
Administrative expenses		(1,377,048)	(19,431,581)
Other operating expenses		(1,211,867)	(601,845)
Finance costs	6	-	(32,956)
LOSS BEFORE TAX	5	(2,588,782)	(15,854,417)
Income tax expense	8	-	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(2,588,782)	(15,854,417)

JJ STAR INDUSTRIAL LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	9	-	20,580
Right-of-use asset	10(a)	-	-
Total non-current assets		-	20,580
CURRENT ASSETS			
Trade receivables	11	-	2,151,573
Prepayments and deposits	12	-	4,724,559
Due from a fellow subsidiary	16(b)	-	32,098
Due from a non-controlling shareholder	16(b)	-	1,086,969
Cash and cash equivalents		17,762	176,753
Total current assets		17,762	8,171,952
CURRENT LIABILITIES			
Other payables and accruals	13	17,540	3,377,798
Due to the immediate holding company	16(b)	14,848,317	17,074,048
Lease liabilities	10(b)	-	-
Total current liabilities		14,865,857	20,451,846
NET CURRENT LIABITIES		(14,848,095)	(12,279,894)
Net liabilities		(14,848,095)	(12,259,314)
EQUITY			
Share capital	14	389,000	389,000
Accumulated losses		(15,237,095)	(12,648,314)
Net deficiency in assets		(14,848,095)	(12,259,314)

....
Abhishekh Kanoi
Director

....
Jiehua Luo
Director

JJ STAR INDUSTRIAL LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Share capital HK$	Retained profits/ (accumulated losses) HK$	Total equity/ (net deficiency in assets) HK$
At 1 April 2021	389,000	3,206,103	3,595,103
Loss and total comprehensive loss for the year	-	(15,854,417)	(15,854,417)
At 31 March 2022 and 1 April 2022	389,000	(12,648,314)	(12,259,314)
Loss and total comprehensive loss for the year	-	(2,588,782)	(2,588,782)
At 31 March 2023	389,000	(15,237,096)	(14,848,096)

JJ STAR INDUSTRIAL LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(2,588,782)	(15,854,417)
Adjustments for:			
Interest income	4	(133)	(1,090)
Finance costs	6	-	32,956
Depreciation of property, plant and equipment	5	19,982	312,582
Write-off of items of property, plant and equipment	5	598	-
Gain on termination of lease	5	-	(369,105)
Reversal of impairment of trade receivables	5	(3,055)	(214,234)
		(2,571,390)	(16,093,308)
Decrease in trade receivables		2,154,630	18,453,542
Decrease in prepayments and deposits		5,811,528	9,676,470
Decrease/(increase) in an amount due from a fellow subsidiary		32,098	(532,475)
Decrease in an amount due from a non-controlling shareholder		1,086,969	1,235,047
Decrease in an amount due from a related company		-	119,511
Decrease in trade payables		-	(16,123,315)
Increase/(decrease) in other payables and accruals		(4,447,228)	2,768,427
Decrease in an amount due to the immediate holding company		(2,225,731)	(712,674)
Cash used in operations		(159,124)	(1,208,775)
Interest received		133	1,090
Interest paid		-	(32,956)
Net cash flows used in operating activities		(158,991)	(1,240,641)
CASH FLOWS FROM A FINANCING ACTIVITY			
Repayment of bank borrowings		-	(1,321,317)
Net cash flows used in a financing activity		-	(1,321,317)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(158,991)	(2,561,958)
Cash and cash equivalents at the beginning of year		176,753	2,738,711
CASH AND CASH EQUIVALENTS AT END OF YEAR		17,762	176,753
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		17,762	176,753

1. CORPORATE INFORMATION

JJ Star Industrial Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company was ceased to engage in the trading of garments and became inactive during the year.

The Company is a non-wholly owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Limited (formerly known as PDS Multinational Fashions Limited), a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's intermediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the revised HKFRSs has had no significant impact on the Company's financial performance and financial position.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*[3]
Amendments to HKFRS 16	*Lease liability in a sale and leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1,5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2,4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] No mandatory effective date yet determined but available for adoption
[4] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion
[5] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
[6] An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

The Company is still in the process of assessing impact of the above new and revised HKFRSs and does not expect these new and revised HKFRSs would have any significant impact on the Company's financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Company are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Company are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation

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

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

Leasehold improvements	Over the shorter of the lease terms and 33⅓%
Furniture and fixtures	25%
Office equipment	33⅓%

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)
Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities
Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)
Company as a lessee (continued)

(b) Lease liabilities (continued)
In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
Initial recognition and measurement (continued)
All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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.

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity 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.

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

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

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.

Employee benefits
Retirement benefit costs
The Company operates a mandatory provident fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. The Company's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Foreign currency transactions
These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

Provision for expected credit losses on trade receivables
The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 11 to the financial statements.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

An analysis of revenue is as follows:

	2023 HK$	2022 HK$
Revenue from contracts with customers		
Sale of goods	-	41,552,059

(i) Disaggregated revenue information
The Company's entire revenue from the sale of garments is recognised at a point in time.

(ii) Performance obligations
Information about the Company's performance obligations is summarised below:

Sale of garment products
The performance obligation is satisfied upon delivery of the garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of other income and gains are as follows:

	2023 HK$	2022 HK$
Other income and gains		
Interest income	133	1,090
Penalty on suppliers	-	2,488,255
Gain on termination of a lease	-	369,105
Others	-	220,243
	133	3,078,693

5. LOSS BEFORE TAX

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

	Notes	2023 HK$	2022 HK$
Cost of inventories sold		-	38,424,750
Auditor's remuneration		17,550	32,100
Depreciation for property, plant and equipment	9	19,982	312,582
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries and allowances		-	5,396,608
Defined contribution scheme*		-	27,950
		-	5,424,558
Write-off of items of property, plant and equipment	9	598	-
Lease payments not included in the measurement of lease liabilities		-	1,923,089
Gain on termination of a lease		-	(369,105)
Reversal of impairment of trade receivables	11	(3,055)	(214,234)
Foreign exchange differences, net		-	217,306

* There are no forfeited contributions that may be used by the Company as the employer to reduce the existing level of contribution.

6. FINANCE COSTS

	2023 HK$	2022 HK$
Interest on bank loans	-	32,956

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 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:

	2023 HK$	2022 HK$
Directors' fees	-	-
Other emoluments:		
Salaries and allowances	-	648,000
	-	648,000

8. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Company did not generate any assessable profits in Hong Kong during the year (2022: Nil).

A reconciliation of the tax credit applicable to loss before tax at the Hong Kong statutory tax rate to the effective tax rate is as follows:

	2023 HK$	2022 HK$
Loss before tax	(2,588,782)	(15,854,417)
Tax credit at the Hong Kong statutory tax rate of 16.5% (2022: 16.5%)	(427,149)	(2,615,979)
Income not subject to tax	(22)	(963,088)
Expenses not deductible for tax	427,171	3,579,067
Tax amount at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2022: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
31 March 2023				
At 1 April 2022:				
Cost	979,833	465,741	1,055,697	2,501,271
Accumulated depreciation	(964,977)	(465,711)	(1,050,003)	(2,480,691)
Net carrying amount	14,856	30	5,694	20,580
At 1 April 2022:	14,856	30	5,694	20,580
Depreciation provided during the year	(14,840)	-	(5,142)	(19,982)
Disposals	(16)	(30)	(552)	(598)
At 31 March 2023, net of accumulated depreciation	-	-	-	-
At 31 March 2023:				
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
Net carrying amount	-	-	-	-

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvement HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
31 March 2022				
At 1 April 2021:				
Cost	979,833	465,741	1,055,697	2,501,271
Accumulated depreciation	(774,504)	(444,744)	(948,861)	(2,168,109)
Net carrying amount	205,329	20,997	106,836	333,162
At 1 April 2021:	205,329	20,997	106,836	333,162
Depreciation provided during the year	(190,473)	(20,967)	(101,142)	(312,582)
At 31 March 2022, net of accumulated depreciation	14,856	30	5,694	20,580
At 31 March 2022:				
Cost	979,833	465,741	1,055,697	2,501,271
Accumulated depreciation	(964,977)	(465,711)	(1,050,003)	(2,480,691)
Net carrying amount	14,856	30	5,694	20,580

10. LEASES

The Company as a lessee
The Company has a lease contract for office premise which has a lease term of 5 years.

(a) Right-of-use asset

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

	Office premises HK$
As at 1 April 2021	3,220,371
Termination of lease	(3,220,371)
As at 31 March 2022, 1 April 2022 and 31 March 2023	-

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 HK$	2022 HK$
Carrying amount at the beginning of the year	-	3,589,476
Termination of lease	-	(3,589,476)
Carrying amount at the end of the year	-	-

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

	2023 HK$	2022 HK$
Expenses related to short term leases with remaining lease terms ended or before 31 March	-	1,923,089
Gain on termination of lease	-	(369,105)
Total amount recognised in profit or loss	-	1,553,984

11. TRADE RECEIVABLES

	2023 HK$	2022 HK$
Trade receivables	-	2,154,628
Less: Impairment	-	(3,055)
	-	2,151,573

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade receivables are non-interest bearing and are on credit terms up to 90 days. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Company's trade receivables related to a number of diversified customers, there is no significant concentration of credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 HK$	2022 HK$
At beginning of year	3,055	217,289
Reversal of impairment loss (note 5)	(3,055)	(214,234)
At end of year	-	3,055

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix as at 31 March 2022:

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.13%	0.18%	0.18%	-	0.14%
Gross carrying amount (HK$)	1,622,766	125,087	406,775	-	2,154,628
Expected credit losses (HK$)	2,118	220	717	-	3,055

12. PREPAYMENTS AND DEPOSITS

	2023 HK$	2022 HK$
Advance to vendors	-	4,320,034
Deposits	-	404,525
	-	4,724,559

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 March 2022, the loss allowance was assessed to be minimal.

13. OTHER PAYABLES AND ACCRUALS

	Note	2023 HK$	2022 HK$
Accruals		17,540	32,100
Other payables	(i)	-	3,345,698
Other payables and accruals		17,540	3,377,798

Note:

(i) Other payables are non-interest bearing and have an average term of three months.

14. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid:		
50,000 (2022: 50,000) ordinary shares	389,000	389,000

15. NOTE TO THE STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Lease Liabilities HK$	Interest-bearing bank borrowings HK$
At 1 April 2021	3,589,476	1,321,317
Changes from financing cash flows, net	-	(1,321,317)
Early termination of lease	(3,589,476)	-
At 31 March 2022, 1 April 2022 and 31 March 2023	-	-

16. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related parties based on mutually agreed terms during the year:

	2023 HK$	2022 HK$
Intermediate holding company:		
Management fees paid	-	851,397

(b) The balances with the immediate holding company, a fellow subsidiary and a non-controlling shareholder are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 7 to the financial statements.

17. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, financial assets included in prepayments and deposits, amounts due from a fellow subsidiary and a non-controlling shareholder, and cash and cash equivalents which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Company comprise, financial liabilities included in other payables and accruals and an amount due to the immediate holding company which are categorised as financial liabilities at amortised cost. The carrying amount of financial liabilities included in other payables and accruals amounted to HK$17,540 (2022: HK$3,377,798). The carrying amounts of these financial liabilities other than financial liabilities included in other payables and accruals are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of trade receivables, deposits, cash and cash equivalents, financial liabilities included in other payables and accruals and balances with the immediate holding company, a fellow subsidiary and a non-controlling shareholder, approximated to their carrying amounts largely due to the short term maturities/repayable on demand of these instruments or effect of discounting is not material.

The Company did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk
The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging
The tables below shows the credit quality and the maximum exposure to credit risk based on the Company'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. The amounts presented are gross carrying amounts of the financial assets.

As at 31 March 2023

	12-month ECLs	Lifetime ECL			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Cash and cash equivalents					
- Not yet past due	17,762	-	-	-	17,762

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging (continued)
As at 31 March 2022

	12-month ECLs	Lifetime ECL			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	2,154,628	2,154,628
Financial assets included in prepayments, deposits and other receivables					
- Normal**	404,525	-	-	-	404,525
Due from a fellow subsidiary					
- Normal**	32,098	-	-	-	32,098
Due from a non-controlling shareholder					
- Normal**	1,086,969	-	-	-	1,086,969
Cash and cash equivalents					
- Not yet past due	176,753	-	-	-	176,753
	1,700,345	-	-	2,154,628	3,854,973

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 11 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables, amounts due from a fellow subsidiary, a non-controlling shareholder and a related company are 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".

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk
In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 March 2023

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Financial liabilities included in other payables and accruals	17,540	-	17,540
Due to the immediate holding company	14,848,317	-	14,848,317
	14,865,857	-	14,865,857

As at 31 March 2022

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Financial liabilities included in other payables and accruals	3,377,798	-	3,377,798
Due to the immediate holding company	17,074,048	-	17,074,048
	20,451,846	-	20,451,846

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to its shareholders, return capital to the shareholders or issue new shares. The Company is not subject to any external imposed capital requirement. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 August 2023.

Report of the Directors and Audited Financial Statements

KINDRED BRANDS LIMITED

31 March 2023

CERTIFIED TRUE COPY

ERNST & YOUNG

EY 安永

Building a better working world

KINDRED BRANDS LIMITED

CONTENTS

KINDRED BRANDS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2023.

Principal activity
The Company was inactive during the year.

Results
The Company's loss for the year ended 31 March 2023 and its financial position at that date are set out in the financial statements on pages 5 to 18.

Directors
The directors of the Company during the year were:

Abhishekh Kanoi	(appointed on 24 May 2022)
Suresh Mahadev Punjabi	(appointed on 24 May 2022)
Ajai Singh	(resigned on 24 May 2022)
Pallak Seth	(resigned on 24 May 2022)
Deepak Kumar Seth	(resigned on 24 May 2022)

In accordance with Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies 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 or any of its holding companies or fellow subsidiaries was a party during the year.

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

ON BEHALF OF THE BOARD

....
Abhishekh Kanoi
Director

14 August 2023

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report
To the members of Kindred Brands Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Kindred Brands Limited (the "Company") set out on pages 5 to 18, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended , and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the members of Kindred Brands Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the members of Kindred Brands Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Certified Public Accountants
Hong Kong
14 August 2023

KINDRED BRANDS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
Other income and gains		335	-
Administrative expenses		(43,237)	(25,493)
Other operating expenses		(150)	(292)
LOSS BEFORE TAX	3	(43,052)	(25,785)
Income tax expense	5	-	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(43,052)	(25,785)

KINDRED BRANDS LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
CURRENT ASSET			
Cash and cash equivalents		39,664	19,326
CURRENT LIABILITIES			
Due to the immediate holding company	7(a)	225,080	162,840
Accrual		14,000	12,850
Total current liabilities		239,080	175,690
Net liabilities		(199,416)	(156,364)
EQUITY			
Share capital	6	7,780	7,780
Accumulated losses		(207,196)	(164,144)
Net deficiency in assets		(199,416)	(156,364)

....
Abhishekh Kanoi
Director

....
Suresh Mahadev Punjabi
Director

KINDRED BRANDS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Share capital HK$	Accumulated losses HK$	Net deficiency in assets HK$
At 1 April 2021	7,780	(138,359)	(130,579)
Loss and total comprehensive loss for the year	-	(25,785)	(25,785)
At 31 March 2022 and 1 April 2022	7,780	(164,144)	(156,364)
Loss and total comprehensive loss for the year	-	(43,052)	(43,052)
At 31 March 2023	7,780	(207,196)	(199,416)

KINDRED BRANDS LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(43,052)	(25,785)
Increase in accrual	1,150	850
Increase in an amount due to the immediate holding company	62,240	-
NET CASH FLOWS GENERATERD FROM/(USED IN) OPERATING ACTIVITIES AND NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	20,338	(24,935)
Cash and cash equivalents at beginning of year	19,326	44,261
CASH AND CASH EQUIVALENTS AT END OF YEAR	39,664	19,326
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	39,664	19,326

1. CORPORATE INFORMATION

Kindred Brands Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company is inactive during the year.

The Company is a non wholly-owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Limited (formerly known as PDS Multinational Fashions Limited), a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's intermediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the above revised HKFRSs has had no significant financial effect on the Company's financial performance and financial position.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*[3]
Amendments to HKFRS 16	*Lease liability in a sale and leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1,5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2,4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] No mandatory effective date yet determined but available for adoption
[4] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion
[5] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
[6] An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

The Company is still in the process of assessing impact of the above new and revised HKFRSs and does not expect these new and revised HKFRSs would have any significant impact on the Company's financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
  (i) has control or joint control over the Company;
  (ii) has significant influence over the Company; or
  (iii) is a member of the key management personnel of the Company or of a parent of the Company;

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)
or

(b) the party is an entity where any of the following conditions applies:
  (i) the entity and the Company are members of the same group;
  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  (iii) the entity and the Company are joint ventures of the same third party;
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  (vi) the entity is controlled or jointly controlled by a person identified in (a); and
  a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach (continued)
The Company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities
Initial recognition and measurement
Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are 13ealized13zed as well as through the effective interest rate 13ealized13zed process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate 13ealized13zed is included in profit or loss.

Derecognition of financial liabilities
A financial liability is 13ealized13zed when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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.

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

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is 15ealized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intends 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.

Foreign currency transactions
These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions 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 the statement of profit or loss.

3. LOSS BEFORE TAX

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

	2023 HK$	2022 HK$
Auditor's remuneration	14,000	12,850
Foreign exchange differences, net#	(299)	42

\# These gains are included in "Other income and gains" and the losses are included in "Other operating expenses", as appropriate, in statement of profit or loss and other comprehensive income.

4. DIRECTORS' REMUNERATION

No directors received any fees or emoluments in respect of their services rendered to the Company during the year (2022: Nil).

5. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year (2022: Nil).

A reconciliation of the tax credit applicable to loss before tax at the Hong Kong statutory tax rate to the tax amount at the Company's effective tax rate is as follows:

	2023 HK$	2022 HK$
Loss before tax	(43,052)	(25,785)
Tax credit at the Hong Kong statutory tax rate of 16.5% (2022: 16.5%)	(7,104)	(4,255)
Expenses not deductible for tax	7,104	4,255
Tax amount at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2022: Nil).

6. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid:		
1,000 (2022: 1,000) ordinary shares	7,780	7,780

7. RELATED PARTY TRANSACTIONS

(a) The balance with the immediate holding company is unsecured, interest-free and repayable on demand.

(b) The key management personnel of the Company did not receive any compensation in respect of their services rendered to the Company during the year (2022: Nil).

8. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company are cash and cash equivalents which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position. The financial liabilities of the Company comprise accrual and an amount due to the immediate holding company, which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, accrual, balance with the immediate holding company, approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Company did not have any financial assets and liabilities measured at fair value as at the end of the reporting period.

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The credit quality and the maximum exposure to credit risk based on the Company's credit policy 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.

The maximum exposure of the Company's financial assets, which comprise of cash and cash equivalents, equal to the aggregate carrying amount of these instruments.

Cash and cash equivalents are classified within Stage 1 and their loss allowance are measured at an amount equal to 12-month ECLs.

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of each reporting period, based on the contractual undiscounted payments, are either repayable on demand or are repayable within three months subsequent to the end of each reporting period.

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

11. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of director on 14 August 2023.

Report of the Directors and Audited Financial Statements

KLEIDER SOURCING HONG KONG LIMITED

31 March 2023

EY 安永

Building a better working world

CERTIFIED TRUE COPY

Ernst & Young

ERNST & YOUNG

KLEIDER SOURCING HONG KONG LIMITED

CONTENTS

KLEIDER SOURCING HONG KONG LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2023.

Principal activities
The principal activities of the Company have not changed during the year consist of the trading of garments and investment holding.

Results and dividends
The Company's loss for the year ended 31 March 2023 and its financial position at that date are set out in the financial statements on pages 5 to 28.

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

Directors
The directors of the Company during the year were:

Deepak Kumar Seth
Iftekhar Ullah Khan
Ashok Kumar Chhabra
Suresh Mahadev Punjabi

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company, its subsidiary, or any of its holding companies 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 subsidiary, or any of its holding companies or fellow subsidiaries was a party during the year.

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

ON BEHALF OF THE BOARD

....
Suresh Mahadev Punjabi
Director

14 August 2023

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report
To the members of Kleider Sourcing Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Kleider Sourcing Hong Kong Limited (the "Company") set out on pages 5 to 28, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with the applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") relevant to these financial statements and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the applicable HKFRSs issued by the HKICPA that are relevant to these financial statements and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

EY安永

Independent auditor's report (continued)
To the members of Kleider Sourcing Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

EY 安永

Independent auditor's report (continued)
To the members of Kleider Sourcing Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Certified Public Accountants
Hong Kong
14 August 2023

KLEIDER SOURCING HONG KONG LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
REVENUE	4	-	820,046
Cost of sales		-	(790,607)
Gross profit		-	29,439
Other income	4	332	737,769
Selling and distribution expenses		(2,058)	(100)
Administrative expenses		(326,572)	(196,256)
Other operating expenses		(567,899)	(1,477)
Finance costs	6	-	(16,459)
PROFIT/(LOSS) BEFORE TAX	5	(896,197)	552,916
Income tax expense	8	-	(63,514)
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(896,197)	489,402

KLEIDER SOURCING HONG KONG LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
NON-CURRENT ASSETS			
Investment in a subsidiary	9	9,901,358	9,901,358
Property, plant and equipment	10	-	-
Total non-current assets		9,901,358	9,901,358
CURRENT ASSETS			
Due from a subsidiary	14(b)	3,247,027	3,814,907
Due from a fellow subsidiary	14(b)	-	446,604
Cash and cash equivalents		369,272	405,825
Total current assets		3,616,299	4,667,336
CURRENT LIABILITIES			
Other payables and accruals	11	28,000	32,100
Due to the immediate holding company	14(b)	7,359,810	7,651,370
Tax payables		87,473	88,265
Total current liabilities		7,475,283	7,771,735
NET CURRENT LIABILITIES		(3,858,984)	(3,104,399)
Net assets		6,042,374	6,796,959
EQUITY			
Share capital	12	77,800	77,800
Reserves		5,964,574	6,719,159
Total equity		6,042,374	6,796,959

Suresh Mahadev Punjabi
Director

Deepak Kumar Seth
Director

KLEIDER SOURCING HONG KONG LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Note	Share capital HK$	Contribution from the ultimate holding company HK$	Retained profits HK$	Total equity HK$
At 1 April 2021		77,800	-	6,188,134	6,265,934
Profit and total comprehensive income for the year		-	-	489,402	489,402
Equity-settled share-based arrangements	13	-	41,623	-	41,623
At 31 March 2022 and 1 April 2022		77,800	41,623*	6,677,536*	6,796,959
Loss and total comprehensive loss for the year		-	-	(899,547)	(899,547)
Equity-settled share-based arrangements	13	-	144,962	-	144,962
At 31 March 2023		77,800	186,585	5,777,989	6,042,374

* These reserve accounts comprise the reserves of HK$5,964,574 (2022: HK$6,719,159) in the statement of financial position.

KLEIDER SOURCING HONG KONG LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(899,547)	552,916
Adjustments for:			
Finance costs	6	-	16,459
Interest income	4	(332)	-
Equity-settled share-based expenses	5,13	144,962	41,623
		(754,917)	610,998
Decrease in other receivable		-	300
Changes in balances with fellow subsidiaries		446,604	(2,058,369)
Decrease in an amount due from a subsidiary		567,880	-
Decrease in other payables and accruals		(4,100)	(511,130)
Increase/(decrease) in an amount due to the immediate holding company		(291,560)	2,062,412
Decrease in an amount due to an intermediate holding company		-	(49,297)
Cash generated from/(used in) operations		(36,093)	54,914
Hong Kong profits tax paid		(792)	-
Interest paid		-	(16,459)
Net cash flows from/(used in) operating activities		(36,885)	38,455
CASH FLOWS FROM AN INVESTING ACTIVITY			
Interest received		332	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(36,553)	38,455
Cash and cash equivalents at beginning of year		405,825	367,370
CASH AND CASH EQUIVALENTS AT END OF YEAR		369,272	405,825
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		369,272	405,825

1. CORPORATE INFORMATION

Kleider Sourcing Hong Kong Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong.

During the year, the Company was principally involved in the trading of garments and investment holding.

The Company is a partly-owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Limited (formerly known as PDS Multinational Fashions Limited), a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared under the going concern concept, notwithstanding that the Company had net current liabilities as at the end of the reporting period, as the Company's intermediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

For the purposes of compliance with sections 379 and 380 of the Hong Kong Companies Ordinance, these financial statements have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Consequently, they have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance that are relevant to the preparation of company level financial statements by an intermediate parent company.

As the Company is a holding company that is a partly-owned subsidiary of another body corporate and all members agree in writing before the end of the financial year that consolidated statements will not be prepared for the financial year, and the agreement does not relate to any other financial year, it satisfies the exemption criteria set out in section 379(3)(c) of the Hong Kong Companies Ordinance, and is therefore not required to prepare consolidated financial statements.

Given the above, these financial statements are not prepared for the purposes of compliance with HKFRS 10 "Consolidated Financial Statements", so far as the preparation of consolidated financial statements is concerned. As a consequence, the financial statements do not give all the information required by HKFRS 10 about the economic activities of the Company of which the Company is the parent. These financial statements have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. They are presented in Hong Kong dollars ("HK$").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the above revised standards has had no significant financial effect on these financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non- current liabilities with Covenants* (the "2020 Amendments")[2]
Amendments to HKFRS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKFRS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from A Single Transactions*[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this Amendment shall apply it on initial application of HKFRS 17

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The Company is still in the process of assessing impact of the above new and revised HKFRSs and does not expect these new and revised HKFRSs would have any significant impact on the Company's financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiary
A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Company 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 Company 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 Company 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 Company's voting rights and potential voting rights.

The result of subsidiary is included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment loss.

Impairment of non-financial assets
Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
  (i) has control or joint control over the Company;
  (ii) has significant influence over the Company; or
  (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
  (i) the entity and the Company are members of the same group;
  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  (iii) the entity and the Company are joint ventures of the same third party;
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  (vi) the entity is controlled or jointly controlled by a person identified in (a);
  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Property, plant and equipment and depreciation
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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)
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 Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rate used for office equipment is 33⅓%.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment and other financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment and other financial assets (continued)
Subsequent measurement of financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach (continued)
At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and other payables, net of directly attributable transaction costs.

Subsequent measurement of financial liabilities at amortised cost (loans and borrowings)
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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.

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets are recognised for 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, and the carryforward of unused tax credits and unused tax losses can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intends 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.

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

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

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.

Commission income is recognised at the point in time when the control of the goods or service is transferred to the customers.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company's operations. Employees (including directors) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option-pricing model, further details of which are given in note 13 to the financial statements.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions

These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions are initially recorded using the 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 the 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

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

Impairment of investment in a subsidiary

Investment in a subsidiary is tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use calculation requires the Company to estimate the future cash flows expected to arise from the subsidiary and a suitable discount rate is used in order to calculate the present value.

4. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold.

An analysis of revenue, other income and gains are as follows:

	2023 HK$	2022 HK$
Revenue from contracts with customers		
Sale of goods	-	820,046

(i) Disaggregated revenue information
The Company's entire revenue from the sale of garments is recognised at a point in time.

(ii) Performance obligations
Information about the Company's performance obligations is summarised below:

Sale of garment products
The performance obligation is satisfied upon delivery of the garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

	2023 HK$	2022 HK$
Other income		
Commission income	-	270,856
Interest income	332	-
Write-back of long outstanding other payables	-	463,175
Others	-	3,738
	332	737,769

5. PROFIT/(LOSS) BEFORE TAX

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

	2023 HK$	2022 HK$
Cost of inventories sold	-	790,607
Auditor's remuneration	28,000	39,466
Equity-settled share-based expense	144,962	41,623
Foreign exchange differences, net#	567,899	1,227

The balance is included in "Other operating expenses" in statement of profit or loss and other comprehensive income.

6. FINANCE COSTS

	2023 HK$	2022 HK$
Interest on bank loans	-	16,459

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 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:

	2023 HK$	2022 HK$
Directors' fees	-	-
Other emoluments:		
Salaries, allowances and other benefits	-	-
Equity-settled share option expenses	144,962	41,623
	144,962	41,623

8. INCOME TAX

No provision for Hong Kong profits tax was made for the current year as the Company did not generate any assessable profits arising in Hong Kong during that year. Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the prior year.

	2023 HK$	2022 HK$
Current – Hong Kong		
Charge for the year	-	88,265
Under/(over) provision in prior year	-	(24,751)
Total tax charge for the year	-	63,514

8. INCOME TAX (continued)

A reconciliation of the tax charge/(credit) applicable to profit/(loss) before tax at the statutory rate to the tax charge at the Company's effective tax rate is as follows:

	2023 HK$	2022 HK$
Profit/(loss) before tax	(896,197)	552,916
Tax charge/(credit) at the Hong Kong statutory tax rate	(147,873)	91,231
Adjustments in respect of current tax of previous periods	-	(24,751)
Income not subject to tax	(55)	(10,062)
Tax losses not recognised	147,928	7,096
Tax charge at the Company's effective rate	-	63,514

As at 31 March 2023, the Company had tax losses arising in Hong Kong of HK$896,533 (2022: Nil), subject to agreement by Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the Company in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as the Company estimates that due to the reduction of business operation it is not considered probable that future taxable profits will be available against which the tax losses can be utilised.

9. INVESTMENT IN A SUBSIDIARY

	2023 HK$	2022 HK$
Unlisted investment, at cost	9,901,358	9,901,358

Information about subsidiary

Particulars of the Company's subsidiary as at 31 March 2023 are as follows:

Name	Place of incorporation/ business	Nominal value of issued ordinary share capital	Percentage of equity directly attributable to the Company	Principal activities
Kleider Sourcing Limited	Bangladesh	Bangladeshi Takas ("BDT") 99,900,000	99.97%	Trading of garment products

10. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$
At 1 April 2020, 31 March 2021 and 1 April 2021 and 31 March 2022:	
Cost	7,300
Accumulated depreciation	(7,300)
Net carrying amount	-

11. OTHER PAYABLES AND ACCRUALS

	2023 HK$	2022 HK$
Accruals	28,000	32,100

Other payables are non-interest-bearing and have an average term of three months.

12. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid:		
10,000 (2022: 10,000) ordinary shares	77,800	77,800

13. SHARE OPTION SCHEME

The employees of the Company are covered under the share-based schemes of Employee Stock Option Plan 2021 – Plan A and Phantom Stock Units Plan 2021 (the ultimate holding company).

Employee Stock Option Plan (ESOP):
The employee stock option plan is offered to all eligible employees fixed numbers of share options. Under the plan, the option price per share is 100 percent of the fair market value on the grant date with a discount of 20 percent. The options have a four-year term plan and would be exercisable in four equal instalments.

Total share-based expense recognised in the statement of profit and loss as part of employee benefits expense is as follows:

	2023 HK$	2022 HK$
Equity-settled share-based expense	144,962	41,623

Computation methodology and assumptions
The Company accounts for all awards granted under the share based schemes and estimates the fair values for stock options using the Black-Scholes option-pricing model with the following weighted average assumptions as follows:

	22 October 2021 HK$	8 December 2021 HK$	30 December 2021 HK$
Weighted average grant date share price, per share*	28.6	33.0	35.6
Weighted average exercise price, per share*	22.8	22.8	22.8
Weighted average assumptions used:			
Expected volatility	25%	25%	25%
Expected lives (in years)	4	4	4
Risk-free interest rates	5.50%	5.65%	5.85%
Expected dividend yields	1.12%	95%	0.88%

*During the year, the ultimate holding company's stock has been split 1:5 from face value of HK$1.29 to HK$0.26.

13. SHARE OPTION SCHEME (continued)

The Company determines expected volatility on all options granted using available implied volatility rates. The Company believes that market-based measures of implied volatility are currently the best available indicators of the expected volatility used in these estimates. The Company determines expected lives of options based on the weighted average life of the options. The Company believes that the weighted average life of the options is the best estimate currently available. The risk-free interest rates are determined using the implied yield currently available for zero-coupon U.S. government issues with a remaining term equal to the expected life of the options. The expected dividend yields are based on the annualised approved quarterly dividend rate and the current market price of the ultimate holding company's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term. Employee stock purchase plan is a discount-purchase plan and consequently, the fair value per share under this plan equals the amount of the discount.

Summarised information about movement in the share-based schemes:

The Options outstanding under the employee stock option plan as of 31 March 2023 had an exercise price equal to 80 percent of the fair market value of holding company's stock on the date of exercise.

The following share options were outstanding under the share-based schemes during the year:

	2023		2022	
	Weighted average exercise price HK$ per share*	Number of options*	Weighted average exercise price HK$ per share	Number of options
At 1 April	114	4,000	-	-
Adjustment of stock split	-	16,000	-	-
Granted during the year	-	-	114	4,000
At 31 March	28.15	20,000	114	4,000

*During the year, the ultimate holding company's stock has been split 1:5 from face value of HK$1.29 to HK$0.26.

14. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Company had the following transactions with related parties based on mutually agreed terms during the year:

	2023 HK$	2022 HK$
Fellow subsidiaries:		
Support services fee received	-	(270,856)

(b) The balances with the immediate holding company, fellow subsidiaries and a subsidiary are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 7 to the financial statements.

15. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise amounts due from a subsidiary and a fellow subsidiary, and cash and cash equivalents which are categorised as financial assets at amortised costs. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Company comprise financial liabilities included in other payables and accruals, and amount due to the immediate holding company, an intermediate holding company and fellow subsidiaries which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, financial liabilities included in other payables and accruals and balances with the immediate holding company, fellow subsidiaries and a subsidiary approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Company did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The credit quality and the maximum exposure to credit risk based on the Company's credit policy 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.

The maximum exposure of the Company's financial assets, which comprise amounts due from a subsidiary and a fellow subsidiary and cash and cash equivalents, equal to the aggregate carrying amount of these instruments.

The amounts due from a subsidiary and a fellow subsidiary, and cash and cash equivalents are classified within Stage 1 and their loss allowance are measured at an amount equal to 12-month ECLs. The credit quality of amounts due from a subsidiary and a fellow subsidiary are 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".

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments are either repayable on demand or are repayable within one year.

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its businesses and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to its shareholders, return capital to the shareholders or issue new shares. The Company is not subjected to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

18. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 August 2023.

Report of the Directors and Audited Financial Statements

KRAYONS SOURCING LIMITED

31 March 2023

EY 安永

Building a better working world

CERTIFIED TRUE COPY

Ernst & Young

ERNST & YOUNG

KRAYONS SOURCING LIMITED

CONTENTS

KRAYONS SOURCING LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2023.

Principal activity
The principal activity of the Company has not been changed during the year and consisted of the trading of garments.

Results and dividends
The Company's profit for the year ended 31 March 2023 and its financial position at that date are set out in the financial statements on pages 5 to 47.

An interim dividend of US$362.44 per ordinary share was paid on 30 June 2022. The directors do not recommend the payment of a final dividend in respect of the year.

Directors
The directors of the Company during the year were:

Kapoor Rajnish	
Krishna Kanodia	(appointed on 26 January 2022)
Suresh Mahadev Punjabi	(appointed on 1 February 2023)
Pallak Seth	(resigned on 26 January 2022)
Deepak Kumar Seth	(resigned on 1 February 2023)

In accordance with the Company's articles of association, all remaining directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies, 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 or any of its holding companies, subsidiaries or fellow subsidiaries was a party during the year.

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

ON BEHALF OF THE BOARD

....
Suresh Mahadev Punjabi
Director

14 SEP 2023

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report
To the members of Krayons Sourcing Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Krayons Sourcing Limited (the "Company") set out on pages 5 to 47, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") relevant to these financial statements and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with applicable HKFRSs issued by the HKICPA that are relevant to these financial statements and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

EY 安永

Independent auditor's report (continued)
To the members of Krayons Sourcing Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

EY 安永

Independent auditor's report (continued)
To the members of Krayons Sourcing Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Certified Public Accountants
Hong Kong
14 SEP 2023

KRAYONS SOURCING LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
REVENUE	4	533,006,687	423,916,866
Cost of sales		(470,616,208)	(366,595,774)
Gross profit		62,390,479	57,321,092
Other income and gains	4	7,453,352	5,171,484
Selling and distribution costs		(10,380,165)	(8,786,490)
Administrative expenses		(20,841,299)	(17,725,646)
Other operating expenses		(2,044,917)	(302,232)
Finance costs	6	(1,740,938)	(234,837)
PROFIT BEFORE TAX	5	34,836,512	35,443,371
Income tax expense	8	-	-
PROFIT FOR THE YEAR		34,836,512	35,443,371
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent period:			
Remeasurement loss on defined benefit obligations		(515,308)	(122,104)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		34,321,204	35,321,267

KRAYONS SOURCING LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,072,062	734,787
Investment in subsidiaries	10	423,980	-
Right-of-use assets	12(a)	5,200,663	7,526,469
Deposits	15	632,514	789,987
Total non-current assets		8,329,219	9,051,243
CURRENT ASSETS			
Inventories	13	29,475,153	44,964,885
Trade receivables	14	19,464,745	43,475,753
Prepayments, deposits and other receivables	15	3,634,905	4,100,377
Due from the immediate holding company	21(b)	82,347,361	16,655,614
Due from the ultimate holding company	21(b)	1,601,240	864,682
Due from a director	21(c)	233,797	-
Due from fellow subsidiaries	21(b)	-	1,657,218
Due from an intermediate holding company	21(b)	-	44,840
Cash and cash equivalents		3,234,999	3,207,705
Total current assets		139,992,200	114,971,074
CURRENT LIABILITIES			
Trade and bills payables	16	29,196,387	47,753,559
Other payables and accruals	16	23,816,660	14,836,673
Due to fellow subsidiaries	21(b)	1,192,136	3,557,475
Lease liabilities	12(b)	1,232,792	1,541,860
Interest-bearing bank borrowings	18	40,236,337	8,615,915
Total current liabilities		95,674,312	76,305,482
NET CURRENT ASSETS		44,317,888	38,665,592
TOTAL ASSETS LESS CURRENT LIABILITIES		52,647,107	47,716,835
NON-CURRENT LIABILITIES			
Other payable	16	1,377,398	825,163
Lease liabilities	12(b)	4,143,419	6,008,242
Total non-current liabilities		5,520,817	6,833,405
Net assets		47,126,290	40,883,430

continued/...

KRAYONS SOURCING LIMITED

STATEMENT OF FINANCIAL POSITION (continued)

31 March 2023

	Note	2023 HK$	2022 HK$
EQUITY			
Share capital	19	77,800	77,800
Reserves		47,048,490	40,805,630
Total equity		47,126,290	40,883,430

Suresh Mahadev Punjabi
Director

Krishna Kanodia
Director

KRAYONS SOURCING LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Notes	Share capital HK$	Contribution from the ultimate holding company HK$	Retained profits HK$	Total equity HK$
At 1 April 2021		77,800	-	27,882,987	27,960,787
Profit for the year		-	-	35,443,371	35,443,371
Other comprehensive loss for the year:					
Remeasurement of defined benefit plan, net of tax		-	-	(122,104)	(122,104)
Total comprehensive income for the year		-	-	35,321,267	35,321,267
Final 2021 dividend paid	9	-	-	(16,760,835)	(16,760,835)
Interim 2022 dividend paid	9	-	-	(6,224,000)	(6,224,000)
Equity-settled share-based arrangements	20	-	586,211	-	586,211
At 31 March 2022 and 1 April 2022		77,800	586,211*	40,219,419*	40,883,430
Profit for the year		-	-	34,836,512	34,836,512
Other comprehensive income for the year:					
Remeasurement of defined benefit plan, net of tax		-	-	(515,308)	(515,308)
Total comprehensive income for the year		-	-	34,321,204	34,321,204
Interim 2023 dividend paid	9			(28,197,964)	(28,197,964)
Equity-settled share-based arrangements	20		119,620	-	119,620
At 31 March 2023		77,800	705,831*	46,342,659*	47,126,290

* These reserve accounts comprise the reserves of HK$47,048,490 (2022: HK$40,805,630) in the statement of financial position.

KRAYONS SOURCING LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		34,836,512	35,443,371
Adjustments for:			
Bank interest income	4	(17,458)	(47)
Depreciation of property, plant and equipment	5	877,689	180,960
Depreciation of right-of-use assets	5	1,371,338	528,923
Finance costs	6	1,881,076	234,837
Gain on termination of a lease	5	(5,399)	(21,831)
Reversal of impairment of trade receivables	5	(42,982)	(138,886)
Equity-settled share-based expenses	5	119,620	586,211
Covid-19-related rent concessions from lessors	5	(51,445)	(915)
Foreign exchange difference, net		(3,546)	-
		38,965,405	36,812,623
Decrease/(increase) in inventories		15,489,732	(44,964,885)
Decrease in trade receivables		24,053,990	15,851,443
Decrease/(increase) in prepayments, deposits and other receivables		622,945	(4,403,331)
Increase in an amount due from a director		(233,797)	-
Increase in an amount due from the ultimate holding company		(736,558)	(864,682)
Increase in an amount due from the immediate holding company		(65,691,747)	(9,159,394)
Decrease in an amount due from an intermediate holding company		44,840	43,689
Changes in balance with fellow subsidiaries		(708,121)	295,770
Increase/(decrease) in trade and bills payables		(18,557,172)	24,101,470
Increase in other payables and accruals		9,016,914	7,999,053
Cash generated from operations		2,266,431	25,711,756
Interest received		17,458	47
Interest paid		(1,600,800)	(210,985)
Net cash flows from operating activities		683,089	25,500,818
CASH FLOW FROM AN INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(2,214,964)	(655,300)
Investments in subsidiaries		(423,980)	-
Net cash flows used in investing activities		(2,638,944)	(655,300)

continued/...

KRAYONS SOURCING LIMITED

STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2023

	2023 HK$	2022 HK$
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal portion of lease payments	(1,299,171)	(505,994)
Interest element of lease liabilities	(140,138)	(23,852)
Dividend paid	(28,197,964)	(22,984,835)
Proceeds from bank loans	124,979,150	54,040,976
Repayment of bank loans	(93,358,728)	(57,720,834)
Net cash flows from/(used in) financing activities	1,983,149	(27,194,539)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	27,294	(2,349,021)
Cash and cash equivalents at beginning of year	3,207,705	5,556,726
CASH AND CASH EQUIVALENTS AT END OF YEAR	3,234,999	3,207,705
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	3,234,999	3,207,705

1. CORPORATE INFORMATION

Krayons Sourcing Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong.

During the year, the Company was involved in the trading of garments.

The Company is a non-wholly owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Limited (formerly known as PDS Multinational Fashions Limited), a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 BASIS OF PREPARATION

For the purposes of compliance with sections 379 and 380 of the Hong Kong Companies Ordinance, these financial statements have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Consequently, they have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance that are relevant to the preparation of company level financial statements by an intermediate parent company.

As the Company is a holding company that is a partly-owned subsidiary of another body corporate and all members agree in writing before the end of the financial year that consolidated statements will not be prepared for the financial year, and the agreement does not relate to any other financial year, it satisfies the exemption criteria set out in section 379(3)(c) of the Hong Kong Companies Ordinance, and is therefore not required to prepare consolidated financial statements.

Given the above, these financial statements are not prepared for the purposes of compliance with HKFRS 10 "Consolidated Financial Statements", so far as the preparation of consolidated financial statements is concerned. As a consequence, the financial statements do not give all the information required by HKFRS 10 about the economic activities of the Company of which the Company is the parent. These financial statements have been prepared under the historical cost convention, except for defined benefit obligations which have been measured at fair value. They are presented in Hong Kong dollars ("HK$").

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the revised HKFRSs has had no significant impact on the Company's financial performance and financial position.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied any of the new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non- current liabilities with Covenants* (the "2020 Amendments")[2]
Amendments to HKFRS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKFRS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from A Single Transactions*[1]

1 Effective for annual periods beginning on or after 1 January 2023

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

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this Amendment shall apply it on initial application of HKFRS 17

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The Company is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Company's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Company 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 Company 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 Company 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 Company's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment loss.

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
 (i) has control or joint control over the Company;
 (ii) has significant influence over the Company; or
 (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:
  (i) the entity and the Company are members of the same group;
  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  (iii) the entity and the Company are joint ventures of the same third party;
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  (vi) the entity is controlled or jointly controlled by a person identified in (a);
  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the year in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

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 year in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for office equipment and computer equipment is 33% and for furniture and fixtures is 25%.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)
Company as a lessee (continued)

(a) Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities
Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract liabilities
A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)
Subsequent measurement of loans and borrowings (continued)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the actual basis and comprises invoiced value of purchases, freight and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash which are not restricted as to use.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, 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, and 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 the 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 the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity 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.

Dividends

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

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

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

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

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.

Commission income from the provision of marketing services is recognised at the point in time when control of the asset is transferred to the customer, generally upon the completion of the services.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company's operations. Employees (including directors) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option-pricing model, further details of which are given in note 20 to the financial statements.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)
Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Foreign currencies
The Company's functional currency is United States dollars ("US$"), which is different from the Company's presentation currency. These financial statements are presented in HK$, as the Company is domiciled in Hong Kong and, in the opinion of the directors, some of the key external users of their respective financial statements are located in Hong Kong. Foreign currency transactions are initially recorded using the 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 the 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.

Other employee benefits
Defined benefit plan
The Company's liability for termination benefit and earned leave for its employees is pursuant to Bangladesh Labour Act and is based on the most recent salary of the employees, number of completed years of service and number of working days.

The cost of providing termination benefit and earned leave is determined based on the valuations performed by an independent actuary. Remeasurements arising from a defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligations under "administrative expenses" in profit or loss by function:

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

Determination of functional currency
In determining the functional currency of the Company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the Company is determined based on management's assessment of the economic environment in which the Company operates and the Company's process of determining sales prices. Management has assessed that prices are mainly denominated and settled in HK$ and therefore, management concluded that the functional currency of the Company is HK$.

Provision for expected credit losses on trade receivables
The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 13 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Defined benefit plan

The determination of the Company's obligation and cost for defined benefits is performed by independent actuary engaged by the Company and dependent on the selection of certain assumptions used by them in calculating such amounts. Those assumptions include among others, discount rates and future annual salary increases. In accordance with the Company's accounting policy for pension obligations, actual results that differ from the Company's assumptions are recognised immediately in other comprehensive income as and they occur. While the Company believes that the actuary's assumptions are reasonable and appropriate, significant differences in the Company's actual experience or significant changes in the Company's assumptions may materially affects its pension and other retirement obligations.

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

An analysis of revenue is as follows:

	2023 HK$	2022 HK$
Revenue from contracts with customers		
Sale of goods	533,006,687	423,916,866

4. REVENUE, OTHER INCOME AND GAINS (continued)

(i) Disaggregated revenue information
The Company's entire revenue from the sale of garments is recognised at a point in time.

The following table shows the amounts of revenue recognised in the previous reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2023 HK$	2022 HK$
Revenue recognised that was included in contract liabilities at the previously beginning of the reporting period:		
Sale of goods	68,705	74,790

(ii) Performance obligations
Information about the Company's performance obligations is summarised below:

Sale of home and garment products
The performance obligation is satisfied upon delivery of the garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of other income and gains are as follows:

	2023 HK$	2022 HK$
Other income and gains		
Bank interest income	17,458	47
Commission income	1,287,065	1,261,296
Foreign exchange gain, net	-	35,092
Penalties charged to suppliers	6,081,868	3,395,639
Others	66,961	479,410
	7,453,352	5,171,484

5. PROFIT BEFORE TAX

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

	Notes	2023 HK$	2022 HK$
Cost of inventories sold		470,616,208	366,595,774
Auditor's remuneration		42,982	37,115
Depreciation for property, plant and equipment	11	877,689	180,960
Depreciation for right-of-use assets	12(a)	1,371,338	528,923
Reversal of impairment of trade receivables	14	(42,982)	(138,886)
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries and allowances		5,475,442	3,477,721
Pension costs (defined benefit obligation)	17	119,620	181,687
Equity-settled share-based expense		488,898	586,211
		6,083,960	4,245,619
Covid-19-related rent concessions from lessors	12(c)	(51,445)	(915)
Gain on termination of a lease	12(c)	(5,399)	(21,831)
Foreign exchange difference, net*		964,989	(35,092)

* These gains are included in "Other income and gains" and the losses are included in "Other operating expenses", as appropriate, in consolidated statement of profit or loss.

6. FINANCE COSTS

	2023 HK$	2022 HK$
Interest on overdrafts	1,600,800	210,985
Interest on lease liabilities	140,138	23,852
	1,740,938	234,837

7. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2022: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits in Hong Kong during the year (2022: Nil).

A reconciliation of the tax charge applicable to profit before tax using the Hong Kong statutory rate to the tax amount at the Company's effective tax rate are as follows:

	2023 HK$	2022 HK$
Profit before tax	34,836,512	35,443,371
Tax charge at Hong Kong statutory tax rate of 16.5% (2022: 16.5%)	5,748,025	5,848,156
Income not subject to tax	(11,524,232)	(10,311,275)
Expenses not subject to tax	5,776,207	4,463,119
Tax at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2022: Nil).

9. DIVIDENDS

	2023 HK$	2022 HK$
Interim dividend – US$362.44 (2022: US$80) per ordinary share	28,197,964	6,224,000

10. INVESTMENTS IN SUBSIDIARIES

	2023 HK$	2022 HK$
Unlisted investments, at cost	423,980	-

Information about subsidiaries

Particulars of the Company's subsidiaries as at 31 March 2023 are as follows:

Name	Place of incorporation and business	Issued ordinary share capital	Percentage of equity directly attributable to the Company		Principal activities
			2023	2022	
Skope Apparels FZCO	Dubai	100,000 United Arab Emirates Dirham ("AED")	100%	-	Not yet commenced operations
Infinity Fashion FZCO	Dubai	100,000 AED	100%	-	Not yet Commenced operations

11. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
31 March 2023				
At 1 April 2022				
Cost	440,067	1,019,455	296,966	1,756,488
Accumulated depreciation	(286,828)	(533,579)	(201,294)	(1,021,701)
Net carrying amount	153,239	485,876	95,672	734,787
At 1 April 2022, net of accumulated depreciation	153,239	485,876	95,672	734,787
Additions	228,280	1,858,593	128,091	2,214,964
Depreciation provided during the year	(145,484)	(653,464)	(78,741)	(877,689)
At 31 March 2023, net of accumulated depreciation	236,035	1,691,005	145,022	2,072,062
At 31 March 2023				
Cost	668,347	2,878,048	425,057	3,971,453
Accumulated depreciation	(432,312)	(1,187,043)	(280,035)	(1,899,390)
Net carrying amount	236,035	1,691,005	145,022	2,072,062

KRAYONS SOURCING LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2023

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Computer equipment HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
31 March 2022				
At 1 April 2021				
Cost	312,878	571,627	216,683	1,101,188
Accumulated depreciation	(211,365)	(461,241)	(168,135)	(840,741)
Net carrying amount	101,513	110,386	48,548	260,447
At 1 April 2021, net of accumulated depreciation	101,513	110,386	48,548	260,447
Additions	127,189	447,828	80,283	655,300
Depreciation provided during the year	(75,463)	(72,338)	(33,159)	(180,960)
At 31 March 2022, net of accumulated depreciation	153,239	485,876	95,672	734,787
At 31 March 2022				
Cost	440,067	1,019,455	296,966	1,756,488
Accumulated depreciation	(286,828)	(533,579)	(201,294)	(1,021,701)
Net carrying amount	153,239	485,876	95,672	734,787

12. LEASES

The Company as a lessee
The Company has lease contracts for office premises which have lease terms between 1 and 5 years.

(a) Right-of-use assets

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

	Office premises HK$
As at 1 April 2021	458,328
Additions	7,893,318
Depreciation charge	(528,923)
Termination of a lease	(296,254)
As at 31 March 2022 and 1 April 2022	7,526,469
Additions	353,592
Depreciation charge	(1,371,338)
Termination of a lease	(1,308,060)
As at 31 March 2023	5,200,663

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 HK$	2022 HK$
Carrying amount as at beginning of the year	7,550,102	481,778
Additions	353,592	7,893,318
Accretion of interest recognised during the year	140,138	23,852
Payments	(1,302,717)	(529,846)
Covid-19-related rent concessions from lessors	(51,445)	(915)
Termination of a lease	(1,313,459)	(318,085)
Carrying amount at the end of the year	5,376,211	7,550,102
Analysed into:		
Current portion	1,232,792	1,541,860
Non-current portion	4,143,419	6,008,242

The maturity analysis of lease liabilities is disclosed in note 25 to the financial statements.

12. LEASES (continued)

The Company as a lessee (continued)

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

	2023 HK$	2022 HK$
Interest on lease liabilities	140,138	23,852
Depreciation charge of right-of-use assets	1,371,338	528,923
Covid-19-related rent concessions from lessors	(51,445)	(915)
Gain on termination of a lease	(5,399)	(21,831)
Total amount recognised in profit or loss	1,454,632	530,029

13. INVENTORIES

The Company's inventories represented fabrics sourced for supplies to manufacturers for their production of garments for the Company.

14. TRADE RECEIVABLES

	2023 HK$	2022 HK$
Trade receivables	19,497,480	43,551,470
Less: Impairment	(32,735)	(75,717)
	19,464,745	43,475,753

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days, extending up to 90 days for major customers. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Company's trade receivables related to a large amount of diversified customers, there is no significant concentration of credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

14. TRADE RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 HK$	2022 HK$
At beginning of year	75,717	214,603
Reversal of impairment loss (note 5)	(42,982)	(138,886)
At end of year	32,735	75,717

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 March 2023

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.17%	0.17%	0.17%	0.17%	0.17%
Gross carrying amount (HK$)	16,144,001	2,484,762	474,966	393,751	19,497,480
Expected credit losses (HK$)	27,105	4,172	797	661	32,735

As at 31 March 2022

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.17%	0.15%	0.14%	0.16%	0.17%
Gross carrying amount (HK$)	42,607,854	281,259	32,695	629,662	43,551,470
Expected credit losses (HK$)	74,256	408	47	1,006	75,717

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 HK$	2022 HK$
Prepayments	3,335,122	2,842,823
Deposits	637,649	812,878
Other receivables	294,648	1,234,663
	4,267,419	4,890,364
Less: Portion classified as non-current assets	(632,514)	(789,987)
	3,634,905	4,100,377

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 March 2023 and 2022, the loss allowance was assessed to be minimal.

16. TRADE AND BILLS PAYABLES, OTHER PAYABLES AND ACCRUALS

	Notes	2023 HK$	2022 HK$
Trade payables	(i)	12,764,346	47,753,559
Bills payables	(i)	16,432,041	-
		29,196,387	47,753,559
Accrued employee benefits		447,068	366,687
Accruals		11,067,266	14,401,281
Contract liabilities	(ii)	12,302,326	68,705
Defined benefit obligations	17	1,377,398	825,163
		25,194,058	15,661,836
Less: Portion classified as non-current liabilities		(1,377,398)	(825,163)
		23,816,660	14,836,673

16. TRADE AND BILLS PAYABLES, OTHER PAYABLES AND ACCRUALS (continued)

Note:

(i) The trade and bills payables are non-interest-bearing and are normally settled on 30-day terms.

(ii) Details of contract liabilities as at 31 March are as follows:

	2023 HK$	2022 HK$	2021 HK$
Short-term advances received from customers			
Sales of goods	12,302,326	68,705	74,790

Contract liabilities include short-term advances received to deliver garment products. The increase in contract liabilities in 2023 were mainly due to the increase in short-term advances received from customers in relation to the future sales of garments at the end of the year. The decrease in contract liabilities in 2022 were mainly due to the decrease in short-term advances received from customers in relation to the future sales of garments at the end of the year.

17. DEFINED BENEFIT OBLIGATIONS

The Company made provisions for estimated liabilities for employee benefits in respect of termination benefit and earned leave pursuant to Bangladesh Labour Act. According to the law, employees are entitled to termination benefit and earned leave upon dismissal or retirement. Employees who have completed at least five years but less than ten years of continuous service are entitled to termination benefit equal fourteen days' salary for each completed year of service. Employees who have completed ten or more years of continuous service are entitled to termination benefit equal thirty days' salary for each completed year of service. Employees who have completed one year of continuous service are entitled to one day of earned leave for every fifteen days of work to up to sixty days.

The liability for termination of employment is measured using the projected unit credit method. The actuarial assumptions include expected salary increases and rates of employee turnover based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to market yields at the reporting date on government bonds with a term that is consistent with the estimated term of the severance pay obligation.

17. DEFINED BENEFIT OBLIGATIONS (continued)

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out on 31 March 2023 by Charan Gupta Consultants Pvt Ltd, a member of the Actuarial Society of India, using the projected unit credit actuarial valuation method.

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

	2023	2022
Discount rate (%)	7.5	7.1
Expected rate of salary increases (%)	6.0	6.0

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

	Increase in rate %	Increase/ (decrease) in defined benefit obligations HK$	Decrease in rate %	Increase/ (decrease) in defined benefit obligations HK$
2023				
Discount rate	0.5	(68,851)	0.5	74,517
Future salary increase	0.5	74,517	0.5	(69,927)
2022				
Discount rate	0.5	(53,014)	0.5	57,507
Future salary increase	0.5	57,933	0.5	(53,637)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

17. DEFINED BENEFIT OBLIGATIONS (continued)

The total expenses recognised in profit or loss in respect of the plan are as follows:

	2023 HK$	2022 HK$
Current service cost	92,452	133,154
Interest cost	27,168	48,533
Net benefit expenses recognised in administrative expenses	119,620	181,687

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

	2023 HK$	2022 HK$
At beginning of year	825,163	693,327
Current service cost	92,452	133,154
Net interest cost	27,168	48,533
Actuarial loss arising from experience adjustments	515,308	122,104
Benefit paid	(59,481)	(171,955)
Exchange realignment	(23,212)	-
At 31 March	1,377,398	825,163

18. INTEREST-BEARING BANK BORROWINGS

	2023 HK$	2022 HK$
Trust receipt loans	40,236,337	8,615,915

The trust receipt loans as at 31 March 2023 were denominated in United States dollars (2022:US$), interest-bearing at cost of funding plus 2% per annum (2022: 2% per annum) and will mature in 2023 (2022: 2022).

The Company's trust receipt loans are guaranteed by the intermediate holding company and one of the directors of the immediate holding company.

19. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid:		
10,000 (2022: 10,000) ordinary shares	77,800	77,800

20. SHARE OPTION SCHEME

The employees of the Company are covered under the share-based schemes of Employee Stock Option Plan 2021 – Plan A and Phantom Stock Units Plan 2021 (the ultimate holding company).

Employee Stock Option Plan (ESOP):
The employee stock option plan is offered to all eligible employees fixed numbers of share options. Under the plan, the option price per share is 100 percent of the fair market value on the grant date with a discount of 20 percent. The options have a four-year term plan and would be exercisable in four equal instalments.

Total share-based expense recognised in the statement of profit and loss as part of employee benefits expense is as follows:

	2023 HK$	2022 HK$
Equity-settled share-based expense	119,620	586,211

Computation methodology and assumptions
The Company accounts for all awards granted under the share based schemes and estimates the fair values for stock options using the Black-Scholes option-pricing model with the following weighted average assumptions as follows:

	22 October 2021 HK$	8 December 2021 HK$	30 December 2021 HK$
Weighted average grant date fair value, per share*	28.6	33.0	35.6
Weighted average exercise price, per share*	22.8	22.8	22.8
Weighted average assumptions used:			
Expected volatility	25%	25%	25%
Expected lives (in years)	4	4	4
Risk-free interest rates	5.50%	5.65%	5.85%
Expected dividend yields	1.12%	95%	0.88%

*During the year, the ultimate holding company's stock has been split 1:5 from face value of HK$1.29 to HK$0.26.

20. SHARE OPTION SCHEME (continued)

The Company determines expected volatility on all options granted using available implied volatility rates. The Company believes that market-based measures of implied volatility are currently the best available indicators of the expected volatility used in these estimates. The Company determines expected lives of options based on the weighted average life of the options. The Company believes that the weighted average life of the options is the best estimate currently available. The risk-free interest rates are determined using the implied yield currently available for zero-coupon U.S. government issues with a remaining term equal to the expected life of the options. The expected dividend yields are based on the annualised approved quarterly dividend rate and the current market price of the ultimate holding company's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term. Employee stock purchase plan is a discount-purchase plan and consequently, the fair value per share under this plan equals the amount of the discount.

Summarised information about movement in the share based schemes:

The Options outstanding under the employee stock purchase plan as of 31 March 2023 had an exercise price equal to 80 percent of the fair market value of holding company's stock on the date of exercise.

The following share options were outstanding under the Scheme during the year:

	2023		2022	
	Weighted average exercise price HK$ per share*	Number of options*	Weighted average exercise price HK$ per share	Number of options
At 1 April	114	5,200	-	-
Adjustment of stock split	-	20,800	-	-
Granted during the year	-	-	114	5,200
At 31 March	28.15	26,000	114	5,200

*During the year, the ultimate holding company’s stock has been split 1:5 from face value of HK$1.29 to HK$0.26.

21. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related parties based on mutually agreed terms during the year:

	2023 HK$	2022 HK$
Intermediate holding company:		
Management fees paid	939,264	526,675
Marketing fees received	142,303	44,840
Recharge expenses paid	31,120	-
Fellow subsidiaries:		
Purchase of goods	-	40,967,390
Recharge income received	30,329	-
Sampling fees paid	4,513,639	3,020,090

(b) The balances with the ultimate holding company, the immediate holding company, an intermediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.

(c) Particulars of an amount due from a director, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance, is as follows:

Name	At 31 March 2022 HK$	Maximum amount outstanding during the year HK$	At 31 March 2021 HK$	Maximum amount outstanding during the year HK$	At 1 April 2020 HK$
Rajnish Kapoor	233,797	233,797	-	-	-

The amount due from a director is unsecured, interest-free and repayable on demand.

The key management personnel of the Company did not receive any compensation in respect of their services rendered to the Company during the year (2022: Nil).

22. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Company had non-cash additions to right-of-use assets and lease liabilities of HK$353,592 (2022: HK$7,893,318) and HK$353,592 (2022: HK$7,893,318), respectively, in respect of lease arrangements for office premises.

22. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities

	Lease liabilities HK$	Interest-bearing bank borrowings HK$
At 1 April 2021	481,778	12,295,773
New lease	7,893,318	-
Changes from financing cash flows	(529,846)	(3,679,858)
Interest expense	23,852	-
Covid-19-related rent concessions from lessors	(915)	-
Termination of a lease	(318,085)	-
At 31 March 2022 and 1 April 2022	7,550,102	8,615,915
New leases	353,592	-
Changes from financing cash flows	(1,302,717)	31,620,422
Interest expense	140,138	-
Covid-19-related rent concessions from lessors	(51,445)	-
Termination of a lease	(1,313,459)	-
At 31 March 2023	5,376,211	40,236,337

23. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, financial assets included in prepayments, deposits and other receivables, amounts due from a director, the ultimate holding company, the immediate holding company, an intermediate holding company and fellow subsidiaries and cash and cash equivalents which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Company comprise trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, lease liabilities and amounts due to fellow subsidiaries, which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

24. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Management has assessed that the fair values of trade receivables, financial assets included in current portion of deposits and other receivables, cash and cash equivalents, trade and bills payables, financial liabilities included in current portion of other payables and accruals, interest-bearing bank borrowings, balances with a director, the ultimate holding company, the immediate holding company, an intermediate holding company and fellow subsidiaries approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Company's own non-performance risk for interest-bearing bank borrowings as at 31 March 2023 and 31 March 2022 were assessed to be insignificant.

The Company did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Foreign currency risk

The Company has transactional currency exposures. Such exposures arise from revenue generated and expenses incurred in currencies other than the Company's functional currency. Majority of the Company's revenue and expenses are denominated in either United States Dollars ("US$") or HK$. As the HK$ is pegged to US$ within a narrow band, the Company does not anticipate significant movements in the US$/HK$ exchange rate. Accordingly, management considers the Company's foreign currency risk exposure is not significant.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below shows the credit quality and the maximum exposure to credit risk based on the Company'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. The amounts presented are gross carrying amounts of the financial assets.

As at 31 March 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	19,497,480	19,497,480
Financial assets included in deposits and other receivables					
- Normal**	932,297	-	-	-	932,297
Due from the ultimate holding company					
- Normal**	1,601,240	-	-	-	1,601,240
Due from the immediate holding company					
- Normal**	82,347,361	-	-	-	82,347,361
Due from a director					
- Normal**	233,797	-	-	-	233,797
Cash and cash equivalents					
- Not yet past due	3,234,999	-	-	-	3,234,999
	88,349,694	-	-	19,497,380	107,847,074

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	43,551,470	43,551,470
Financial assets included in deposits and other receivables					
- Normal**	2,047,541	-	-	-	2,047,541
Due from the ultimate holding company					
- Normal**	864,682	-	-	-	864,682
Due from the immediate holding company					
- Normal**	16,655,614	-	-	-	16,655,614
Due from an intermediate holding company					
- Normal**	44,840	-	-	-	44,840
Due from fellow subsidiaries					
- Normal**	1,657,218	-	-	-	1,657,218
Cash and cash equivalents					
- Not yet past due	3,207,705	-	-	-	3,207,705
	24,477,600	-	-	43,551,470	68,029,070

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 14 to the financial statements.

** The credit quality of amounts due from the ultimate holding company, the immediate holding company, fellow subsidiaries and an intermediate holding company and financial assets included in deposits and other receivables are 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".

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, are either repayable on demand or are repayable within 1 year.

As at 31 March 2023

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Lease liabilities	1,336,468	4,296,346	5,632,814
Trade and bills payables	29,196,387	-	29,196,387
Financial liabilities included in other payables and accruals	11,067,266	-	11,067,266
Due to fellow subsidiaries	1,192,136	-	1,192,136
Interest-bearing bank borrowings	41,148,495	-	41,148,495
	83,940,752	4,296,346	88,237,098

As at 31 March 2022

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Lease liabilities	1,687,401	6,304,056	7,991,457
Trade and bills payables	47,753,559	-	47,753,559
Financial liabilities included in other payables and accruals	14,401,281	-	14,401,281
Due to fellow subsidiaries	3,557,475	-	3,557,475
Interest-bearing bank borrowings	8,615,915	-	8,615,915
	76,015,631	6,304,056	82,319,687

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to its shareholders, return capital to the shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 2022.

26. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on

14 SEP 2023

Auditor's report to member of Multinational Textile Group Limited

Opinion

We have audited the financial statements of Multinational Textile Group Limited and its subsidiaries (the "Group") set out on pages 7 to 80 which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Group as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Company Secretary's Certificate as required by the Companies Act 2001, but does not include the financial statements nor 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001, 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.

Auditor's report to member of Multinational Textile Group Limited (continued)

Responsibilities of the Directors for the Consolidated Financial Statements (continued)

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, 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.

- Conclude on the appropriateness of the director's 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 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 financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's report to member of Multinational Textile Group Limited (continued)

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

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

Other matter

This report is made solely for the Company's member, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company or its subsidiaries other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Lancasters,
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius

Pasram Bissessur FCCA, ACA, MBA (UK)
Licensed by FRC

Date:

INDEPENDENT MEMBER

Multinational Textile Group Limited and its subsidiaries

Consolidated financial statements

31 March 2023

Multinational Textile Group Limited and its subsidiaries

Consolidated financial statements
for the year ended 31 March 2023

Contents | *Page*

Corporate data

		Date of appointment	Date of resignation
Directors:	Deepak Kumar Seth	15 May 2006	-
	Pallak Seth	15 May 2006	-
	Ashish Gupta	3 August 2021	10 April 2023
	Parikh Nishant	8 December 2021	-
	Sharmil Shah	1 March 2018	-
	Sheik Mohamad Ally Shameem Kureemun	7 August 2018	-
	Krishna Ramguttee (Alternate to Shameem Kureemun)	7 August 2018	-

Company secretary: Rogers Capital Corporate Services Limited
3rd Floor, Rogers House
No. 5 President John Kennedy Street
Port Louis
Republic of Mauritius

Registered office: C/o Rogers Capital Corporate Services Limited
3rd Floor, Rogers House
No. 5 President John Kennedy Street
Port Louis
Republic of Mauritius

Auditor: Lancasters
14, Lancaster Court
Lavoquer Street
Port Louis
Republic of Mauritius

Bankers: HSBC Bank (Mauritius) Limited
Icon Ebène, Level 5,
Office 1 (West Wing)
Rue de l'institut
Ebène
Republic of Mauritius

AfrAsia Bank Limited
4th Flooor, NeXTeracom
TOWER III, Ebène
Republic of Mauritius

UBS AG
5 Broadgate
London EC2M 2AN

Directors’ report

The directors are pleased to present their report together with the audited consolidated financial statements of Multinational Textile Group Limited (“the Company”) and its subsidiaries (together referred to as the “Group”) for the year ended 31 March 2023.

Principal activity

The principal activity of the Company and its Subsidiaries are investments holding. The Subsidiaries and Sub-subsidiaries are also engaged in trading of garments, design, development, marketing, sourcing and distribution of ready made garments of all kinds, hard goods and other consumer products.

Results and dividend

The results for the year are shown on pages 7 and 8.

The Company has declared and paid a dividend of USD 8,000,000 for the year under review (2022: USD 7,500,000).

Statement of directors’ responsibilities in respect of the consolidated financial statements

Company law requires the directors to prepare consolidated financial statements for each financial period giving a true and fair view of the consolidated statement of financial position and of the consolidated statement of profit or loss and other comprehensive income of the Group. In preparing these consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors’ responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting

The directors have made an assessment of the Group’s ability to continue as a going concern and have no reason to believe that the business will not be a going concern on the year ahead.

Auditors

Our auditors, Lancasters Chartered Accountants have expressed their willingness to continue in office for the next financial year end.

By order of the Board

Director: **Date:**

Rogers Capital

Secretary's certificate
for the year ended 31 March 2023

Statement from secretary under Section 166(d) of the Mauritius Companies Act 2001

In accordance with section 166 (d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the company under the Mauritius Companies Act 2001.

For and on behalf of ROGERS CAPITAL CORPORATE SERVICES LIMITED
Company Secretary

Date:………………………………

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 March 2023

	Notes	**2023**	2022
		USD	USD
Revenue	8	**1,239,262,048**	1,155,079,795
Cost of sales		**(1,056,693,921)**	(984,944,265)
Gross profit		**182,568,127**	170,135,530
Operating income		**27,912,937**	19,503,356
Other income		**10,193,895**	9,960,394
Marketing, selling and distribution expenses		**(18,440,507)**	(22,694,337)
Manufacturing and other expenses		**(688,733)**	(602,073)
Share of profit / (loss) of joint venture		**39,721**	(77,655)
General and administrative expenses		**(140,825,806)**	(126,415,990)
Depreciation and amortization	12,14,19	**(9,052,147)**	(8,701,777)
Results from operating activities		**51,707,487**	41,107,448
Finance income		**514,915**	1,280,624
Finance costs		**(10,998,731)**	(3,715,590)
Net finance costs	9	**(10,483,816)**	(2,434,966)
Profit before taxation		**41,223,671**	38,672,482
Taxation	10	**(2,874,919)**	(1,792,334)
Profit for the year		**38,348,752**	36,880,148

The notes on pages 15 to 80 form part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income (continued)

for the year ended 31 March 2023

	2023	2022
	USD	USD
Profit for the year	**38,348,752**	36,880,148
Other comprehensive income		
Foreign currency translation differences for foreign operations	**(7,205,020)**	(948,670)
Net (loss)/gain on cash flow hedges	**(394,333)**	125,788
Net movement in capital reserves	**(187,370)**	(250,625)
Net movement in fair value through profit or loss reserves	**364,294**	(264,543)
Other comprehensive income for the year	**(7,422,429)**	(1,338,050)
Total comprehensive income for the year	**30,926,323**	35,542,098
Profit attributable to:		
Owners of the company	**30,711,535**	30,998,570
Non-controlling interest	**7,637,217**	5,881,577
Profit for the year	**38,348,752**	36,880,147
Total comprehensive income attributable to:		
Owners of the company	**24,456,906**	29,029,584
Non-controlling interest	**6,469,417**	6,512,513
Total comprehensive income for the year	**30,926,323**	35,542,097

The notes on pages 15 to 80 form part of these consolidated financial statements.

Consolidated statement of financial position

for the year ended 31 March 2023

	Notes	**2023**	2022
		USD	USD
Assets			
Non-current assets			
Property, plant and equipment	11	**27,297,125**	30,603,630
Capital work in progress	12	**930,812**	412,866
Goodwill	13	**7,759,020**	6,830,071
Intangible assets	14	**2,672,411**	455,418
Right of use assets	34(a)	**13,069,791**	14,523,135
Financial assets at fair value through profit or loss	15	**9,885,403**	22,397,470
Financial assets at fair value through other comprehensive income	16	**21,348,254**	1,096,746
Other investments	17	**-**	2,288
Interest in joint ventures and associates	18	**11,903,604**	12,638,398
Investment property	19	**-**	2,861,433
Receivables	20	**187,733**	208,809
Deferred tax assets	21	**1,029,101**	1,302,481
Total non-current assets		**96,083,254**	93,332,745
Current assets			
Inventories	22	**30,903,309**	40,150,104
Financial assets at fair value through profit or loss	15	**6,454,934**	5,067,480
Derivative financial instruments	31	**67,700**	365,797
Trade and other receivables	23	**162,677,469**	232,159,636
Cash and cash equivalents	29	**53,729,011**	57,851,715
Total current assets		**253,832,423**	335,594,732
Total assets		**349,915,677**	428,927,477

Approved by the Board of Directors on. ……………………………. and signed on its behalf by

............................………... ....………...

Director Director

The notes on pages 15 to 80 form part of these consolidated financial statements.

Consolidated statement of financial position (continued)

for the year ended 31 March 2023

	Notes	2023	2022
		USD	USD
Equity and liabilities			
Equity			
Stated capital	24	**21,948,270**	21,948,270
Reserves	25	**96,202,178**	81,352,405
Equity attributable to owners of the Company		**118,150,448**	103,300,675
Non-controlling interests	26	**7,168,852**	8,886,563
Total equity		**125,319,300**	112,187,238
Liabilities			
Non-current liabilities			
Long term loans	27	**-**	2,125
Lease liabilities	34(b)	**8,780,836**	11,376,845
Employee benefit		**2,399,532**	1,998,755
Total non-current liabilities		**11,180,368**	13,377,725
Current liabilities			
Short term loans	28	**68,734,513**	78,797,570
Bank overdrafts	29	**2,849,271**	2,003,543
Tax payable		**2,284,276**	1,967,995
Trade and other payables	30	**133,265,089**	215,284,731
Derivative financial instruments	31	**83,975**	110,535
Lease liabilities	34(b)	**4,682,163**	3,259,335
Employee benefit		**1,516,722**	1,938,805
Total current liabilities		**213,416,009**	303,362,514
Total liabilities		**224,596,377**	316,740,239
Total equity and liabilities		**349,915,677**	428,927,477

Approved by the Board of Directors on. ……………………………. and signed on its behalf by

……………………………… ………………………………

Director Director

The notes on pages 15 to 80 form part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 March 2023

	Stated capital USD	Hedging reserves USD	Translation Reserves USD	Capital Reserves USD	Retained earnings USD	Fair value reserves USD	Total USD	Non-controlling interests USD	Total equity USD
At 01 April 2022	**21,948,270**	**295,917**	**(3,647,264)**	**(2,135,504)**	**86,785,779**	**53,477**	**103,300,675**	**8,886,563**	**112,187,238**
Transactions with owners of the Company									
Contributions by and distributions									
Other Comprehensive Income Gratuity	-	-	-	-	**(301,614)**	-	**(301,614)**	-	**(301,614)**
Dividend declared and paid	-	-	-	-	**(8,000,000)**	-	**(8,000,000)**	**(8,268,990)**	**(16,268,990)**
Acquisition of NCI without a change in control							-		-
Acquisition of NCI without a change in control	-	-	-	-	**(3,428,925)**	-	**(3,428,925)**	**(325,849)**	**(3,754,774)**
Share based payment reserves	-	-	-	-	**2,123,406**		**2,123,406**	-	**2,123,406**
Acquisition of NCI	-	-	-	-	-	-	-	**407,711**	**407,711**
Total comprehensive income							-		-
Profit for the year	-	-	-	-	**30,711,535**	-	**30,711,535**	**7,637,217**	**38,348,752**
Other comprehensive income									
Net movement in fait value through profit or loss reserves	-	-	-	-	-	**364,294**	**364,294**	-	**364,294**
Foreign currency translation differences on foreign operations	-	-	**(6,037,220)**	-	-	-	**(6,037,220)**	**(1,167,800)**	**(7,205,020)**
	-	-	-	-	-	-	-	-	-
Net movement in capital reserves	-	-	-	**(187,370)**	-	-	**(187,370)**	-	**(187,370)**
Net loss on cash flow hedges	-	**(394,333)**	-	-	-	-	**(394,333)**	-	**(394,333)**
Balance at 31 March 2023	**21,948,270**	**(98,416)**	**(9,684,484)**	**(2,322,874)**	**107,890,181**	**417,771**	**118,150,448**	**7,168,852**	**125,319,300**

The notes on pages 15 to 80 form part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

for the year ended 31 March 2023

	Stated capital USD	Hedging reserves USD	Translation Reserves USD	Capital Reserves USD	Retained earnings USD	Fair value reserves USD	Total USD	Non-controlling interests USD	Total equity USD
At 01 April 2021	21,948,270	170,129	(2,757,325)	(1,884,879)	62,398,348	1,007,687	80,882,230	9,688,070	90,570,300
Transactions with owners of the Company									
Contributions by and distributions									
Other Comprehensive Income Gratuity	-	-	-	-	34,257	-	34,257	-	34,257
Dividend declared and paid	-	-	-	-	(7,500,000)	-	(7,500,000)	(7,314,020)	(14,814,020)
Share based payment reserves	-	-	-	-	1,579,087	-	1,579,087	-	1,579,087
Acquisition of NCI	-	-	-	-	(724,483)	-	(724,483)	-	(724,483)
Total comprehensive income									
Profit for the year	-	-	-	-	30,998,570	-	30,998,570	5,881,577	36,880,147
							-		-
Other comprehensive income							-		-
Net movement in fair value through profit							-		-
or loss reserves	-	-	-	-	-	(954,210)	(954,210)	689,667	(264,543)
Foreign currency translation differences on							-	-	-
foreign operations	-	-	(889,939)	-	-	-	(889,939)	(58,731)	(948,670)
Net movement in capital reserves	-	-	-	(250,625)	-	-	(250,625)	-	(250,625)
Net loss on cash flow hedges	-	125,788	-	-	-	-	125,788	-	125,788
Balance at 31 March 2022	21,948,270	295,917	(3,647,264)	(2,135,504)	86,785,779	53,477	103,300,675	8,886,563	112,187,238

The notes on pages 15 to 80 form part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2023

	2023	2022
	USD	USD
Cash flows from operating activities		
Profit before tax	**41,223,671**	38,672,482
Adjustments for:		
Depreciation and amortisation	**9,052,147**	8,701,777
Share of loss of joint venture	**(39,721)**	77,655
Exchange difference	**(7,477,710)**	775,038
Operating profit before changes in working capital	**42,758,387**	48,226,952
Changes in working capital		
Change in inventories	**9,246,795**	(13,185,021)
Change in receivables and trade and other receivables	**69,503,246**	(64,579,091)
Change in payables and trade and other payables	**(82,019,648)**	77,815,294
	39,488,780	48,278,134
Tax paid	**(2,285,258)**	(2,821,652)
Net cash from operating activities	**37,203,522**	45,456,482
Cash flows from investing activities		
Acquisition of property, plant and equipment and capital work in progress	**(5,942,076)**	(13,698,847)
Proceeds from sale of property, plant and equipment and right in use of assets	**603,838**	1,793,195
Movement in financial assets at fair value through other comprehensive income	**(21,638,961)**	3,987,126
Movement in financial assets at fair value through profit or loss	**12,512,067**	(12,801,525)
Proceeds from sale of subsidiary	**2,287**	634
Movement in investment property	**2,861,433**	7,543,317
Movement in intangibles	**(2,216,993)**	27,136
Movement in goodwill	**(928,948)**	53,224
Movement in Joint venture	**734,793**	(11,388,811)
Movement in capital work in progress	**(517,946)**	-
Net cash used in investing activities	**(14,530,506)**	(24,484,551)

The notes on pages 15 to 80 form part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

for the year ended 31 March 2023

	2023	2022
	USD	USD
Cash flows from financing activities		
Dividend paid	**(16,258,990)**	(17,595,055)
Repayment of obligation under finance lease	**(1,173,181)**	5,325,375
Movement in employee benefits obligation	**(21,305)**	404,072
Movement in short terms loans	**(10,063,051)**	14,617,626
Movement in long term loans	**(2,125)**	(83,299)
Movement in derivative financial instrument	**(122,796)**	(31,201)
Net cash used in financing activities	**(27,641,448)**	2,637,518
Net movement in cash and cash equivalents	**(4,968,432)**	23,609,449
Cash and cash equivalents at 01 April	**55,848,172**	32,238,723
Cash and cash equivalents at 31 March *(note 29)*	**50,879,740**	55,848,172
Cash and cash equivalent comprise:		
Cash in hand and at banks	**53,729,011**	57,851,715
Bank overdraft	**(2,849,271)**	(2,003,543)
Cash and cash equivalent at 31 March	**50,879,740**	55,848,172

The notes on pages 15 to 80 form part of these consolidated financial statements.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

1. General information

The Company was incorporated as a private limited company on 28 March 2006 and was granted a Category 1 Global Business Licence on 29 March 2006 under the Financial Services Act 2007. The address of the registered office is C/O Rogers Capital Corporate Services Limited, 3rd floor, Rogers House, No. 5 President John Kennedy Street, Port-Louis, Mauritius.

The principal activity of the Company and its subsidiaries are investments holding. The subsidiaries and Sub-subsidiaries are also engaged in trading of garments, design, development, marketing, sourcing and distribution of ready-made garments of all kinds, hard goods, other consumer products, manufacturing of garments and development of software apps services.

The consolidated financial statements for the year ended 31 March 2023 comprise of the Company and its subsidiaries which are as follows:

1	360 Notch Limited (Old Name: PoeticGem Australia Limited; GEM Australia Manufacturing Company Ltd) (July 31, 2015)	**20**	PDS Asia Star Corporation Limited
2	BluePrint Design Ltd	**21**	PDS Far East USA, Inc.
3	Casa Forma Limited	**22**	PDS Global Investments Limited
4	Clover Collections Limited (formerly known as DS Manufacturing Limited / Designed and Sourced Limited)	**23**	PDS Trading (Shanghai) Co. Ltd
5	Clover Collections FZCO	**24**	PDS Ventures Ltd
6	Design Arc Asia Limited (Old Name: Design Arc Limited / NOR France Manufacturing	**25**	PG Group Limited
7	Design Arc Europe Limited (Old Name: Nor Europe Manufacturing Co. Limited)	**26**	PG Home Group Limited
8	Design Arc FZCO	**27**	PG Home Group SpA
9	Design Arc UK Limited	**28**	PG Shangha Mfg Co. Ltd
10	Digital Ecomm Techno Limited	**29**	Poetic Brands Limited
11	Digital Internet Technologies Limited	**30**	Poetic Knitwear Ltd
12	Apex Black Limited	**31**	Poeticgem International Ltd
13	Fareast Vogue Limited	**32**	Poeticgem Ltd
14	PDS Smart Fabric Tech Limited (formerly known as: Fullhouse Manufacturing Limited)	**33**	Progress Apparels (Bangladesh) Limited
15	FX Import Co. Limited	**34**	Progress Manufacturing Group Ltd
16	FX Imports Hong Kong Limited	**35**	Recovered Clothing Limited
17	Green Apparel Industries Ltd	**36**	Redwood Internet Ventures Limited
18	Gree Smart Shirts Limited	**37**	Rising Asia Star Hong Kong Co., Limited (Old names: Techno Manufacturing Limited /
19	Grupo Sourcing Limited	**38**	Simple Approach (Canada) Ltd (Formerly: Poeticgem Canada Limited)

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

1. **General information (continued)**

39	Grupo Sourcing Limited Bangladesh	**66**	Simple Approach Limited
40	Jcraft Array Limited	**67**	Smart Notch Industrial Limited
41	JJ Star Industrial Limited	**68**	Smart Notch Ltd. (Shanghai)
42	Techno Sourcing BD Limited	**69**	Casa collective Limited (Formerly known as Sourcing East WestLimited
43	Kindred Brands Limited (Old Name: NW Far-east Limited)	**70**	Sourcing Solution Europe BVBA
44	Kindred Fashions Limited	**71**	Spring Near East FZCO
45	Kleider Sourcing FZCO	**72**	Spring Near East Manufacturing Co. Limited
46	Kleider Sourcing Hong Kong Limited	**73**	Styleberry Limited
47	Kleider Sourcing Limited Bangladesh	**74**	Techno Design GmBH
48	Krayons Sourcing Limited (old name: Sourcing Solutions HK Limited)	**75**	Techno Design HK Limited (Old Name: DPOD Manufacturing Limited)
49	Lilly and Sid Ltd	**76**	Technocian Fashions Pvt Limited
50	Multinational Textile Group Limited	**77**	Twins Asia FZCO
51	Multinational OSG Services Bangladesh Limited	**78**	Twins Asia Limited (6Degree Manufacturing Ltd)
52	Nor Manufacturing SI.A	**79**	6 Degree Manufacturing Limited (formerly known as Zamira Denim Lab Limited)
53	Nor India Manufacturing Co. Limited	**80**	Zamira Fashions Limited
54	Nor Lanka Manufacturing Colombo Limited	**81**	Zamira Fashions Limited Zhongshan
55	Nor Lanka Manufacturing Ltd	**82**	Poeticgem International FZCO
56	Nor Lanka Progress Pvt Ltd	**83**	PDS Multinational FZCO
57	Norwest Industries Limited	**84**	Filkor Limited
58	Pacific Logistics Ltd	**85**	Loop Digital Wardrobe Limited
59	PDS Manufacturing Limited	**86**	PG Capital FZE
60	PDS Far-east Limited	**87**	Yellow Octopus Fashion Ltd
61	PDS Sourcing Limited (Old name: Global Textile Group Limited)	**88**	Yellow Octopus EU SP
62	PDS Ventures Limited (Old name: Multi Tech Venture Limited)	**89**	One Stop Shop Solutions
63	Brand Collective Limited	**90**	Yellow Octopus Ventures FZCO
64	Kindred Brands Limited	**91**	Reflaunt Pte Ltd
65	Kinder sourcing Limited	**92**	Kindred Fashion Limited

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

2 (a). Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in compliance with the Mauritius Companies Act 2001.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, other investments and derivative financial instruments which have been measured at fair value.

(c) Functional currency and presentation currency

Since the Group operates in an international environment and conducts most of its transactions in foreign currencies, the Group has chosen to retain United States Dollar (USD) as its reporting currency. The Group determines its functional currency based on the primary economic environment in which the Group operates.

The consolidated financial statements are presented in United States Dollar (USD) which is the Group's functional and presentation currency.

2 (b). Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meet definition of a business and control is transferred to the Group. In determining whether a particular set of assets or activities is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

2 (b). **Basis of consolidation (continued)**

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-Controling Interest (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) Loss of conttrol

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Interests in equity accounted investees

The Group's interests in equity-accounted investees comprise interest in joint ventures and associates.

An associate is an entity over which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, less any impairment losses and, until the date on which significant influence or joint control ceases.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. **Significant accounting policies**

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Goodwill is not amortised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

3. **Significant accounting policies (continued)**

Leases (continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Leases (continued)

Group as a lessor (continued)

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives. Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets (continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets measured at amortised cost include receivables, trade and other receivables, derivative financial instruments and cash and cash equivalents.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintain a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed;

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets (continued)

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis is measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (that is the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Financial assets carried at amortised cost

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets 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 principl market for the assets 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Fair value measurement

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 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) inactive markets for identical assets or
- 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 categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For assets and liabilities that are recognised in the 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.

Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other receivables

Trade debts, other receivables and factored debt are stated at original invoice as reduced by appropriate provision for expected credit losses. Bad debts are written off when identified.

Trade and other payables

Trade and other payables are stated at cost.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset that have expired
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement
The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Initial recognition and subsequent measurement (continued)

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship with which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedge item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument for cash flow hedges is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised in other comprehensive income are transferred to profit or loss when the hedged transaction affects the income statement, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, the amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs or the foreign currency firm commitment is met.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Initial recognition and subsequent measurement (continued)

Current versus non-current classification (continued)

Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when and only when there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Revenue recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Revenue is recognised when it is probable that the economic benefits will flow to the subsidiaries and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. Sales are recognised when invoices are made and delivered to customers at the time of shipment;

(b) handling fee income, in the period in which the services are rendered; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Dividend income

Dividend income from investments is accounted for in profit or loss when the right to receive payment is established.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

Interest bearing bank loans and overdrafts are initially measured as fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or vice versa, or where the other party is subject to common control or common significant influence.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's equity instrument represents its issued share capital and is recorded at the share subscription received/receivable at the issuance of shares.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Stated capital

Ordinary shares

Ordinary shares are classified in equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Foreign currencies

The Group's consolidated financial statements are presented in USD, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss is reclassified to profit or loss reflects the amount that arises from using this method.

(i) Transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to USD at the foreign exchange rate ruling at reporting date. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit or loss and other comprehensive income.

Foreign currencies (continued)

(ii) Group companies - consolidated financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to USD at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to USD at rates approximating to the foreign exchange rates ruling at the dates of the transactions or average rates. Foreign exchange differences arising on translation are recognised directly in a separate component of equity.

Dividends to shareholder

Interim dividends are recognised directly as a liability when they are proposed and declared by the directors.

Final dividends are recognised as a liability when they are approved by the shareholders before the reporting date.

Dividends declared after the reporting date is disclosed in notes to accounts.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or constructions of qualifying assets are capitalised.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold improvements	over the shorter of the lease term and 33.33%
Buildings	3%
Infrastructure	20% straight line basis
Computer and equipment	10% - 33.33% straight line basis
Fixtures, fittings and equipment	10% - 33.33% straight line basis
Motor vehicle	14% - 33.33% straight line basis
Plant and machinery	20% - 25% straight line basis

The carrying values of property, plant and equipment are reviewed for impairment when events or changes indicate the carrying value may not be recoverable. If any such indication exists and carrying values exceed recoverable amounts such assets are written down to their recoverable amounts.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Investment property

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at costs, including transaction costs and any direct attributable expenditure, and subsequently at cost less accumulated depreciation and any impairment.

Depreciation is calculated on the straight-line basis to write off the cost of each investment property, which is the shorter of 50 years and the terms of the lease.

Any gain or loss on disposal recognised in profit or loss in the year the investment property is derecognised is the difference between the net sales proceeds and the carrying amount of the investment properties.

Taxation

Income tax expense comprises of current and deferred tax. It is recognised in the consolidated statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years. It is measured using the tax rates enacted at the reporting date. Current tax is recognised in correlation to underlying transactions either in profit and loss or, other comprehensive income or directly in equity. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3. **Significant accounting policies (continued)**

Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the First-In, First-Out (FIFO) principle and include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work in progress cost include an appropriate share of production overhead based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Employee benefits

(i) Defined benefit plans

The Group's liability for termination benefit and earned leave for its employees is pursuant to Bangladesh Labour Act and is based on the most recent salary of the employees, number of completed years of service and number of working days.

The cost of providing termination benefit and earned leave is determined based on the valuations performed by an independent actuary. Remeasurements arising from a defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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 obligations under "administrative expenses" in the consolidated statement of profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements

- net interest expense or income

3. **Significant accounting policies (continued)**

Employee benefits (continued)

(ii) *Other employee benefits – pension scheme*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's overseas subsidiaries/branches are required to participate in central pension schemes operated by the respective local municipal governments. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the respective central pension schemes.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment e.g. Sourcing, Manufacturing and others), or in providing products or services within a particular economic environment, which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Group's business segments. The Group's primary format for segment reporting is based on business segments.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment property) and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Group's headquarters) and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Finance income and finance costs

The Group's finance income and finance costs include:
- interest income;
- interest expense;
- dividend income;
- dividend expense on preference shares issued classified as financial liabilities;
- the net gain or loss on the disposal of investments in debt securities measured at FVOCI;
- the net gain or loss on financial assets at FVTPL;
- the foreign currency gain or loss on financial assets and financial liabilities;
- impairment losses (and reversals) on investments in debt securities carried at amortised cost or FVOCI;

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Finance income and finance costs (continued)

Interest income or expense is recognised using the effective interest method.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes finance income and finance costs, share of profit or loss of joint ventures and income taxes.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle:
- Held primarily for the purpose of trading:
- Expected to be realised within twelve months after the reporting period:

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle:
- It is held primarily for the purpose of trading:
- It is due to be settled within twelve months after the reporting period:

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Capital work in progress

Capital work in progress consists of acquisition costs, capital components and related installation costs, until the date when the asset is ready to use for its intended purpose. In case of import of components, Capital work in progress is recognised when risks and rewards associated with such assets are transferred to the Company.

No depreciation is charged on capital work in progress as this is not yet available for use.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

4. **Changes in signficant accounting policies**

4.1 New and amended standards and interpretations that are mandatorily effective for the current year

In the current year, the Group has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 01 April 2022.

IFRS 9 Financial Instruments – Amendments resulting from Annual Improvements to IFRS Standar
2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities)

IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs
include when assessing whether a contract is onerous

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

5. Changes in signficant accounting policies (continued)

4.2 New and revised IFRSs in issue but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these are as follows, which are effective for the period beginning 1 April 2023:

IAS 1 Presentation of Consolidated Financial Statement – Amendments regarding the disclosure accounting policies (effective 01 July 2023)

IAS 8 Accounting policies, Changes in Accounting Estimates and Errors – Amendments regarc the definition of accounting estimates (effective 01 July 2023)

IAS 1 Presentation of Consolidated Financial Statement – Amendments regarding the classificat of debt with covenants (effective 01 January 2024)

The directors anticipate that these amendments will be applied in the financial statements for the annual periods beginning on the respective dates as indicated above. The directors have not yet assessed the potential impact of the adoption of these amendments.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

5. **Critical accounting judgements and key sources of estimatipon uncertainty (continued).**

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

Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

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

Impairment of property, plant and equipment

Items of property, plant and equipment are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type and customer type).

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

5. **Critical accounting judgements and key sources of estimatipon uncertainty (continued).**

Provision for expected credit losses on trade receivables (continued)

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic condition (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 24 to the financial statements.

Defined benefit plan

The determination of the Group's obligation and cost for defined benefits is performed by independent actuary engaged by the Group and dependent on the selection of certain assumptions used by them in calculating such amounts. Those assumptions include among others, discount rates and future annual salary increases. In accordance with the Group's accounting policy for pension obligations, actual results that differ from the Group's assumptions are recognised immediately in other comprehensive income as and they occur. While the Group believes that the actuary`s assumptions are reasonable and appropriate, significant differences in the Group's actual experience or significant changes in the Group's assumptions may materially affects its pension and other retirement obligations.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

5. **Critical accounting judgements and key sources of estimatipon uncertainty (continued).**

Current tax and deferred tax

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectations are different from the original estimates, such differences will impact on the recognition of deferred tax assets and deferred tax in the periods in which such estimates have been changed.

Impairment of inventories

Management reviews the ageing analysis of inventories of the Group at the end of each reporting period, and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The assessment of the provision amount required involves management judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying value of the inventories and the provision charge/write-back of provision for obsolete and slow-moving inventory items in the period in which estimate has been changed.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value measurement of financial instruments

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in an active market for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

5. **Critical accounting judgements and key sources of estimatipon uncertainty (continued).**

Fair value measurement of financial instruments (continued)

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect the differences between the instruments.

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Going Concern

In light of the COVID19, management has made an assessment in respect of the Group's going concern and concluded that there is no issue for which the Group will no longer be going concern. The Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

6. **Financial instruments - Fair values and risk management.**

Accounting classifications and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2023	Financial assets at Amortised cost USD	Financial assets at fair value through profit or loss USD	Financial assets at fair value through other comprehensive income USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets								
Financial assets at fair value through profit or loss	-	16,340,337	-	16,340,337	2,960,946	3,635,640	9,743,751	16,340,337
Financial assets at fair value through other comprehensive income	-	-	21,348,254	21,348,254	-	-	21,348,254	21,348,254
Receivables	187,733	-	-	187,733	-	-	-	-
Trade and other receivables	156,790,284	-	-	156,790,284	-	-	-	-
Derivative financial instruments	-	67,700	-	67,700	-	67,700	-	67,700
Cash and cash equivalents	53,729,011	-	-	53,729,011	-	-	-	-
	210,707,028	16,408,037	21,348,254	248,463,319	2,960,946	3,703,340	31,092,005	37,756,291

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

6. Financial instruments - Fair values and risk management (continued)

Accounting classifications and fair value (continued)

31 March 2023	Financial liabilities at Amortised cost USD	Financial liabilities at fair value through profit or loss USD	Financial liabilities at fair value through other comprehensive income USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial liabilities								
Loans	**68,734,513**	**-**	**-**	**68,734,513**	**-**	**-**	**-**	**-**
Trade and other payables	**133,265,089**	**-**	**-**	**133,265,089**	**-**	**-**	**-**	**-**
Derivative financial instruments	**-**	**83,975**	**-**	**83,975**	**-**	**83,975**	**-**	**83,975**
Bank overdraft	**2,849,271**	**-**	**-**	**2,849,271**	**-**	**-**	**-**	**-**
	204,848,873	**83,975**	**-**	**204,932,848**	**-**	**83,975**	**-**	**83,975**

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

6. Financial instruments - Fair values and risk management (continued)

Accounting classifications and fair value (continued)

31 March 2022	Financial assets at Amortised cost USD	Financial assets at fair value through profit or loss USD	Financial assets at fair value through other comprehensive income USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets								
Financial assets at fair value through profit or loss	-	27,464,950	-	27,464,950	5,216,765	3,535,368	18,712,817	27,464,950
Financial assets at fair value through other comprehensive income	-	-	1,096,746	1,096,746	-	455,333	641,413	1,096,746
Receivables	208,809	-	-	208,809	-	-	-	-
Trade and other receivables	228,391,138	-	-	228,391,138	-	-	-	-
Derivative financial instruments	-	365,797	-	365,797	-	365,797	-	365,797
Cash and cash equivalents	57,851,715	-	-	57,851,715	-	-	-	-
	286,451,662	27,830,747	1,096,746	315,379,155	5,216,765	4,356,498	19,354,230	28,927,493

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

6. Financial instruments - Fair values and risk management (continued)

Accounting classifications and fair value (continued)

31 March 2022	Financial liabilities at Amortised cost USD	Financial liabilities at fair value through profit or loss USD	Financial liabilities at fair value through other comprehensive income USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial liabilities								
Loans	78,799,695	-	-	78,799,695	-	-	-	-
Trade and other payables	215,284,731	-	-	215,284,731	-	-	-	-
Derivative financial instruments	-	110,535	-	110,535	-	110,535	-	110,535
Bank overdraft	2,003,543	-	-	2,003,543	-	-	-	-
	296,087,969	110,535	-	296,198,504	-	110,535	-	110,535

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

6. **Financial instruments - Fair values and risk management (continued)**

Financial risk management

Introduction and preview

Financial instruments carried on the consolidated statement of financial position include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, other investments, receivables, trade and other receivables, cash and cash equivalents, derivative financial instruments, loans, payables, trade and other payables, obligations under lease and bank overdraft. The recognition method adopted is disclosed in the individual policy statement associated with each item. The most important types of risk are market risk, credit risk and liquidity risk.

The Group's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group's aims are therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews their risk management policies and systems to reflect changes in markets and emerging best practice.

Risk management is carried out by the Board of directors through board meetings. The Group provide principles for overall risk management.

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Group's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Group conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

- *Price risk*

  The Group is not exposed to commodity price risk.

6. **Financial instruments - Fair values and risk management (continued)**

Financial risk management (continued)

- *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group has significant exposure to interest rate risk as shown below.

Variable rate of interest is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	%	**2023** **USD**	2022 USD
Trust receipt loan	1.5% -7% over base rate	**53,809,198**	53,845,926
Other bank loans	1%-2% over base rate	**14,925,315**	24,951,644
		68,734,513	78,797,570

Sensitivity analysis

If interest rates had been higher/lower by 50 basis points and all other variables were held constant, the profit before tax for the year ended 31 March 2023 would increase/decrease by USD 343,672 (2022: USD 393,963). This is mainly attributable to the Group's exposure to interest rates on variable rate of interest.

	Impact on profit before tax **2023** **USD**	Impact on profit before tax 2022 USD
Trust receipt loan	**269,046**	269,230
Other bank loans	**74,626**	124,733
	343,672	393,963

- *Currency risk*

The majority of the Group's foreign currency transactions are in Pound Sterling (GBP), Euro (EUR), Bangladesh Taka (BDT), Canadian Dollar (CAD), Swiss Franc (CHF), Renminbi (RMB), Chinese Yuan (CNY), and Dirham (AED). Consequently, the Group is exposed to the risk that the exchange rate of the United States Dollar (USD) relatively to the GBP, EUR, BDT, CAD, CHF, CNY, and LKR may change in a manner which has a material effect on the reported values of the Group's assets and liabilities which are denominated in USD.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

6. **Financial instruments - Fair values and risk management (continued)**

Financial risk management (continued)

	Net financial Assets/(liabilities)	Net financial Assets/(liabilities)
	2023	2022
	USD	USD
GBP	**5,989,596**	6,506,368
EUR	**844,494**	917,362
BDT	**344,784**	374,536
CAD	**110,996**	120,580
CHF	**107**	119
LKR	**4,069**	4,415
CNY	**493,916**	536,534
	7,787,962	8,459,914

Sensitivity analysis

	2023	2022
Currency	**USD**	USD
GBP	**598,960**	650,637
EUR	**84,449**	91,736
BDT	**34,478**	37,454
CAD	**11,100**	12,058
CHF	**11**	12
LKR	**407**	441
CNY	**49,392**	53,653
	778,796	845,991

A 10 % strengthening of USD against the above currencies at 31 March 2023 would have increase net profit before tax by USD 778,796 (2022 increase: USD 845,991). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis in 2022.

Similarly a 10 percent weakening of the USD against the above currencies at 31 March 2023 will have had the exact reverse effect.

The above figures for the currency risk have been derived from the financial statements of the subsidiaries dealing with different types of currencies.

Credit risk

Credit risk is the risk that counterparty will default on its contractual obligations resulting in finance loss to the Group. The Group continuously monitors defaults of customers and other counterparties and incorporate this information into its credit risk control. The Group also uses expected credit loss model to assess the impairment loss in trade receivables and makes an allowance of doubtful trade receivables using this model. The credit risk also arises from cash and cash equivalents, deposits from banks and other financial assets measured at amortised cost.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

6. **Financial instruments - Fair values and risk management (continued)**

Financial risk management (continued)

Credit risk (continued)

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored. The Company limits its exposure to credit risk from trade receivables by establishing a appropriate credit period for customer. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision created.

The ageing analysis of trade receivables as of the reporting date is as follows:

	2023	2022
	USD	USD
Less than 30 days	**97,460,086**	160,422,530
30 to 90 days	**16,355,738**	8,426,593
More than 90 days	**5,259,642**	4,124,267
Total	**119,075,466**	172,973,390

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default. This applies to most of the subsidiaries.

The total impairment loss amounting to USD 760,844 as at March 31, 2023 (March 31, 2022: USD 1,008,430) on trade receivables.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the Group's contractual maturities of financial liabilities

31 March 2023	**Carrying amount**	**Within one year**	**One-five years**	**More than fiveyears**
	USD	**USD**	**USD**	**USD**
Financial liabilities				
Loans	**68,734,513**	**68,734,513**	**-**	**-**
Trade and other payables	**133,265,080**	**133,265,080**	**-**	**-**
Derivatives financial instrument	**83,975**	**83,975**	**-**	**-**
Bank overdraft	**2,849,271**	**2,849,271**	**-**	**-**
	204,932,839	**204,932,839**	**-**	**-**

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

6. **Financial instruments - Fair values and risk management (continued)**

Financial risk management (continued)

Liquidity risk

31 March 2023	Carrying amount USD	Within one year USD	One-five years USD	More than five years USD
Financial liabilities				
Loans	78,799,695	78,797,570	2,125	-
Trade and other payables	215,284,731	215,284,731	-	-
Derivatives financial instrument	110,535	110,535	-	-
Bank overdraft	2,003,543	2,003,543	-	-
	296,198,504	296,196,379	2,125	-

7. **Capital mangement**

The Group actively and regularly reviews and manages its capital position to maintain a balance between its liability and equity level.

The management of the Group's capital position is undertaken by the management team of the Group. The management team ensures that the Group is adequately capitalised to meet economic and regulatory requirements. Capital injections and repatriations are executed in a timely manner, working closely with the business and infrastructure groups. The management team meets on a regular basis and manages capital by taking into account key considerations which may include business developments, regulatory requirements, profitability and market movements such as foreign exchange and interest rate.

8. **Revenue**

Revenue consists of the following:	**2023 USD**	2022 USD
Sales of garments	**1,239,262,048**	1,155,079,795

9. **Net finance costs**

	2023 USD	2022 USD
Finance income		
Interest income	**514,915**	106,998
Exchange difference		1,173,626
	514,915	1,280,624
Finance costs		
Interest expense	**(9,897,364)**	(3,715,590)
Exchange difference	**(1,101,367)**	
	(10,998,731)	(3,715,590)
Net finance costs	**(10,483,816)**	(2,434,966)

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

10. Taxation

Taxation represents a provision made by the Group based on the current rates applicable on their chargeable income and deferred taxation for temporary differences.
The tax rate applicable is 10% - 25%.

Tax recognised in statement of profit or loss and other comprehensive income:

	2023 USD	2022 USD
Current tax expense		
Current year	**3,148,299**	2,705,396
Deferred tax	**(273,380)**	(147,878)
Adjustment for prior year	**-**	(765,184)
Total tax expense	**2,874,919**	1,792,334

Reconciliation of effective tax	**2023 USD**	2022 USD
Profit before taxation	**41,223,671**	38,672,482
Tax at the applicable tax rate	**7,713,239**	11,142,808
Non-deductible expenses	**21,875,408**	13,193,779
Tax exempt income	**(25,108,085)**	(21,120,453)
Group relief surrendered	**2,723**	(11,542)
Deemed tax credit	**-**	(115,225)
Tax losses utilised	**(8,318)**	(44,811)
Effect of tax in foreign jurisdictions	**64,328**	(232,192)
Change in recognized temporary difference	**23,786**	(13,087)
Unrealized tax losses not recognised	**703,803**	366,186
Over provided in prior years	**(337,509)**	(707,874)
Capital allowances	**(885,804)**	-
Underlying tax suffered	**(1,168,652)**	(665,254)
	2,874,919	1,792,335

PG Group Limited

As at the end of the reporting period, certain subsidiaries of PG Group Limited have unused tax losses arising in Mainland China of USD 50,411 that will expire in five years for offsetting against future taxable profits. Another overseas subsidiary of the group also had tax losses arising in Chile of USD 863,477(2022: USD 759,529), that are available indefinitely for offsetting against future taxable profits of that subsidiary.

At the end of the reporting period, deferred tax assets have not been recognized in respect of the unused tax losses of USD 863,477 (2022: USD 809,940), which are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognized in respect these unused tax losses items as it is not considered probable that taxable profits will be available against which these unused tax losses can be utilized.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

11. Property, plant and equipment

	Leasehold improvement	Land and buildings Freehold	Land and buildings leasehold	Plant and machinery	Office equipment	Computer and IT equipment	Other equipment	Furniture and fixtures	Motor vehilcles	Total
Cost	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
At 01 April 2022	**10,429,581**	**8,397,383**	**2,431,505**	**13,381,928**	**9,626,225**	**1,743,605**	**3,824,197**	**7,083,389**	**1,170,832**	**58,088,645**
Additions/transfers during the year	**726,486**	**678,260**	**75,858**	**810,496**	**1,915,122**	**362,301**	**117,389**	**1,255,653**	**510**	**5,942,075**
Disposal during the year	**(243,461)**	**-**	**-**	**(4,147)**	**(133,976)**	**(4,965)**	**(3,345)**	**(78,081)**	**(135,863)**	**(603,838)**
Reclassification during the year		**-**	**-**	**-**	**(183,023)**	**27,175**	**-**	**(34,682)**	**(2,365)**	**(192,895)**
Adjustment during the year	**(378)**	**-**	**-**	**45,102**	**(15,402)**	**(38,555)**	**(9,460)**	**(27,129)**	**(177,675)**	**(223,497)**
Exchnage re-alignment	**(498,465)**	**(847,052)**	**(850,804)**	**(519,687)**	**(544,593)**	**(58,032)**	**(642,758)**	**(170,236)**	**(842)**	**(4,132,469)**
Effect of changes in exchange rates	**(53,912)**	**(20,147)**	**(109,248)**	**(163,801)**	**(65,708)**	**(71,064)**	**(11,255)**	**(237,000)**	**(18,106)**	**(750,241)**
At 31 March 2023	**10,359,851**	**8,208,444**	**1,547,311**	**13,549,891**	**10,598,645**	**1,960,465**	**3,274,768**	**7,791,914**	**836,491**	**58,127,780**

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

11. **Property, plant and equipment (continued)**

Cost	Leasehold improvement USD	Land and buildings Freehold USD	Land and buildings leasehold USD	Plant and machinery USD	Office equipment USD	Computer and IT equipment USD	Other equipment USD	Furniture and fixtures USD	Motor vehilcles USD	Total USD
At 01 April 2021	9,426,842	8,406,337	3,031,236	12,978,458	8,600,609	1,537,320	3,907,772	6,897,902	1,077,138	55,863,614
Additions/transfers during the year	1,251,205	50,173	608,512	705,767	1,427,227	345,137	97,074	519,406	191,752	5,196,253
Disposal during the year	(104,072)	-	-	(78,038)	(111,543)	(78,197)	(160,074)	(145,307)	-	(677,231)
Reclassification during the year	-	-	-	-	(125,927)	125,927	-	-	-	-
Adjustment during the year	(54,690)	-	(1,169,663)	(51,114)	(77,526)	(169,849)	9,436	(70,199)	(81,861)	(1,665,466)
Exchnage re-alignment	(252)	-	-	16,095	(4,968)	419	(1,122)	(5,799)	-	4,373
Effect of changes in exchange rates	(89,452)	(59,127)	(38,580)	(189,240)	(81,647)	(17,152)	(28,889)	(112,614)	(16,197)	(632,898)
At 31 March 2022	10,429,581	8,397,383	2,431,505	13,381,928	9,626,225	1,743,605	3,824,197	7,083,389	1,170,832	58,088,645

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

11. **Property, plant and equipment (continued)**

Depreciation	Leasehold improvement USD	Land and buildings Freehold USD	Land and buildings leasehold USD	Plant and machinery USD	Office equipment USD	Computer and IT equipment USD	Other equipment USD	Furniture and fixtures USD	Motor vehilcles USD	Total USD
At 01 April 2022	**4,026,521**	**1,683,189**	**98,868**	**5,391,153**	**7,470,071**	**1,275,039**	**1,452,676**	**5,095,927**	**991,571**	**27,485,015**
Charge for the year	**717,220**	**491,578**	**30,270**	**935,470**	**1,068,860**	**250,892**	**351,814**	**774,325**	**68,538**	**4,688,967**
Disposal during the year	**(243,455)**	**-**	**-**	**-**	**(188,335)**	**(23,157)**		**(166,377)**	**(135,849)**	**(757,173)**
Reclassification during the year	**-**	**-**	**-**	**(16,724)**	**(58,102)**	**21,446**	**-**	**36,655**	**(235)**	**(16,960)**
Adjustment during the year	**73**	**-**	**-**	**28,467**	**(6,754)**	**(33,605)**	**(9,507)**	**(14,348)**	**(161,547)**	**(197,221)**
Exchnage re-alignment	**(98,753)**	**(140,682)**	**-**	**678,815**	**10,450**	**(104,867)**	**(222,064)**	**(86,133)**	**(361)**	**36,405**
Effect of changes in exchange rates	**(17,222)**	**(4,483)**	**(14,875)**	**(127,519)**	**(52,810)**	**(24,633)**	**(10,997)**	**(139,705)**	**(16,134)**	**(408,378)**
At 31 March 2023	**4,384,384**	**2,029,602**	**114,263**	**6,889,662**	**8,243,380**	**1,361,115**	**1,561,922**	**5,500,344**	**745,983**	**30,830,655**

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

11. **Property, plant and equipment (continued)**

	Leasehold improvement	Land and buildings Freehold	Land and buildings leasehold	Plant and machinery	Office equipment	Computer and IT equipment	Other equipment	Furniture and fixtures	Motor vehilcles	Total
Depreciation	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
At 01 April 2021	3,698,084	1,075,664	1,136,189	4,303,113	6,644,014	1,220,464	1,103,079	4,653,183	929,771	24,763,561
Charge for the year	506,563	581,469	44,463	1,163,132	1,055,930	283,330	404,909	695,073	118,699	4,853,568
Disposal during the year	(99,313)	-	-	(50,858)	(94,216)	(47,974)	(47,974)	(93,453)	-	(433,788)
Adjustment during the year	(54,045)	-	(1,069,966)	-	(75,850)	(169,949)	9,435	(67,709)	(43,675)	(1,471,759)
Exchange re-alignment	8,770	37,232	-	93,565	1,915	821	(232)	(2,816)	707	139,962
Effect of changes in exchange rates	(33,538)	(11,176)	(11,818)	(117,799)	(61,722)	(11,653)	(16,541)	(88,351)	(13,931)	(366,529)
At 31 March 2022	4,026,521	1,683,189	98,868	5,391,153	7,470,071	1,275,039	1,452,676	5,095,927	991,571	27,485,015
Net book value										
At 31 March 2023	**5,975,467**	**6,178,842**	**1,433,048**	**6,660,229**	**2,355,265**	**599,350**	**1,712,846**	**2,291,570**	**90,508**	**27,297,125**
At 31 March 2022	6,403,060	6,714,194	2,332,637	7,990,775	2,156,154	468,566	2,371,521	1,987,462	179,261	30,603,630

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

12. **Capital work in progress**

	USD
Cost	
At 01 April 2021	617,771
Addition during the year	648,535
Effect of changes in exchange rates	(12,318)
Transfer during the year	(841,122)
At 31 March 2022	412,866
At 01 April 2022	**412,866**
Addition during the year	**643,099**
Effect of changes in exchange rates	**(16,202)**
Transfer during the year	**(108,951)**
At 31 March 2023	**930,812**

13. **Goodwill**

	2023	2022
Cost	**USD**	**USD**
At 01 April	**6,830,071**	6,883,294
Addition during the year	**999,041**	-
Impairment during the year	**-**	(26,888)
Exchange realignment	**(70,092)**	(26,335)
At 31 March	**7,759,020**	6,830,071

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

14. **Intangible assets**

	Software USD	Development USD	Trade marks and Patent and license USD	Total USD
Cost				
At 01 April 2021	17,436	2,317	1,220,179	1,239,932
Addition during the year	34,121	-	9,720	43,841
Adjustment during the year	1,186,953	-	-	1,186,953
Exchange realignment	41,907	-	(92,585)	(50,678)
At 31 March 2022	1,280,417	2,317	1,137,314	2,420,048
At 01 April 2022	**1,280,417**	**2,317**	**1,137,314**	**2,420,048**
Addition during the year	**17,748**	**1,357,108**	**962,331**	**2,337,188**
Adjustment during the year		**-**	**-**	**-**
Exchange realignment	**(471)**	**(4,064)**	**737**	**(3,799)**
At 31 March 2023	**1,297,694**	**1,355,361**	**2,100,382**	**4,753,437**
Amortisation				
At 01 April 2021	10,704	2,317	744,355	757,376
Charge for the year	23,875	-	101,305	125,180
Adjustment during the year	1,079,711	-	(1,497)	1,078,214
Exchange realignment	-	-	3,860	3,860
At 31 March 2022	1,114,290	2,317	848,023	1,964,630
At 01 April 2022	**1,114,290**	**2,317**	**848,023**	**1,964,630**
Charge for the year	**34,368**	**-**	**71,952**	**106,321**
Adjustment during the year	**-**	**-**		**-**
Exchange realignment	**9,433**	**-**	**641**	**10,075**
At 31 March 2023	**1,158,091**	**2,317**	**920,616**	**2,081,026**
At 31 March 2023	**139,603**	**1,353,044**	**1,179,766**	**2,672,411**
At 31 March 2022	166,127	-	289,291	455,418

Trademarks and Brand name are amortised over a period of 3 - 5 years which in the opinion of the directors is the estimated economic life.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

15. Financial assets at fair value through profit or loss

	2023 USD	2022 USD
Equity investments, at fair value	**12,704,697**	18,525,158
Debt investments at fair value	**3,635,640**	5,404,424
Investments in life insurance policies at fair value	**-**	3,535,368
	16,340,337	27,464,950
Current portion	**(6,454,934)**	(5,067,480)
Non-current portion	**9,885,403**	22,397,470

Notes:
(a) The above equity investments were upon initial recognition, designated by the Group as financial assets at fair value through profit or loss and are stated at fair value.

(b) The above listed debt investments were investments in bonds which are held for trading. They were designated by the Group as financial assets at fair value through profit or loss and are stated at fair value.

(c) The Group entered into three life insurance policies with an insurance company to insure an executive director. Under these policies, the Group is the beneficiary and the policy holder. The Group paid upfront premiums for these policies and may surrender any time by filing a written request and receive cash based on the surrender value of the policy at the date of withdrawal, which is calculated by the insurer. In the opinion of the directors, the surrender values of the policies provided by the insurance company are the best approximation of their fair values, which are categorised within Level 3 of the fair value hierarchy.

At 31 March 2023, the above investments consisted of investments in life insurance policies and listed equity investments which had been designated as financial assets at fair value through profit or loss and are stated at fair value.

The fair values of the listed equity investments were based on quoted market prices.

16. Financial assets at fair value through other comprehensive income

	2023 USD	2022 USD
Non-current assets		
Unlisted investments, at fair value	**21,348,254**	1,096,746

The Group has designated the above investments as financial assets at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

17. Other investments

	2023 USD	2022 USD
Other investments	-	2,288

18. Investment in joint ventures and associates

Interest in joint ventures

	2023 USD	2022 USD
Interest in Joint Ventures (refer below details) (A)	**11,649,928**	12,051,840

The Group has investments in the following joint ventures:

1) Redwood Internet Ventures Limited
2) Digital Internet Technologies Limited
3) Digital Ecom Techno Private Limited
4) Yellow Octopus EU Sp. Z.oo
5) Yellow Octopus EY Spolka z organiczona odpowiedzialnoscia spolka Komandytowa (LLP)
6) One Stop Shop Solutions EU. Sp. Z.oo
7) Yellow Octopus Ventures FZCO
8) One Stop Shop Solutions EU Spolka z organiczona odpowiedzialnoscia spolka komandytowa (LLP)
9) Yellow Octopus Fashion Limited

Interest in associates

	2023 USD	2022 USD
Interest in associates (B)	**253,676**	586,558
Total (A+B)	**11,903,604**	12,638,398

The group also has investment in associate in the following company:

1) GWD Enterprises Limited
2) Loop Digital Wardrobe Limited
3) Reflaunt Pte Limited
4) Sourcing Solution Europe BVBA

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

19. Investment Property

	Total **USD**
Cost	
At 01 April 2021	15,780,910
Disposal during the year	(12,497,073)
Effect of changes in exchange rates	(227,674)
At 31 March 2022	3,056,163
At 01 April 2022	**3,056,163**
Disposal during the year	**(3,056,163)**
At 31 March 2023	**-**
	USD
Depreciation	
At 01 April 2021	5,376,160
Charge for the year	273,838
Disposal during the year	(5,459,646)
Effect of changes in exchange rates	4,378
At 31 March 2022	194,730
At 01 April 2022	**194,730**
Charge for the year	
Disposal during the year	**(194,730)**
Effect of changes in exchange rates	
At 31 March 2023	**-**
Net book value	-
At 31 March 2023	
At 31 March 2022	2,861,433

20. Receivables

	2023 USD	2022 USD
Security deposit	**187,733**	208,809
	187,733	208,809

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

21. Deferred tax assets

	2023 USD	2022 USD
At 01 April	**1,302,481**	1,154,603
Charge to the statement of profit or loss during the year	**(273,380)**	147,878
Exchange realignment	**-**	-
At 31 March	1,029,101	1,302,481

22. Inventories

	2023 USD	2022 USD
Finished goods and goods for resale	**7,650,820**	8,865,127
Raw materials	**12,459,773**	18,834,787
Good in transit	**4,629,543**	7,711,679
Work in progress	**6,163,173**	4,738,511
	30,903,309	40,150,104

The Group's inventories represented fabrics sourced for supplies to manufacturers for their production of garments for the Group.

23. Trade and other receivables

	2023 USD	2022 USD
Trade and accounts receivable	**111,137,346**	183,464,555
Non-trade receivables and prepaid expenses	**17,866,017**	21,727,832
Pledged time deposits	**22,303,127**	21,345,726
Amounts due from related parties	**11,658,432**	6,674,392
Less impairment	**(287,453)**	(1,052,869)
	162,677,469	232,159,636

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

23. Trade and other receivables (continued)

An analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2023 USD	2022 USD
Less than 6 months	**108,806,627**	181,668,075
Over 6 months but less than 1 year	**594,017**	1,842
Over 1 year but less than 2 years	**1,790**	1,735,857
Over 2 years but less than 3 years	**1,734,912**	58,781
	111,137,346	183,464,555

a) There are no receivables at the reporting date having significant increase in credit risk.
b) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person.
c) The above impairment loss amounting to March 31, 2023 USD 710,204 (March 31, 2022: USD 1,069,748) related to trade receivables majorly from the subsidiaries namely Simple Approach Limited, Norwest Industries Limited, Poeticgem International Limited, Poetic Brands, Design Arc UK Limited and Techno design GMBH.
d) Trade receivables are generally on terms of not more than 90 days.

24. Stated capital

	2023 USD	2022 USD
Stated capital		
21,948,270 ordinary shares of USD 1 each	**21,948,270**	21,948,270

All shares rank equally with regard to the Group's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

25. Reserves

	Hedging reserves	Translation reserves	Capital reserves	Retained earnings	Faire value reserves	Total
	USD	USD	USD	USD	USD	USD
At 01 April 2022	**295,917**	**(3,647,264)**	**(2,135,504)**	**86,785,779**	**53,477**	**81,352,405**
Transactions with owners of the Company						
Contributions by and distributions						
Other Comprehensive Income Gratuity	-	-	-	**(301,614)**	-	**(301,614)**
Dividend declared and paid	-	-	-	**(8,000,000)**	-	**(8,000,000)**
Acquisition of NCI without a change in control	-	-	-	-	-	-
Acquisition of NCI	-	-	-	**(3,428,925)**	-	**(3,428,925)**
Share based payments reserve	-	-	-	**2,123,406**	-	**2,123,406**
Total comprehensive income						
Profit for the year	-	-	-	**30,711,533**	-	**30,711,533**
Other comprehensive income						
Net movement in fair value through profit or loss reserves	-	-		-	**364,294**	**364,294**
Foreign currency translation differences on foreign operations	-	**(6,037,218)**	-	-	-	**(6,037,218)**
Net Capital reserves	-	-	**(187,370)**	-	-	**(187,370)**
Net loss on cash flow hedges	**(394,333)**	-	-	-	-	**(394,333)**
Balance at 31 March 2023	**(98,416)**	**(9,684,482)**	**(2,322,874)**	**107,890,179**	**417,771**	**96,202,178**

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

25. **Reserves (continued)**

	Hedging reserves USD	Translation reserves USD	Capital reserves USD	Retained earnings USD	Faire value reserves USD	Total USD
At 01 April 2021	170,129	(2,757,325)	(1,884,879)	62,398,348	1,007,687	58,933,960
Transactions with owners of the Company						
Contributions by and distributions						
Other Comprehensive Income Gratuity	-	-	-	34,257	-	34,257
Dividend declared and paid	-	-	-	(7,500,000)	-	(7,500,000)
Acquisition of NCI without a change in control	-	-	-	-	-	-
Acquisition of NCI	-	-	-	(724,483)	-	(724,483)
Share based payments reserve	-	-	-	1,579,087	-	1,579,087
Total comprehensive income						
Profit for the year	-	-	-	30,998,570	-	30,998,570
Other comprehensive income						
Net movement in fair value through profit or loss reserves	-	-		-	(954,210)	(954,210)
Foreign currency translation differences on foreign operations	-	(889,939)	-	-	-	(889,939)
Net Capital reserves	-	-	(250,625)	-	-	(250,625)
Net loss on cash flow hedges	125,788	-	-	-	-	125,788
Balance at 31 March 2022	295,917	(3,647,264)	(2,135,504)	86,785,779	53,477	81,352,405

Translation reserves
The translation reserves comprises all foreign currency differences arising from the translation of the consolidated financial statements of foreign operations as well as from the translation of liabilities that hedge the Group’s net investment in a foreign subsidiary.

Hedging reserves
The hedging reserves comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

26. Non-controlling interests

	Stated capital	Hedging reserves	Translation reserves	Capital reserves	Retained earnings	Total
	USD	USD	USD	USD	USD	USD
At 01 April 2022	**(5,162,953)**	**(23,567)**	**(2,026,879)**	**1,122,862**	**14,977,100**	**8,886,563**
Transactions with owners of the Company						
Dividend declared and paid	-	-	-	-	(8,268,990)	(8,268,990)
Capital contribution by NCI	-	-	-	-	-	-
Acquisition of NCI without a change in control	-	-	-	-	(325,849)	(325,849)
Acquisition of NCI	-	-	-	-	407,711	407,711
Total comprehensive income						
Profit for the year	-	-	-	-	7,637,217	7,637,217
Other comprehensive income						
Net movement in fair value through profit or loss reserves	-	-	-	-	-	-
Foreign currency translation differences on foreign operations	-	-	(1,167,800)	-	-	(1,167,800)
Balance at 31 March 2023	**(5,162,953)**	**(23,567)**	**(3,194,679)**	**1,122,862**	**14,427,189**	**7,168,852**

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

26. Non-controlling interests (continued)

	Stated capital USD	Hedging reserves USD	Translation reserves USD	Capital reserves USD	Retained earnings USD	Total USD
At 01 April 2021	(5,162,953)	(23,567)	(1,968,148)	1,122,862	15,719,876	9,688,070
Transactions with owners of the Company						
Dividend declared and paid	-	-	-	-	(7,314,020)	(7,314,020)
Capital contribution by NCI	-	-	-	-	-	-
Decrease in NCI	-	-	-	-	-	-
Acquisition of NCI	-	-	-	-	-	-
Total comprehensive income						
Profit for the year	-	-	-	-	5,881,577	5,881,577
Other comprehensive income						
Net movement in fair value through profit or loss reserves	-	-	-	-	689,667	689,667
operations	-	-	(58,731)	-	-	(58,731)
Balance at 31 March 2022	(5,162,953)	(23,567)	(2,026,879)	1,122,862	14,977,100	8,886,563

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

27. Long term loans

	2023 USD	2022 USD
Other loans	-	2,125

Banking facilities(Green Apparel limited & Progress manufacturing HK)

General banking facilities granted by a bank were secured by fellow subsidiaries' corporate guarantee, directors' personal guarantee, bank guarantee and fellow subsidiary's properties.

28. Short term loans

	2023 USD	2022 USD
Other bank loans	**14,925,314**	24,946,678
Trust receipt loans	**53,809,199**	53,845,925
Other payables	**-**	4,967
	68,734,513	78,797,570

Norwest Industries Limited and its subsidiaries

Contract liabilities include short-term advances received to deliver garment products. The increase in contract liabilities for both years was mainly due to the increase in short-term advances received from customers in relation to the future sales of garment at the end of the respective year.

28. **Short term loans (continued)**

Norwest Industries Limited and its subsidiaries (continued)

(iii) In case of banking facilities of Simple approach, Zamira fashions, Techno Design HK, PDS Asia Star, Poeticgem International, Green Apparel Limited and Progress Manufacturing HK, the banking facilities are secured by fellow subsidiaries' corporate guarantee, directors' personal guarantee, life insurance policy, bank guarantee and fellow subsidiary's properties.

(iv) With respect to the loans of PG Group the interest-bearing bank borrowings are guaranteed by the immediate holding company and a director of the Company and these loans are repaid during the year ending March 31, 2023.

(v) Interest details of secured loans are as follows:

Entity name	**Nature of loan**	**March 31, 2023**	**March 31, 2022**
PDS Asia star	Discounted bills Import Loans Trust receipt loan	NIL	LIBOR +2.00% p.a
Simple Approach	Discounted bills	Nil	LIBOR +2.00% p.a
	Trust receipt loan	Bank prime rate +1.5% p.a	Bank prime rate +1.5% p.a
Zamira Fashions	Import loans Trust receipt loan	Bank prime rate +1.5% p.a	Bank prime rate +1.5% p.a
Poeticgem International	Import loans Trust receipt loan	LIBOR +2% to 2.4% p.a	LIBOR +2% to 2.4% p.a
Techno Design HK	Import loans	LIBOR +2.00% p.a	LIBOR +2.00% p.a
Green Apparel HK	Term loans	LIBOR +2.75% p.a	LIBOR +2.75% p.a
Progress Manufacturing HK	Term loans	LIBOR +2.75% p.a	LIBOR +2.75% p.a
Green Smart Shirts	Discounted bills	LIBOR +3.5% p.a	LIBOR +3.5% p.a
	Term loans	11.00% p.a	11.00% p.a
Progress Apparel Bangladesh	Discounted bills	LIBOR +3.5% p.a	LIBOR +3.5% p.a
	Term loans	11.00% p.a	11.00% p.a

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

28. **Short term loans (continued)**

Norwest Industries Limited and its subsidiaries (continued)

(v) Interest details of secured loans are as follows (continued):

Entity name	Nature of loan	March 31, 2023	March 31, 2022
Norwest Industries and its subsidiaries	Import and Export loans	EURIBOR^^^^^+2.15	EURIBOR^^^^^+2%
		USD SOFR*+2.15%,	USD SOFR*+2.15%,
		COF^^^+1.75%p.a	GBP SONIA**+2%
	Trust receipts loans	COF^^+2%,	COF^^+2%,
		LIBOR#+2%,	LIBOR#+3.5%,
		COF^^^+1.75%p.a	HIBOR^+2%,
		BFR^^^+1.75% p.a.,	BFR^^^+1.75% p.a.,
		SOFR***+3.5%,	EURIBOR^^^^^+2%
		USD SOFR*+2.15%,	USD SOFR*+2.15%,
			GBP SONIA**+2%
	Bank overdraft	LIBOR#+3.5%,	LIBOR#+3.5%,
		SOFR***+3.5%,	
		HIBOR^+2%,	HIBOR^+2%,
		BPLR****+1.5%p.a	

London Interbank Offered Rate ("LIBOR")
^Hong Kong Interbank Offered Rate ("HIBOR")
^^ Intesa Sanpaolo S.p.A.'s Cost of Funds ("COF")
^^^ BNP PARIBAS's Funding Rate ("BFR")
^^^^Citi Bank's Cost of Funds ("COF")
^^^^^ Euro Interbank Oferred Rate ("EURIBOR")
*HSBC Secured Overnight Financing Rate ("SOFR")
**HSBC GBP Sterling Overnight Index Average ("SONIA")
***UCO bank Secured Overnight Financing Rate ("SOFR")
****Benchmark Prime Lending Rate ("BLPR")

Certain of the Group's bank loan agreements contain repayment on demand clauses and the corresponding bank loans have been classified as current liabilities in the consolidated statement of financial position. Ignoring the effect of any repayment on demand clauses and based on the maturity terms of these loans, the interest-bearing bank borrowings of the Group are repayable within one year.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

29. Cash and cash equivalents

Cash and cash equivalents comprise of:	**2023**	2022
	USD	**USD**
Cash and hands and at banks	**53,729,011**	57,851,715
Bank overdraft	**(2,849,271)**	(2,003,543)
	50,879,740	55,848,172

<u>*Norwest Industries Limited*</u>

	2023	2022
	USD	**USD**
Cash and hands and at banks	**16,339,753**	11,185,017
Pledged time deposits	**20,832,553**	16,130,627
Less: Pledged time deposits for banking facilities:		
-with original maturity of less than three months when acquired	**(13,505,636)**	(2,283,931)
-with original maturity of more than three months when acquired	**(7,326,917)**	(13,846,695)
	16,339,753	11,185,018

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged time deposits are deposited with creditworthy banks with no recent history of default.

30. Trade and other payables

	2023	2022
	USD	**USD**
Trade and bills payable	**101,681,629**	213,045,143
Non trade payable and accrued expenses	**31,583,460**	2,239,588
	133,265,089	215,284,731

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

31. Derivative financial instruments

Currency derivatives

One of the subsidiaries, Norwest Industries Limited and its subsidiaries utilise foreign currency contracts.

Assets	**2023 USD**	2022 **USD**
Forward currency contracts	**67,700**	365,797

Liabilities	**2023 USD**	2022 **USD**
Forward currency contracts	**83,975**	110,535

The carrying amounts of foreign currency contracts are the same as their fair values.

Forward currency contracts – cash flow hedges

Norwest Industries Limited

At 31 March 2023, the subsidiary Norwest Industries Limited and its subsidiaries as a group held 49 forward currency contracts (2022: 139). They are designate as hedges in respect of expected future sales to customers in the United Kingdom for which the said group has firm commitments.

The terms of the forward currency contracts and option currency contracts have been negotiated to match the terms of the commitments. The cash flow hedges relating to expected future settlement of sales and purchase between April 2023 and March 2024 were assessed to be highly effective and net gain of USD 270,924 (2022: a net gain of USD 68,566) was included in the hedging reserve as follows:

	2023 USD	2022 **USD**
Total fair value losses included in the hedging reserves	**(56,692)**	(165,409)
Reclassified from other comprehensive income to the statement of profit or loss	**(214,232)**	233,975
Net gain on cash flow hedges	**(270,924)**	68,566

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

32. **Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subject to common control.

During the year under review, the Group entered into the following related party transactions.

	2023	2022
	USD	**USD**
Transactions during the year:		
Amount repaid to other related parties	**336,345**	(2,463,348)
Amount received from other related parties	**(275,199)**	(39,461)
Amount received from/(advanced to) Sourcing Solution Limited	**2,515**	(1,342,302)
Amount advance to Yellow Octopus EU	**(1,054,287)**	-
Amount paid to JSM Trading Limited	**-**	(875,000)
Amount (paid to)/received from Grupo Extremo SUR S.A	**-**	(219,550)
Amount received from Frou Holdings Limited	**-**	393,405
Corporate fees accrued to PDS Multinational Fashions Limited	**11,801,628**	5,784,175
Corporate fees paid to PDS Multinational Fashions Limited	**(9,100,808)**	(5,599,891)
Dividend paid to PDS Multinational Fashions Limited	**(8,000,000)**	(7,500,000)
Amount (advanced to) / received from PDS Multinational Fashions Limited	**2,446,975**	(171,049)
Amount received from JJ Star Industrial	**-**	472,432
Amount impaired / accrued for GWD Enterprises Limited	**-**	(932,204)
Amount accrued on loan to Digital Internet Technologies	**287,749**	8,434
Amount advanced to Technocian Fashions Ltd	**206,976**	(183,707)
Balances outstanding at 31 March:		
Amount payable to other related parties	**(2,278,542)**	(1,942,197)
Amount receivable from other related parties	**314,660**	39,461
Amount receivable from Sourcing Solution Limited	**1,353,025**	1,355,540
Amount receivable from Yellow Octopus EU	**1,054,287**	-
Amount receivable from PDS LTD	**6,842,313**	1,694,518
Amount receivable from Digital Internet Technologies Limited	**56,908**	344,657
Amount receivables from Technocian Fashions Ltd	**-**	206,976

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

33. **Commitments and contingencies**

At 31 March 2023, Poeticgem International Limited as a group had the following contingent liabilities not provided for in the consolidated financial statements at the end of the reporting period:

b) **Contingent liabilities**

	2023	2022
	USD	**USD**
i) In case of the Company claims against Company not acknowledge as debt		
On account of stamp duty and demerger	**180,359**	195,920
Tenancy Case*	-	19,830
	180,359	215,750

- Pending resolution of the respective proceedings, it is difficult to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgement/decisions pending with various forums/authorities. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Group does not expect any reimbursements in respect of the above contingent liabilities.

*The company has filed a Petition in the High Court of Delhi under section 9 of Arbitration and Conciliation Act for securing the our interest/rightful entitlement of due rent and CAM Charges payable by the tenant. The case is under settlement process and hence the security deposit received from the tenant is considered as contingent liability. The contempt petition is disposed off on May 9, 2023 and order passed on May 9, 2023.

ii) The Hon'ble Supreme Court of India has passed a judgement relating to definition of wages under the Provident Fund Act, 1952 on February 28, 2019. However, considering that there are numerous interpretative issues related to the judgement and in the absence of reliable measurement of the provision for the earlier period, the Group has made provision for provident fund contribution from the date of order. The Group will evaluate its position and update provision, if required, after receiving further clarity in this regard.

iii) In case of Norwest Industries Limited, Guarantee given to banks in connection with facilities granted to subsidiaries and fellow subsidiaries USD 85,765,647 (March 31, 2022: USD 70,459,984). At 31 March 2022, the banking facilities guaranteed by Norwest Industries Limited to its fellow subsidiaries were utilised to the extent of approximately USD 66,538,895 (March 31, 2022 : USD 68,370,137).

In determining whether financial liabilities should be recognised in respect of Norwest Industries Limited's financial guarantee contracts, the directors exercise judgement in the evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation. In the opinion of the directors of Norwest Industries

(iv) In case of Poeticgem Limited, HSBC Bank PLC, has provided a guarantee to H M Revenue and Customs amounting to USD 662,522 (March 31, 2022 : USD 706,754).

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

33. **Commitments and contingencies (continued)**

b) **Contingent liabilities (continued)**

(v) Poeticgem Limited had available USD 3,084,754 (March 31, 2022: USD 3,290,709) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

(vi) In case of Progress Apparel Bangladesh Limited, unconditional bank guarantee issued of USD 7,545 (March 31, 2022 : USD 3,463) to Green Della Insurance Company Limited towards guarantee of 30 days credit period.

(vii) FX Import Company Limited has extended an unlimited multilateral guarantee to its Parent Company and fellow subsidiaries, Poeticgem Limited and Pacific Logistics Limited. The bank has a fixed charge over the assets of FX Import Company Limited which is supported by a debenture.

(viii) Contingent liabilities related to irrevocable letters of credit as at March 31, 2023 of Group companies is USD 250,446 (March 31, 2022: USD 27,447,985,)

34. **Leases**

The Group as a lessee
The Group has a lease contracts for various items of properties used in its operations. Other property generally has lease terms of 12 months. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right of use assets

The carrying amount of the Group's right of use assets and the movements during the year ae as follows:

	USD
Cost	
At 01 April 2021	17,081,781
Addition during the year	8,502,594
Disposal during the year	(911,059)
Other adjustments	1,066,109
Exchange realignment	(404,368)
At 31 March 2022	25,335,057

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

34. **Leases (continued)**

(a) Right of use assets (continued)

	USD
Cost	
At 01 April 2022	**25,335,057**
Addition during the year	**4,594,218**
Disposal during the year	**(345,457)**
Other adjustments	**366,769**
Exchange realignment	**(3,176,906)**
At 31 March 2023	**26,773,681**
Depreciation	
At 01 April 2021	7,897,216
Charge for the year	3,449,270
Disposal	(204,010)
Adjustment during the year	13,904
Exchange realignment	(344,458)
At 31 March 2022	10,811,922
At 01 April 2022	**10,811,922**
Charge for the year	**4,297,518**
Disposal	**-**
Adjustment during the year	**79,676**
Exchange realignment	**(1,485,226)**
At 31 March 2023	**13,703,890**
At 31 March 2023	**13,069,791**
At 31 March 2022	14,523,135

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

34. **Leases (continued)**

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	USD
Carrying amount as at 01 April 2021	9,310,805
New leases	9,696,883
Accretion of interest recognized during the year	358,915
Covid concession	(3,132)
Payments	(3,747,065)
Derecognition upon exercise of termination options	(744,474)
Exchange realignment	(235,752)
Carrying amount as at 31 March 2022	14,636,180
Carrying amount as at 01 April 2022	**14,636,180**
New leases	**4,989,702**
Accretion of interest recognized during the year	**516,931**
Covid concession	**(86,848)**
Payments	**(4,432,726)**
Derecognition upon exercise of termination options	**(438,832)**
Exchange realignment	**(1,721,408)**
Carrying amount as at 31 March 2023	**13,462,999**

	2023 USD	2022 USD
Analysed into:		
Current portion	**4,682,163**	3,259,335
Non-current portion	**8,780,836**	11,376,845
	13,462,999	14,636,180

	2023 USD	2022 USD
Lease payments		
Not later than one year	**3,893,021**	3,946,732
Later than one year	**10,285,101**	10,256,947
Later than five years	**1,895,521**	1,895,521
	16,073,643	16,099,200

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

35. **Personnel expenses**

	2023	2022
	USD	USD
Wages, salaries and benefits	**79,211,809**	70,925,367

36. **Holding company**

The ultimate holding company is PDS Ltd (previously known as PDS Multinational Fashions Limited), a company incorporated in India the shares of which are listed on BSE Limited and the National Stock Exchange of India

37 **Impact of COVID-19 and Ukrainian – Russian War**

Impact of COVID -19

The directors continue to monitor the ongoing developments, and its impact on the performance of the Company. Management has considered the impact of the COVID-19 outbreak on the Company and has concluded that the pandemic should not have a significant effect on the Company's financial position and performance.

The Company continues to engage effectively on its focus areas and its operations are being carried out normally.

Impact of Ukrainian - Russian war

On 24 February 2022, the Russian Federation launched a full-scale invasion into Ukraine sovereign state. The potential impacts from the emerging Ukraine and Russian conflict remain uncertain, including but not limited to, on global economic conditions, asset valuations, interest rate expectations and exchange rates. Although the extent of these impacts has not been assessed at this stage, currently there is no direct impact on the Company as the Company does not have any transactions with both Ukraine and Russia.

38 **Events after reporting period**

There has been no significant event after the reporting date which in the opinion of the board of directors requires disclosure in the group financial statements.

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries

for the year ended 31 March 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2023 are as shown below:

	Norwest Industries Limited	PDS Sourcing Limited	PDS Asia Star	Poeticgem Limited	Techno Design GmbH	Zamira Fashions Limited	FX Import Company Limited
	USD	USD	USD	USD	USD	USD	USD
Revenue	461,572,465	-	55,161,764	9,313,411	53,405,981	40,368,244	-
Cost of sales	401,803,075	-	50,389,587	5,171,008	44,536,013	36,030,785	-
Gross profit	59,769,390	-	4,772,177	4,142,404	8,869,968	4,337,459	-
Operating income	13,503,564	8,835,576	1,567,181	12,960,448	1,738,590	538,067	-
Other income	3,236,368	5,986,678	25,520	4,605,381	397,118	33,311	-
Marketing, selling and distribution expenses	(18,322,735)	-	(251,919)	(1,900,568)	(2,737,675)	(832,233)	-
Manufacturing and other expenses	-	-	-	-	- 1,900	-	-
Loss from joint venture	(193,940)	-	-	-	-	-	-
General and administrative expenses	(40,182,200)	(8,295,118)	(4,446,279)	(13,748,334)	(6,971,250)	(3,902,966)	(7,601)
Depreciation and amortisation	(3,065,276)	(25,485)	(171,706)	(511,341)	(68,719)	(144,389)	-
Results from operating activities	14,745,171	6,501,651	1,494,973	5,547,990	1,226,131	29,249	(7,601)
Net financing (costs) / income	(2,058,897)	50,863	(431,702)	(362,604)	(950,540)	104,632	(5)
Profit /(loss) before income tax	12,686,274	6,552,514	1,063,271	5,185,385	275,591	133,881	(7,606)
Income tax expense	(503,374)	-	-	(700,409)	(62,630)	(25,260)	-
Total profit/(loss) for the year	12,182,900	6,552,514	1,063,271	4,484,976	212,961	108,621	(7,606)

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)

for the year ended 31 March 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2023 are as shown below (continued)

	Casa Forma Ltd	Simple Approach Limited	Poetic Knitwear Limited	Techno BD Limited	Pro Trusted	Nor Delhi Manufacturing Limited	Poeticgem International Limited
	USD	USD	USD	USD	USD	USD	USD
Revenue	-	163,888,202	-	-	-	- 13,505	114,972,790
Cost of sales	2,327	148,968,520	-	-	-	-	100,997,402
Gross profit	(2,327)	14,919,682	-	-	-	(13,505)	13,975,387
Operating income	80,115	2,023,317	-	661,294	-	-	3,883,000
Other income	-	2,443	-	707	-	-	110,876
Marketing, selling and distribution expenses	(759)	(965,804)	-	(2,203)	(457)	41,588	(8,654,716)
Loss from joint venture	-	-	-	-	-	-	-
General and administrative expenses	(72,833)	(11,233,286)	(2,449)	(640,964)	(10,624)	(42,435)	(4,564,181)
Depreciation and amortisation	-	(371,581)	-	(54,738)	(43)	(641)	(923,917)
Results from operating activities	4,197	4,374,772	(2,449)	(35,904)	(11,124)	(14,993)	3,826,450
Net financing (costs) / income	-	(587,455)	-	94,678	(2,456)	(5,511)	(2,441,919)
Profit /(loss) before income tax	4,197	3,787,317	(2,449)	58,774	(13,580)	(20,505)	1,384,531
Income tax expense	-	(624,643)	-	(87,037)	-	-	-
Total profit/(loss) for the year	4,197	3,162,674	(2,449)	(28,263)	(13,580)	(20,505)	1,384,531

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2023 are as shown below (continued)

	PDS Ventures Limited	Grupo Sourcing Limited	Pacific Logistics Limited	PG Group Limited	Green apparel Industries Ltd	Poetic Brands Limited	Progress Manufacturing Group Limited
	USD	USD	USD	USD	USD	USD	USD
Revenue	-	2,679,300	-	29,768,372	36,947,263	22,450,465	51,829,972
Cost of sales	-	2,504,884	-	25,143,150	23,950,689	15,966,082	33,393,170
Gross profit		174,416	-	4,625,222	12,996,574	6,484,383	18,436,802
Operating income	-	523,881	-	-	-	36,830	-
Other income	284,698	-	-	280,630	0	-	-
Marketing, selling and distribution expenses	- 2,070	(163,294)	-	(932,761)	(833,116)	(363,486)	(845,506)
Manufacturing and other expenses	-	(8,592)	-	-	(366,779)	-	(311,461)
Loss from joint venture	(63,431)	-	-	-	-	-	-
General and administrative expenses	(564,714)	(628,254)	- 7,238	(2,427,070)	(9,399,977)	(5,627,024)	(10,872,133)
Depreciation and amortisation	-	(15,155)	-	-	(898,964)	(11,960)	(1,761,958)
Results from operating activities	(345,517)	(116,998)	(7,238)	1,546,021	1,497,738	518,743	4,645,744
Net financing (costs) / income	(84,254)	22,515	-	(50,310)	(297,593)	(122,301)	(2,966,161)
Profit /(loss) before income tax	(429,771)	(94,483)	(7,238)	1,495,711	1,200,145	396,443	1,679,583
Income tax expense	-	(31,613)	-	(2,851)	(377,141)	(89,222)	-
Total profit/(loss) for the year	(429,771)	(126,097)	(7,238)	1,492,860	823,004	307,221	1,679,583

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2023 are as shown below (continued)

	Multinational OSG Bangladesh	Techno Design HK	Design Arc UK	Spring Design	Blueprint design	Techno US	Recovered Clothing
	USD	USD	USD	USD	USD	USD	USD
Revenue	-	49,959,298	3,542	-	-	-	5,129,499
Cost of sales	-	43,749,454	-	-	-	-	3,161,150
Gross profit	-	6,209,844	3,542	-	-	-	1,968,349
Operating income	-	1,340,859	5,683,123	-	-	-	-
Other income	27,908	412,001	-	-	-	-	-
Marketing, selling and distribution expenses -	25	(1,019,004)	(150,151)	-	-	-	(988,393)
Loss from joint venture	-	-	-	-	-	-	-
General and administrative expenses	(25,676)	(2,033,620)	(5,032,082)	(8,657)	(2,152)	(5,250)	(664,853)
Depreciation and amortisation	(121,057)	(30,297)	(212,266)	(3,733)	-	-	(10,530)
Results from operating activities	(118,850)	4,879,784	292,167	(12,390)	(2,152)	(5,250)	304,572
Net financing (costs) / income	-	(1,654,473)	(122,616)	1	14	-	(125,301)
Profit /(loss) before income tax	(118,850)	3,225,311	169,551	(12,389)	(2,138)	(5,250)	179,271
Income tax expense	4,350	-	(20,543)	-	-	-	(8,467)
Total profit/(loss) for the year	(114,500)	3,225,311	149,008	(12,389)	(2,138)	(5,250)	170,804

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2023 are as shown below (continued)

	PDS Fashion Limited	Spring Near East UAE	PDS Fashion Hong Kong	PDS Manufacturing Limited	PDS Multi FZCO
	USD	USD	USD	USD	USD
Revenue	-	2,782,390	-	-	174,961,083
Cost of sales	-	2,217,850	-	-	154,211,859
Gross profit	-	564,540	-	-	20,749,224
Operating income	-	2,448,715	-	-	3,569,828
Other income	375,752	-	-	-	886,466
Marketing, selling and distribution expenses	(9,425)	4,522	-	-	(6,375,902)
Loss from joint venture	-	-	-	-	297,093
General and administrative expenses	(71,854)	(2,842,410)	(66,042)	(22,135)	(8,227,075)
Depreciation and amortisation	(305,763)	(34,803)	-	-	(217,081)
Results from operating activities	(11,290)	140,564	(66,042)	(22,135)	10,682,554
Net financing (costs) / income	(56,032)	(211,422)	(3,050)	-	(250,846)
Profit /(loss) before income tax	(67,322)	(70,858)	(69,091)	(22,135)	10,431,708
Income tax expense	-	-	-	-	(26,034)
Total profit/(loss) for the year	(67,322)	(70,858)	(69,091)	(22,135)	10,405,674

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries
for the year ended 31 March 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2022 are as shown below:

	Norwest Industries Limited	PDS Sourcing Limited	PDS Asia Star	Poeticgem Limited	Techno Design GmbH	Zamira Fashions Limited	FX Import Company Limited
	USD	USD	USD	USD	USD	USD	USD
Revenue	318,214,829	-	79,187,464	3,416,908	21,135,004	32,287,638	37,225
Cost of sales	276,814,553	-	72,102,840	2,723,122	19,067,809	28,515,273	35,570
Gross profit	41,400,276	-	7,084,624	693,786	2,067,195	3,772,365	1,655
Operating income	14,560,282	6,005,556	905,050	9,852,537	894,544	636,952	54,923
Other income	3,292,240	-	-	210,872	125,354	3,918	3,221
Marketing, selling and distribution expenses	(11,767,113)	-	(39,724)	(758,331)	(141,487)	(353,289)	(71,032)
Loss from joint venture	(411,622)	-	-	-	-	-	-
General and administrative expenses	(24,034,206)	(6,060,017)	(5,258,040)	(7,875,547)	(2,182,443)	(2,896,059)	(209,034)
Depreciation and amortisation	(2,650,350)	-	(176,799)	(729,795)	(145,342)	(235,304)	(22,730)
Results from operating activities	20,389,507	(54,461)	2,515,111	1,393,522	617,821	928,583	(242,997)
Net financing (costs) / income	(799,121)	87,300	(175,169)	(1,010,715)	24,240	91,496	(1,108)
Profit /(loss) before income tax	19,590,386	32,839	2,339,942	382,807	642,061	1,020,079	(244,105)
Income tax expense	(1,400,298)		(323)	(130,760)	(177,637)	(152,840)	
Total profit/(loss) for the year	18,190,088	32,839	2,339,619	252,047	464,424	867,239	(244,105)

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2022 are as shown below (continued)

	Casa Forma Ltd	Simple Approach Limited	Poetic Knitwear Limited	Techno BD Limited	FX Import Hong Kong Limited	Nor Delhi Manufacturing Limited	Poeticgem International Limited
	USD	USD	USD	USD	USD	USD	USD
Revenue	-	87,557,595	-	-	-	4,218,003	94,455,657
Cost of sales	-	76,363,628	-	-	-	1,949,135	80,317,683
Gross profit	-	11,193,967	-	-	-	2,268,868	14,137,974
Operating income	71,817	2,555,946	-	786,056	-	335,513	3,313,154
Other income	-	570,525	-	297	-	-	90,933
Marketing, selling and distribution expenses	(2,667)	(4,221,828)	-	(2,019)	1	-	(9,347,475)
Loss from joint venture	-	-	-	-	(134)	(658,249)	-
General and administrative expenses	(72,845)	(6,618,932)	(2,696)	(697,592)	-	-	(3,346,014)
Depreciation and amortisation	(255)	(336,536)		(21,932)	(38,621)	(345,189)	(454,014)
Results from operating activities	(3,950)	3,143,142	(2,696)	64,810	(38,754)	1,600,943	4,394,558
Net financing (costs) / income		(154,184)	-	(11,605)	(10,708)	(64,276)	(444,079)
Profit /(loss) before income tax	(3,950)	2,988,958	(2,696)	53,205	(49,462)	1,536,667	3,950,479
Income tax expense		(637,605)	-	(75,621)			
Total profit/(loss) for the year	(3,950)	2,351,353	(2,696)	(22,416)	(49,462)	1,536,667	3,950,479

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)

for the year ended 31 March 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2022 are as shown below (continued)

	MultiTech Ventures Limited USD	Grupo Sourcing Limited USD	Pacific Logistics Limited USD	PG Group Limited USD	Green apparel Industries Ltd USD	Poetic Brands Limited USD	Progress Manufacturing Group Limited USD
Revenue	-	5,556,049	-	17,245,855	15,690,772	20,217,337	22,691,777
Cost of sales	-	5,000,659	-	13,958,988	10,178,072	13,358,139	19,422,761
Gross profit	-	555,390	-	3,286,867	5,512,700	6,859,198	3,269,016
Operating income	-	362,795	-	1,269,132	892	16,794	224,247
Other income	-	30,061	-	25,168	-		47,369
Marketing, selling and distribution expenses	-	(25,994)	-	(759,101)	(686,784)	(201,959)	(1,614,023)
Loss from joint venture	-	-	-	-	-		
General and administrative expenses	(539,070)	(582,209)	(6,643)	(2,122,085)	(5,590,970)	(5,506,223)	(10,373,441)
Depreciation and amortisation		(18,121)		(97,878)	(855,484)	-	(2,109,742)
Results from operating activities	(539,070)	321,922	(6,643)	1,602,103	(1,619,646)	1,167,810	(10,556,574)
Net financing (costs) / income		(4,699)		(22,765)	(1,123,086)	(42,976)	(634,342)
Profit /(loss) before income tax	(539,070)	317,223	(6,643)	1,579,338	(2,742,732)	1,124,834	(11,190,916)
Income tax expense		(35,621)				(222,292)	412,927
Total profit/(loss) for the year	(539,070)	281,602	(6,643)	1,579,338	(2,742,732)	902,542	(10,777,989)

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2022 are as shown below (continued)

	Multinational OSG Bangladesh	Techno Design HK	Design Arc UK	PDS Global Investments	Blueprint design	Techno US	Recovered Clothing
	USD	USD	USD	USD	USD	USD	USD
Revenue	-	48,082,504	338,844	-	(77,787)	-	499,467
Cost of sales	-	42,389,062	186,380	-	88,998	-	405,814
Gross profit	-	5,693,442	152,464	-	(166,785)	-	93,653
Operating income	25,305	1,096,267	2,330,699	-	188,381	-	-
Other income	21,638	545,899	-	-	-	-	-
Marketing, selling and distribution expenses	(21)	(2,273,869)	(601,753)	-	(818)	-	(149,995)
Loss from joint venture	-	-	-	-	-	-	-
General and administrative expenses	(20,054)	(1,033,836)	(1,705,401)	(927)	(95,868)	(96,705)	-
Depreciation and amortisation	(222,098)	(43,205)	(88,434)	-	(5,242)	-	(60,208)
							-
Results from operating activities	(195,230)	3,984,698	87,575	(927)	(80,332)	(96,705)	(116,550)
Net financing (costs) / income		(428,284)	(29,332)	-	5,209		(4,277)
Profit /(loss) before income tax	(195,230)	3,556,414	58,243	(927)	(75,123)	(96,705)	(120,827)
Income tax expense	29,461		(12,102)				
Total profit/(loss) for the year	(165,769)	3,556,414	46,141	(927)	(75,123)	(96,705)	(120,827)

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2022 are as shown below (continued)

	Kleider Sourcing UAE	PDS Ventures	Spring Near East UAE	Twin Asia UAE	Design Arc UAE	Razamtazz
	USD	USD	USD	USD	USD	USD
Revenue	34,774,125	-	21,879,327	4,901,069	2,431	307,413
Cost of sales	31,226,128	-	19,833,197	4,068,431	2,135	-
Gross profit	3,547,997	-	2,046,130	832,638	296	307,413
Operating income	197,364	-	380,763	-	-	-
Other income	7,165	190,386	5,985	4,779	10,650	1,889
Marketing, selling and distribution expenses	(912,754)	-	(1,937)	(1,187)	-	-
Loss from joint venture	-	-	-	-	-	-
General and administrative expenses	(111,681)	(116,229)	(161,881)	(149,412)	(5,714)	(168,944)
Depreciation and amortisation	(35,377)	(167,921)	(78,736)	(34,967)	(50,489)	(170,847)
Results from operating activities	2,692,714	(93,764)	2,190,324	651,851	(45,257)	(30,489)
Net financing (costs) / income	(12,980)	(20,234)	(63,670)	(1,737)	(2,500)	56,265
Profit /(loss) before income tax	2,679,734	(113,998)	2,126,654	650,114	(47,757)	25,776
Income tax expense						
Total profit/(loss) for the year	2,679,734	(113,998)	2,126,654	650,114	(47,757)	25,776

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss
for the year ended 31 March 2023

	Appendices	**2023 USD**	2022 **USD**
Revenue	1	**1,239,262,048**	1,155,079,795
Cost of sales	2	**1,056,693,921**	984,944,265
Gross Profit		**182,568,127**	170,135,530
Operating income	3	**27,912,937**	19,503,356
Other income		**10,193,895**	9,960,394
Marketing, selling and distribution expense	4	**(18,440,507)**	(22,694,337)
Manufacturing and other expenses		**(688,733)**	(602,073)
Share of profit/(loss) of a joint venture		**39,721**	(77,655)
General and administrative expenses	5	**(140,825,806)**	(126,415,990)
Depreciation and amortisation		**(9,052,147)**	(8,701,777)
Results from operating activities		**51,707,487**	41,107,448
Finance income		**514,915**	1,280,624
Finance costs		**(10,998,731)**	(3,715,590)
Net finance costs		**(10,483,816)**	(2,434,966)
Profit before taxation		**41,223,671**	38,672,482

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss
for the year ended 31 March 2023

Appendix 1

Revenue

	2023 USD	2022 USD
Sales	**1,239,262,048**	1,155,079,795

Appendix 2

Cost of sales	2023 USD	2022 USD
Opening stock	**28,076,733**	25,156,681
Purchases	**900,141,814**	842,816,547
Production costs/sub-contracting expenses	**37,777,122**	36,604,786
Other cost of sales	**122,463,023**	107,793,946
Closing stock	**(32,453,884)**	(28,076,733)
Testing charges	**10,262**	10,862
Freight charges	**678,851**	638,176
	1,056,693,921	984,944,265

Appendix 3

Operating income	2023 USD	2022 USD
Marketing fee income	**5,606,581**	1,614,508
Commission income	**8,598,855**	8,176,673
Claim recoveries	**8,867,565**	7,443,714
Consultancy income	**77,228**	-
Management income	**706,555**	-
Sales and marketing commission	**1,746,364**	-
Other operating income	**2,309,789**	2,268,461
Total other operating income	**27,912,937**	19,503,356

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss
for the year ended 31 March 2023

Appendix 4

Marketing, selling and distribution expenses	**2023 USD**	2022 **USD**
Agents' commission	**5,948,760**	2,976,304
Freight cost	**4,032,530**	8,888,940
Transportation costs	**2,181,941**	2,099,034
Designing expenses	**2,027,044**	790,238
Sample expenses	**893,856**	3,251,033
Entertainment expenses	**763,934**	403,485
Marketing fees	**738,419**	1,183,691
Inspection charges	**525,543**	1,317,601
Testing and service charges	**354,847**	433,100
Advertising cost	**324,449**	612,155
Storage charges	**308,025**	179,897
Bad debts	**151,328**	305,775
Hire of Plant and Machinery	**81,855**	192,150
Custom clearing charges	**76,522**	39,503
Handling charges	**23,942**	21,056
Warehouse expenditure	**4,309**	-
Processing Charges	**3,203**	375
	18,440,507	22,694,337

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss
for the year ended 31 March 2023

Appendix 5

General and administrative expenses and manufacturing and other expenses

	2023	2022
	USD	**USD**
Wages and salaries	**79,211,810**	70,925,367
Consulting fees	**23,354,716**	20,650,358
Travelling expenses	**4,580,855**	1,912,722
Rent and rates	**518,429**	886,033
Bank charges	**2,216,876**	1,799,858
Courier charges	**3,680,052**	3,021,534
Telephone, printing and stationery	**1,430,953**	1,347,293
Legal and professional fees	**1,508,363**	1,243,702
Director's expense	**966,570**	1,106,470
Management fees	**249,973**	257,801
Vehicle expenses	**1,482,602**	1,293,666
Insurance expenses	**1,633,272**	1,742,431
Staff welfare and medical insurance	**587,249**	512,583
Quality control	**27,981**	(40,212)
Audit and accounting fees	**793,747**	702,703
Water and electricity	**950,914**	1,046,314
Taxes and duties	**853,392**	645,533
Repairs and maintenance	**1,188,390**	970,321
Office expenses and supplies	**3,099,565**	2,877,036
Motor vehicle leasing	**144,216**	81,686
Licence fees	**4,483,514**	5,452,821
Membership & Subscription Fees	**301,650**	254,923
Security	**162,841**	154,740
Impairment Loss	**(398,537)**	1,324,861
Employee share based payments	**1,926,270**	1,384,848
Recharge expense	**4,596,375**	2,183,619
Other expenses which are not classified under above line	**1,273,768**	2,676,979
	140,825,806	126,415,990

Multinational Textile Group Limited

Financial statements

31 March 2023

Multinational Textile Group Limited

Financial statements
for the year ended 31 March 2023

Contents *Page*

Multinational Textile Group Limited

Corporate data

		Date of appointment	Date of resignation
Directors:	Deepak Kumar Seth	15 May 2006	-
	Pallak Seth	15 May 2006	-
	Ashish Gupta	03 August 2021	10 April 2023
	Parikh Nishant Ravindra	08 December 2021	-
	Sharmil Shah	01 March 2018	-
	Sheik Mohamad Ally Shameem Kureemun	07 August 2018	-
	Krishna Ramguttee (Alternate to Shameem Kureemun)	07 August 2018	-

Company secretary: Rogers Capital Corporate Services Limited
3rd Floor, Rogers House
No. 5 President John Kennedy Street
Port Louis
Republic of Mauritius

Registered office: C/o Rogers Capital Corporate Services Limited
3rd Floor, Rogers House
No. 5 President John Kennedy Street
Port Louis
Republic of Mauritius

Auditor: Lancasters,
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Republic of Mauritius

Bankers: HSBC Bank (Mauritius) Limited
Icon Ebène, Level 5,
Office 1 (West Wing),
Rue de l'Institut
Ebène
Republic of Mauritius

AfrAsia Bank Limited
4th Floor, NeXTeracom
Tower III, Ebène
Republic of Mauritius

UBS AG
5 Broadgate
London EC2M 2AN

Multinational Textile Group Limited

Directors' report

The directors are pleased to present their report together with the audited financial statements of Multinational Textile Group Limited (the "Company") for the year ended 31 March 2023.

Principal activity

The principal activity of the Company is the holding of investments and provision of consultancy services.

Results and dividend

The results for the year are shown on page 7.

The Company has paid a dividend USD 8,000,000 for the year under review (2022: USD 7,500,000).

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company and of the profit or loss of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Going concern

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

Auditors

The auditors, Lancasters Chartered Accountants, have expressed their willingness to continue in office for the next financial year end.

By order of the Board of Directors

Director Date: 09 MAY 2023

Rogers Capital

Multinational Textile Group Limited

Secretary's certificate
for the year ended 31 March 2023

Statement from secretary under Section 166 (d) of the Mauritius Companies Act 2001

In accordance with section 166 (d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the company under the Mauritius Companies Act 2001.

For and on behalf of **ROGERS CAPITAL CORPORATE SERVICES LIMITED**
Company secretary

Date:..... 0 9 MAY 2023 .....

Rogers Capital Corporate Services Limited. Rogers House, 5 President John Kennedy Street, Port Louis, Mauritius | BRN C08011019 |
T: (230) 203 1100 www.rogerscapital.mu

Auditor's report to member of Multinational Textile Group Limited

Opinion

We have audited the financial statements of Multinational Textile Group Limited (the "Company") set out on pages 7 to 45 which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Company Secretary's Certificate as required by the Companies Act 2001, but does not include the financial statements nor our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's report to member of Multinational Textile Group Limited (continued)

Responsibilities of the Directors for the Financial Statements (continued)

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Auditor's report to member of Multinational Textile Group Limited (continued)

Other matter

This report is made solely for the Company's member, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Lancasters

Lancasters,
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius

Pasram Bissessur FCCA, ACA, MBA (UK)
Licensed by FRC

Date: 09.05.2023

Multinational Textile Group Limited

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2023

	Note	2023 USD	2022 USD
Revenue	7	**17,244,550**	35,569,173
Expenses		**(8,892,453)**	(5,914,086)
Profit from operating activities		**8,352,097**	29,655,087
Finance income		**31,077**	45,757
Finance costs		**(14,410)**	(51,144)
Net finance income / (costs)	8	**16,667**	(5,387)
Reversal of impairment / (impairment) of investments and loans		**437,999**	(1,976,316)
(Loss) / gain on revaluation of financial assets at fair value through profit or loss		**(7,590)**	9,608
Creditors waived off		**2,338**	13,600
Provision write back		**-**	775,000
Loss on disposal of financial assets at fair value through profit or loss		**-**	(750)
		432,747	(1,178,858)
Profit before taxation		**8,801,511**	28,470,842
Income tax expense	9	**(44,280)**	(918,086)
Profit for the year		**8,757,231**	27,552,756
Other comprehensive income		**-**	(174,726)
Total comprehensive income for the year		**8,757,231**	27,378,030

The notes on pages 12 to 45 form part of these financial statements.

Multinational Textile Group Limited

Statement of financial position
At 31 March 2023

	Note	2023 USD	2022 USD
Assets			
Investments in subsidiaries	10	**80,573,386**	44,901,609
Investments in associate	11	-	-
Financial assets at fair value through other comprehensive income	12	**337,782**	374,480
Financial assets at fair value through profit or loss	13	**141,652**	149,242
Intangible assets	14	**287,445**	287,168
Deposit on shares	15	**17,388,096**	17,250,000
Total non-current assets		**98,728,361**	62,962,499
Current assets			
Other receivables	16	**6,627,158**	3,961,534
Cash and cash equivalents		**418,100**	916,158
Total current assets		**7,045,258**	4,877,692
Total assets		**105,773,619**	67,840,191
Equity and liabilities			
Equity			
Stated capital	17	**21,948,270**	21,948,270
Revenue reserves		**31,339,693**	30,582,462
Revaluation reserves		**16,780**	53,478
Total equity		**53,304,743**	52,584,210
Liabilities			
Non-current liabilities			
Other payables	18	**30,000,000**	-
Current liabilities			
Other payables	18	**22,245,554**	14,433,016
Tax payable	9	**223,322**	822,965
Total current liabilities		**22,468,876**	15,255,981
Total equity and liabilities		**105,773,619**	67,840,191

The financial statements were approved by the Board of Directors on 09 MAY 2023 and signed on its behalf by

Director

Director

The notes on pages 12 to 45 form part of these financial statements.

Multinational Textile Group Limited

Statement of changes in equity
for the year ended 31 March 2023

	Stated Capital USD	Revenue reserves USD	Revaluation Reserves USD	Total Equity USD
Balance at 01 April 2021	21,948,270	10,529,706	228,204	32,706,180
Profit for the year	-	27,552,756	-	27,552,756
Dividend paid	-	(7,500,000)	-	(7,500,000)
Revaluation of equity investments	-	-	(174,726)	(174,726)
Balance at 31 March 2022	21,948,270	30,582,462	53,478	52,584,210
Total comprehensive income for the year				
Profit for the year	-	8,757,231	-	8,757,231
Dividend paid	-	(8,000,000)	-	(8,000,000)
Revaluation of equity investments	-	-	(36,698)	(36,698)
Balance at 31 March 2023	**21,948,270**	**31,339,693**	**16,780**	**53,304,743**

The notes on pages 12 to 45 form part of these financial statements.

Multinational Textile Group Limited

Statement of cash flows
for the year ended 31 March 2023

	2023 USD	2022 USD
Cash flows from operating activities		
Profit before taxation	**8,801,511**	28,470,842
Adjustments for:		
Dividend income	**(11,251,580)**	(30,748,441)
Reversal of impairment / (impairment)	**(437,999)**	1,976,316
Interest income	**(28,160)**	(44,939)
Unrealised loss on foreign exchange	**11,493**	50,326
(Gain) / loss on revaluation of financial assets at fair value through profit or loss	**7,590**	(9,608)
Payable waived off	**(2,338)**	(13,600)
Provision write back	**-**	(775,000)
Loss on disposal of financial assets at fair value through profit or loss	**-**	750
	(2,899,483)	(1,093,354)
Change in other receivables	**(7,309,895)**	5,752,027
Change in other payables	**37,814,876**	(7,114,453)
Movement in deposit on shares	**(438,096)**	-
Cash from / (used in) operating activities	**27,167,402**	(2,455,780)
Tax paid	**(643,923)**	(275,375)
Net cash from / (used in) operating activities	**26,523,479**	(2,731,155)
Cash flows from investing activities		
Dividend received	**11,251,580**	27,690,312
Repayment of advance by subsidiaries	**-**	940,000
Advance received from subsidiaries	**-**	12,000,000
Interest received	**28,160**	544,980
Advance given to subsidiaries	**2,061,000**	(988,804)
Repayment of advance to subsidiaries	**-**	(823,000)
Acquisition of investments	**(15,850,000)**	(11,372,207)
Acquisition of intangibles assets	**(277)**	(287,168)
Proceed from disposal of investments	**-**	502,000
Deposit on shares	**(16,950,000)**	(17,250,000)
Net cash (used in) / from investing activities	**(19,459,537)**	10,956,113

The notes on pages 12 to 45 form part of these financial statements.

Multinational Textile Group Limited

Statement of cash flows (continued)
for the year ended 31 March 2023

	2023 USD	2022 USD
Cash flows from financing activities		
Repayment of advance by related parties	**438,000**	1,766,398
Repayment of loan to related parties	-	(2,480,000)
Dividend paid	**(8,000,000)**	(7,500,000)
Net cash used in financing activities	**(7,562,000)**	(8,213,602)
Net movement in cash and cash equivalents	**(498,058)**	11,356
Cash and cash equivalents at 01 April	**916,158**	904,802
Cash and cash equivalents at 31 March	**418,100**	916,158

The notes on pages 12 to 45 form part of these financial statements.

Multinational Textile Group Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2023

1. **General information**

The Company was incorporated as a private limited company on 28 March 2006 and was granted a Global Business Licence on 29 March 2006. The principal activity of the Company is the holding of investments and provision of consultancy services. The Company's registered office is C/o Rogers Capital Corporate Services Limited, 3rd floor Rogers House, No. 5, President John Kennedy Street, Port Louis, Mauritius.

The Company is a holder of a Global Business License under the Mauritius Companies Act and the Financial Services Act 2007. Since the Company operates in an international environment and conducts most of its transactions in foreign currencies the Company has chosen to retain the United States Dollar (USD) as its reporting currency.

2. **Basis of preparation**

(a) *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Mauritius Companies Act. The Company is a sub subsidiary of PDS Limited and has taken advantage of paragraph 4 of International Financial Reporting Standards (IFRS 10) - 'Consolidated Financial Statements', which dispenses it from the need to present consolidated financial statements as its ultimate holding company is preparing consolidated financial statements as per IFRS as issued by the IASB. The registered PDS Limited where the consolidated financial statements are available is Unit No. 971, Solitaire Corporate Park Andheri Ghatkopar Link Road, Andheri East, Mumbai 400093, Maharashtra, India.

(b) *Basis of measurement*

The financial statements have been prepared under the historical cost basis, except where stated otherwise.

(c) *Functional and presentation currency*

The financial statements are presented in United States Dollar (USD) which is the Company's functional and presentational currency.

(d) *Use of judgements and estimates*

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

<u>Assumption and estimation uncertainties</u>

Information about assumptions, estimation uncertainties and critical judgements in applying accounting policies that have the most significant risk of resulting in a material adjustment in these financial statements are included in the relevant notes as follows:

2. Basis of preparation (continued)

(d) Use of judgements and estimates (continued)

Assumption and estimation uncertainties (continued)

- Impairment test: key assumptions underlying recoverable amounts, including the recoverability of loan; and
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. **Application of new and revised International Financial Reporting Standards (IFRSs)**

(a) New standards, interpretations and amendments issued during the year

There has been amendments and interpretations that have become effective for the current year.

The Company has adopted the following new interpretation during the year:

Annual Improvements to IFRS Standards 2018-2020

IFRS 9 Financial Instruments - The amendment clarifies that for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

The above new, amended standard and interpretation effective for the financial year do not have any impact on the Company.

(b) New standards, interpretations and amendments issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 April 2023 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024.

The directors are currently assessing the impact of this amendment on the financial statements and do not expect any significant impact on the Company's financial statements.

3. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

(b) New standards, interpretations and amendments issued but not yet effective (continued)

Definition of accounting estimates (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
- Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 July 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The directors are currently assessing the impact of this amendment on the financial statements and do not expect any significant impact on the Company's financial statements.

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The Board has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;

3. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

(b) New standards, interpretations and amendments issued but not yet effective (continued)

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (continued)

- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

The amendments are effective from 1 July 2023 but may be applied earlier.

The directors are currently assessing the impact of this amendment on the financial statements and do not expect any significant impact on the Company's financial statements.

4. **Critical accounting estimates and judgements**

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the United States Dollar (USD).

Going Concern

In light of the COVID19, management has made an assessment in respect of the entity's going concern and concluded that there is no issue for which the Company will no longer be going concern. The Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

5. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income as "net foreign exchange gains/losses", except for those arising on financial instruments at fair value through profit or loss which are recognised as a component of net gains/losses from financial instruments at fair value through profit or loss.

(b) Revenue recognition

Revenue is recognised as follows:

- Dividend income: when the Company's right to receive dividend is established.
- Interest income: as it accrues (taking into account the effective yield on the assets).
- Other income is recognised in the statement of profit or loss and other comprehensive income on an accrual basis consisting of Management fees, professional fees income, corporate service fees income, Sap fees income, commission income and consultancy fees income.

(c) Finance income and costs

Finance income comprises of interest income and gains on foreign exchange. Interest income is recognised as it accrues in statement of profit or loss and other comprehensive income, using the effective interest method.

Finance costs comprise losses on foreign exchange and interest expense.

Foreign currency gains and losses are reported on a net basis.

(d) Income tax

Income tax expense comprises of current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items directly in equity or in other comprehensive income (OCI).

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

5. **Significant accounting policies (continued)**

(d) Income tax (continued)

Current tax (continued)

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(e) Investments in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investment in subsidiary is shown at cost and provision for impairment is only made where, in opinion of the directors, there is a diminution in value which is other than temporary. Where there has been such a diminution in value of an investment, it is recognised as an expense in the year in which the diminution is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

5. **Significant accounting policies (continued)**

(f) *Investments in associate*

Investments in associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Investment in associate have been accounted at cost less impairment.

(g) *Financial instruments*

(i) Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

5. **Significant accounting policies (continued)**

(g) *Financial instruments (continued)*

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5. **Significant accounting policies (continued)**

(g) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Multinational Textile Group Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2023

5. **Significant accounting policies (continued)**

(g) *Financial instruments (continued)*

(ii) Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

5. **Significant accounting policies (continued)**

(g) Financial instruments (continued)

(iii) Derecognition

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(h) Share capital

Ordinary shares

Ordinary shares are classified in equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(i) Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Company recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company also recognises loss allowances for ECLs on trade and other receivables and cash and cash equivalents.

5. **Significant accounting policies (continued)**

   (i) *Impairment (continued)*

   (ii) Non-derivative financial assets (continued)

   Financial instruments and contract assets (continued)

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade and other receivables and cash and cash equivalents are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

5. **Significant accounting policies (continued)**

(i) Impairment (continued)

(ii) Non-derivative financial assets (continued)

Financial instruments and contract assets (continued)

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the
12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

5. **Significant accounting policies (continued)**

(i) Impairment (continued)

(ii) Non-derivative financial assets (continued)

Financial instruments and contract assets (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(iii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

5. **Significant accounting policies (continued)**

(i) Impairment (continued)

(iii) Non-financial assets (continued)

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Expenses

All expenses are recognised in the statement of profit or loss and other comprehensive income on an accrual basis.

(k) Provisions

A provision is recognised if, as a result of a past event, the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(l) Related parties

Related parties may be individuals or other entities where the individual or other entities has the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in governing the financial and operating policies, or vice versa, or where the Company is subject to common control of common significant influence.

(m) Intangible assets

Intangible assets, including patents and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets that have indefinite life are reviewed at each reporting period to assess whether there are indication of impairment and to determine whether events and circumstances continue to support the indefinite useful life of that asset.

6. **Financial instruments – Fair values and risk management**

(a) Accounting classifications and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2023	Amortised cost USD	Financial assets at fair value USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets measured at fair value							
Financial assets at fair value through other comprehensive income	-	337,782	337,782	-	-	337,782	337,782
Financial assets at fair value through profit or loss	-	141,652	141,652	141,652	-	-	141,652
	-	479,434	479,434	141,652	-	337,782	479,434
Financial assets not measured at fair value							
Other receivables	6,626,363	-	6,626,363	-	-	-	-
Cash and cash equivalents	418,100	-	418,100	-	-	-	-
	7,044,463	-	7,044,463	-	-	-	-
Financial liabilities not measured at fair value							
Other payables	52,245,554	-	52,245,554	-	-	-	-

6. **Financial instruments – Fair values and risk management (continued)**

(a) Accounting classifications and fair values (continued)

31 March 2022	Amortised cost USD	Financial assets at fair value USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets measured at fair value							
Financial assets at fair value through other comprehensive income	-	374,480	374,480	-	-	374,480	374,480
Financial assets at fair value through profit or loss	-	149,242	149,242	149,242	-	-	149,242
	-	523,722	523,722	149,242	-	374,480	523,722
Financial assets not measured at fair value							
Other receivables	3,960,743	-	3,960,743	-	-	-	-
Cash and cash equivalents	916,158	-	916,158	-	-	-	-
	4,876,901	-	4,876,901	-	-	-	-
Financial liabilities not measured at fair value							
Other payables	(14,433,016)	-	(14,433,016)	-	-	-	-

Multinational Textile Group Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2023

6. **Financial instruments – Fair values and risk management (continued)**

(b) *Measurement of fair values*

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Company	Valuation technique	Significant unobservable inputs
Exchange Juhu Limited	Discounted Cash Flow Method	Present and prospective competition; Changes in yield curve; Market sentiment
Flying Jamon Limited	Net Asset Method	Present and prospective competition; Changes in yield curve; Market sentiment

(c) *Financial risk management objective and policies*

Introduction and preview

Financial instruments carried on the statement of financial position include financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, available for sale investments, deposit on shares, other receivables, cash and cash equivalents and other payables. The recognition method adopted is disclosed in the individual policy statement associated with each item. The most important types of risk are market risk, credit risk and liquidity risk.

The Company's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company's aims are therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews their risk management policies and systems to reflect changes in markets and emerging best practice.

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

(i) Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

6. **Financial instruments – Fair values and risk management (continued)**

(c) *Financial risk management objective and policies (continued)*

(i) *Market risk (continued)*

- *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant exposure to interest rate risk other than relating to its bank balances as the loans are either interest free or bear a fixed rate of interest.

- *Price risk*

The Company is not exposed to commodity price risk.

- *Currency risk*

The Company invests in stocks denominated in Great Britain Pound (GBP) and EURO (EUR), Arab Emirates Dirham (AED) & Hong Kong Dollar (HKD). Consequently, the Company is exposed to the risk that the exchange rate of the US Dollar relative to the Great Britain Pound, EURO, Arab Emirates Dirham (AED) & Hong Kong Dollar (HKD) may change in a manner, which has a material effect on the reported values of the Company's assets and liabilities, which are denominated in USD.

Currency profile

	Financial assets 2023 USD	**Financial liabilities 2023 USD**	Financial assets 2022 USD	Financial liabilities 2022 USD
USD	**7,101,592**	**52,245,554**	5,177,819	14,433,016
GBP	**167,529**	-	222,804	-
HKD	**254,776**	-	-	-
	7,523,897	**52,245,554**	5,400,623	14,433,016

A 10 % strengthening of USD against the GBP & HKD at 31st March 2023 would have increased net profit before tax by USD 42,230 (2022: USD 22,280). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis in 2022.

6. Financial instruments – Fair values and risk management (continued)

(c) Financial risk management objective and policies (continued)

(i) Market risk (continued)

- *Currency risk (continued)*

Sensitivity Analysis:

Currency	**2023 USD**	2022 USD
GBP	**16,753**	22,280
HKD	**25,477**	-
	42,230	22,280

Similarly, a 10% weakening of the USD against the GBP and HKD at 31st March 2023 would have had the exact reverse effect.

(ii) Credit risk

Credit risk represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company. The Company limits its credit risk by carrying out transactions through companies within the group. At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date was:

	2023 USD	2022 USD
Other receivables	**6,626,363**	3,960,743
Cash and cash equivalents	**418,100**	916,158
	7,044,463	4,876,901

6. Financial instruments – Fair values and risk management (continued)

(c) Financial risk management objective and policies (continued)

Expected credit loss assessment

(i) Other receivables

The Company applies the simplified approach to measuring expected credit losses, as permitted by IFRS 9, which uses a 12-month expected loss allowance for deposit on shares and other receivables.

The expected credit loss on other receivables was deemed by management to be not material and therefore no impairment allowances were accounted for.

(ii) Cash and cash equivalents

The Company held cash and cash equivalents of USD 418,100 at 31 March 2023 (2022: USD 916,158). The cash and cash equivalents are held with banks with international repute and having strong track record in the banking industry.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The expected credit loss on cash and cash equivalents was deemed by management to be not material and therefore no impairment allowances were accounted for.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Company's reputation.

	Due on Demand	**Within one year**	**One to five years**	**Total**
31 March 2023	**USD**	**USD**	**USD**	**USD**
Financial liabilities				
Other payables	**22,245,554**	**-**	**30,000,000**	**52,245,554**
Total financial liabilities	**22,245,554**	**-**	**30,000,000**	**52,245,554**
31 March 2022	USD	USD	USD	USD
Financial liabilities				
Other payables	14,433,016	-	-	14,433,016
Total financial liabilities	14,433,016	-	-	14,433,016

Multinational Textile Group Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2023

7. Revenue

Revenue consists of the following:

	2023 USD	2022 USD
Dividend income	**11,251,580**	30,748,441
Management fees income	**3,954,237**	3,309,508
Corporate service fees income	**559,467**	795,341
Commission income	**706,555**	692,133
Insurance fee income	-	23,750
Recharge fee income	**177,146**	-
SAP Fee income	**523,269**	-
IT Licence income	**72,296**	-
	17,244,550	35,569,173

8. Net finance income / (costs)

	2023 USD	2022 USD
Finance income		
Interest income	**29,945**	44,939
Gain on foreign exchange	**1,132**	818
	31,077	45,757
Finance costs		
Interest expense	**(1,785)**	-
Loss on foreign exchange	**(12,625)**	(51,144)
	(14,410)	(51,144)
Net finance income / (costs)	**16,667**	(5,387)

9. Income tax expense

The Company holds a Global Business Licence for the purpose of the Financial Services Act 2007 of Mauritius. The Company is liable to tax at the rate of 15% on all its income. Pursuant to the enactment of the Finance Act 2018, with effect since 01 January 2019, the deemed foreign tax credit has phased out since 01 July 2021. Any income derived prior 30 June 2021, will still be entitled to deemed foreign tax credit of 80% or actual foreign tax credit, whichever is the higher. Any income derived after 30 June 2021 will be subject to tax at the rate of 15% and would be entitled to either:

(a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability arising in Mauritius on such income, or

9. **Income tax expense (continued)**

(b) a partial exemption of 80% applicable to specified income, including but not limited to foreign-source dividends or interest income, subject to the Company meeting the necessary substance requirements.

Further, the Company is exempted from income tax in Mauritius on profits or gains arising from the sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to shareholders or in respect of redemptions or exchanges of shares.

A reconciliation of the actual income tax based on accounting profit and the actual income tax expense is as follows:

A reconciliation of the actual income tax expense based on accounting loss and actual income tax expense is as follows:

Recognised in statement of profit or loss and other comprehensive income

	2023 **USD**	2022 USD
Current year tax charge	**223,322**	983,787
Over provision of previous year	**(179,042)**	(65,701)
Current year tax expenses	**44,280**	918,086

Reconciliation of effective taxation

	2023 **USD**	2022 USD
Profit before taxation	**8,801,511**	28,470,842
Income tax at 15%	**1,320,227**	4,270,626
Non-deductible expense	**322,364**	498,140
Non-taxable income	**(65,700)**	(3,481)
Exempt income	**(1,353,569)**	(3,666,273)
Foreign tax credit	**-**	(115,225)
Current year tax charge	**223,322**	983,787

Current tax liability

	2023 **USD**	2022 USD
Balance at 01 April	**822,965**	180,254
Over provision of previous year	**(179,042)**	(65,701)
Current year tax expense	**223,322**	983,787
Tax paid during the year	**(643,923)**	(275,375)
Balance at 31 March	**223,322**	822,965

Multinational Textile Group Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2023

10. Investments in subsidiaries

Investments consist of unquoted shares in subsidiaries and other investment.

	2023	2022
	USD	USD
Cost		
At 01 April	**62,151,609**	30,791,619
Conversion of deposit on shares during the year	-	139,753
Additions during the year	**27,960,000**	15,389,306
Disposals during the year	-	(85,831)
Transfer of investment	**(9,538,223)**	(65,850)
Impairment of investments	-	(1,267,388)
At 31 March	**80,573,386**	44,901,609

Name of company	*Type of shares*	*Number of Shares 2023*	*Number of Shares 2022*	*2023 % held*	*2022 % held*	*Country of incorporation*
Subsidiaries						
PDS Sourcing Limited	Equity	**13,987,266**	3,987,266	**100%**	100%	Mauritius
Norwest Industries Limited	Equity	**4,000,000**	4,000,000	**100%**	100%	Hong Kong
Zamira Fashions Limited	Equity	-	167,500	-	67%	Hong Kong
PG Group Limited	Equity	-	510,000	-	51%	Hong Kong
Simple Approach Ltd	Equity	-	187,500	-	75%	Hong Kong
Simple Approach Ltd	Preference	-	1,990,000	-	9%	Hong Kong
PDS Fabric Tech Ltd	Equity	-	2,000,000	-	100%	Hong Kong
Casa Forma Limited	Equity	**925,000**	925,000	**100%**	100%	United Kingdom
PDS Asia Star Corporation Limited	Equity	-	180,000	-	60%	Hong Kong
Techno Design HK	Equity	-	55,000	-	55%	Hong Kong
Poeticgem International Limited	Class A Ord shares	-	10,000	-	100%	Hong Kong
Poeticgem International Limited	Class B Ord shares	-	100	-	100%	Hong Kong
Multinational OSG Service Bangladesh Limited	Equity	**1,173,889**	1,173,889	**99.98%**	99.97%	Bangladesh
Techno Design GmbH	Equity	**55,000**	55,000	**55%**	55%	Germany
Green Apparel Industries Limited	Equity	-	150,000	-	75%	Hong Kong
Grupo Sourcing Limited	Equity	-	51,000	-	51%	Hong Kong
PDS Ventures Limited	Equity	**1,000,000**	1,000,000	**100%**	100%	Mauritius
PDS Ventures Limited	Preference	**15,000,000**	-	**100%**	100%	Mauritius

Multinational Textile Group Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2023

10. Investments in subsidiaries (continued)

Name of company	*Type of shares*	*Number of Shares 2023*	*Number of Shares 2022*	*2023 % held*	*2022 % held*	*Country of incorporation*
Subsidiaries						
Progress Manufacturing Group Limited	Equity	**-**	10,000	**-**	100%	Hong Kong
Techno Sourcing BD Limited	Equity	**472,944**	472,944	**49%**	49%	Bangladesh
Blueprint Design Limited	Equity	**10,000**	10,000	**100%**	100%	Hong Kong
Spring Near East FZCO	Equity	**55**	55	**55%**	55%	United Arab Emirates
Kleider Sourcing FZCO	Equity	**-**	41	**-**	41%	United Arab Emirates
PDS Global Investments	Equity	**50,000**	50,000	**100%**	100%	British Virgin Islands
FX Import Hong Kong	Equity	**-**	10,000	**-**	100%	Hong Kong
PDS Manufacturing Limited	Equity	**100**	100	**100%**	100%	Mauritius
PDS Manufacturing Limited	Preference	**18,100,000**	-	**100%**	-	Mauritius
PDS Multinational FZCO	Equity	**42,305**	100	**100%**	100%	United Arab Emirates

11. Investments in associate

Investments consist of unquoted shares

	2023 USD	2022 USD
Cost		
At 01 April	**115,981**	115,981
At 31 March	**115,981**	115,981
Share of loss of equity accounted investee		
Share of loss during the year	**(115,981)**	(115,981)
Carrying amount		
At 31 March	**-**	-

Name of company	*Type of shares*	*Number of shares*	*2023 % held*	2022 % held	*Country of incorporation*
GWD Enterprise Limited	Equity	100 A shares and 25 B shares		25%	United Kingdom

12. Financial assets at fair value through other comprehensive income

	2023 USD	2022 USD
Cost		
At 01 April	**321,002**	321,002
Movement during the year	-	-
At 31 March	**321,002**	321,002
Unrealised gain on fair value of financial assets		
At 01 April	**53,478**	228,204
Movement during the year	**(36,698)**	(174,726)
At 31 March	**16,780**	53,478
Valuation at 31 March	**337,782**	374,480

Name of company	*Type of shares*	*Number of shares*	*2023 % held*	*2022 % held*	*Country of incorporation*
Exchange Juhu Limited	Preference	200,000	1.33%	1.33%	Mauritius
Exchange Juhu Limited	Equity	2,518	1.48%	1.48%	Mauritius
Flying Jamon Ltd	Preference	3,286	5.91%	5.91%	United Kingdom

Note: Investment in Flying Jamon has been impaired fully.

13. Financial assets at fair value through profit or loss

	2023 USD	2022 USD
Cost		
As at 01 April	**135,481**	637,481
Additions during the year	-	-
Disposal during the year	-	(502,000)
Balance as at 31 March	**135,481**	135,481
Unrealised gain on fair value of investments		
As at 01 April	**13,761**	2,902
Movement during the year	**(7,590)**	10,859
At 31 March	**6,171**	13,761
Valuation at 31 March	**141,652**	149,242

14. Intangible

	2023 USD	2022 USD
As at 01 April	**287,168**	-
Additional during the year	**277**	287,168
At 31 March	**287,445**	287,168

The Company is currently implementing an IT project. No amortisation has been charged as the project is still at work in progress stage.

15. Deposit on shares

	2023 **USD**	2022 USD
Balance as at 31 March	**17,388,096**	17,250,000

Deposit on shares comprise of 9,100,000 shares in PDS Manufacturing Limited and 7,850,000 shares in PDS Ventures Limited.

16. Other receivables

	2023 **USD**	2022 USD
Loan/advances to subsidiaries	**1,865,202**	1,194,998
Loan/advances to related parties	**-**	514,314
Other receivable	**4,403,356**	1,707,897
Interest receivable	**39,722**	33,387
Corporate service fees receivable	**64,488**	52,508
Dividend receivable	**-**	222,273
Management fees receivable	**234,235**	156,734
Commission Receivable	**19,360**	78,631
Prepaid expenses	**795**	792
	6,627,158	3,961,534

The above loan to subsidiaries and related parties are unsecured, interest free with no fixed term of repayment.

The above loans to third parties are unsecured, interest bearing with no fixed term of repayment.

17. Stated capital

	2023 **USD**	2022 USD
Stated capital		
21,948,270 ordinary shares of USD 1 each	**21,948,270**	21,948,270

All shares in issue are fully paid up.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

18. Other payables

(a) Non-current liabilities

	2023	2022
	USD	USD
Advance from related party	**30,000,000**	-
	=========	========

(b) Current liabilities

	2023	2022
	USD	USD
Advance from related party	**21,612,000**	10,713,441
Other payable	**605,736**	3,699,361
Accrued expenses	**27,818**	20,214
	---------------	--------[------
	22,245,554	14,433,016
	=========	=========

19. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subject to common control.

Two directors the Company are deemed to have beneficial interests in the Administration Agreement between the Company, the Administrator and Secretary.

During the year under review, the Company entered into the following related party transactions.

Name of related companies:	*Nature*	**2023 USD**	2022 USD
Deepak Seth	Repaid	**1,800,000**	225,000
Design Arc FZCO	(Received) / Advance	-	(95,438)
Nor Lanka Manufacturing	Accrued	**414,706**	225,515
Nor Lanka Manufacturing	(Received)	**(420,790)**	(189,452)
Design Arc Asia Limited	Accrued	**501,801**	212,027
Design Arc Asia Limited	(Received)	**(514,206)**	(199,038)
Frou Holdings Ltd	(Received)	-	(393,406)
FX Import Company Limited	Accrued	**24,233**	-
FX Import Hong-Kong Limited	Accrued	**13,657**	-
PDS Sourcing Limited	Loan / Advances given to	**1,308,370**	-
PDS Sourcing Limited	(Received)	**(563,906)**	481,289
Green Apparel Industries Limited	Accrued	**185,250**	133,162
Green Apparel Industries Limited	(Received)	**(131,000)**	(78,912)
Grupo Sourcing Limited	Accrued	**91,764**	78,148
Grupo Sourcing Limited	(Received)	**(92,836)**	(95,790)

Multinational Textile Group Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2023

19. **Related party transactions (continued)**

Name of related companies:	*Nature*	**2023 USD**	2022 USD
JSM Trading FZE	Accrued	-	875,000
Kleider Sourcing FZCO	Advance	**(78,119)**	-
Kleider Sourcing Hong-Kong Limited	(Received)	-	(6,336)
Krayons Sourcing Limited	Accrued	**143,019**	5,763
Krayons Sourcing Limited	Repaid	**(137,256)**	11,373
PDS Ventures Limited	Advance	**13,216**	(25,000)
PDS Ventures Limited	Given	-	(412,971)
Multinational OSG Bangladesh	Allotment of shares	-	(139,753)
Norwest Industries Limited	Accrued	**46,980,791**	549,575
Norwest Industries Limited	Received	**(78,358,474)**	(11,197,302)
PDS Ltd	Accrued	**11,801,626**	(5,784,175)
PDS Ltd	Given	**(9,100,808)**	5,599,891
PDS Asia Star Corporation Limited	Accrued	-	169,528
PDS Asia Star Corporation Limited	(Received)	-	(977,950)
PG Group limited	Accrued	-	17,327
PG Group limited	(Received)	-	(17,327)
Poeticgem International Limited	Accrued	**1,002,068**	1,179,886
Poeticgem International Limited	Received	**(888,304)**	(1,295,233)
Poeticgem Limited	Received	**26,892**	-
Progress Manufacturing Group Limited	Accrued receivable	-	132,529
Progress Manufacturing Group Limited	Accrued Payable	-	(20,094)
Progress Manufacturing Group Limited	Received	**20,094**	(194,604)
Razamtazz Limited	Received	-	(417,989)
GWD Enterprises Limited	Re-assignment	**(932,203)**	(351,918)
Simple Approach Limited	Accrued	**1,524,412**	324,754
Simple Approach Limited	(Received)	**(1,322,214)**	(342,845)
Spring Near East FZCO	Given	**(196,555)**	(110,000)
Spring Near East Manufacturing Ltd	Accrued	**293,218**	212,294
Spring Near East Manufacturing Ltd	Received	**(250,759)**	(229,413)
Techno Design HK	Accrued	**1,944,547**	276,761
Techno Design HK	Received	**(2,000,010)**	(728,427)
Zamira Fashions Limited	Dividend Accrued	-	222,273
Zamira Fashions Limited	Accrued Receivable	-	143,276
Zamira Fashions Limited	Received	-	(143,558)
Sourcing Solutions Limited	Accrued	**69,916**	47,184
Sourcing Solutions Limited	Received	**(73,262)**	(37,690)
PDS Manufacturing Limited	Advance	**186,880**	-
		========	========

19. **Related party transactions (continued)**

Balances outstanding at 31 March:	*Nature*	**2023 USD**	2022 USD
Deepak Seth	Amount payable	**(126,940)**	(1,926,940)
Trilegal	Amount payable	**(37,037)**	-
Design Arc FZCO	Amount receivable	-	-
Nor Lanka Manufacturing	Amount receivable	**6,084**	-
Design Arc Asia Limited	Amount receivable	**19,361**	31,766
Frou Holdings Ltd	Amount receivable	-	-
FX Import Company Limited	Amount receivable	**24,233**	24,233
FX Import Hong-Kong Limited	Amount (payable)	-	(13,657)
PDS Sourcing Limited	Amount payable	**(677,753)**	(66,711)
Green Apparel Industries Limited	Amount Payable	-	(54,250)
Grupo Sourcing Limited	Amount (payable)	**(6,153)**	(5,081)
Kleider Sourcing FZCO	Amount receivable	-	78,119
Kleider Sourcing Hong-Kong Limited	Amount receivable	-	-
Krayon Sourcing Limited	Amount payable	-	(5,763)
PDS Ventures Limited	Amount receivable	**612,065**	598,849
Norwest Industries Limited	Amount (payable)	**(41,599,408)**	(10,221,725)
PDS Ltd	Amount receivable	**4,224,287**	1,523,469
PDS Asia Star Corporation Limited	Amount receivable	-	-
Poeticgem International Limited	Amount payable	**18,663**	(95,101)
Poeticgem Limited	Amount payable	-	(26,892)
Progress Manufacturing Group Limited	Amount (Payable)	-	(20,094)
Razamtazz Limited	Amount receivable	-	-
GWD Enterprises Limited	Amount receivable	**1**	932,204
Simple Approach Limited	Amount payable	**140,248**	(61,950)
PDS Ventures Limited	Amount receivable	-	-
Spring Near East FZCO	Amount receivable	-	196,555
Spring Near East Manufacturing Co. Ltd	Amount Payable	-	(42,459)
Techno Manufacturing Limited	Amount receivable	-	-
Zamira Fashions Limited	Amount receivable	-	-
Sourcing Solutions Limited	Amount payable	**12,783**	(9,437)
Clover Collections	Amount payable	-	-
Styleberry Limited	Amount payable	-	-
PDS Manufacturing Limited	Amount receivable	**186,880**	-
JSM Trading FZE	Amount payable	-	-
Multinational OSG Bangladesh	Share application monies	-	-
Techno Design HK	Amount payable	**(48,853)**	6,610
		========	========

20. **Capital management**

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Company defines "capital" as including all components of equity. Trading balances that arise as a result of trading transactions with other group Companies are not regarded by the Company as capital.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the group. The results of the directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

21. **Holding company**

The Company is a wholly owned subsidiary of PDS Limited, a company incorporated in India with its shares listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

22. **Going concern, impact of COCID-19 and Ukrainian – Russian War**

Impact of COVID-19

The directors continue to monitor the ongoing developments, and its impact on the performance of the Company. Management has considered the impact of the COVID-19 outbreak on the Company and has concluded that the pandemic should not have a significant effect on the Company's financial position and performance.

The Company continues to engage effectively on its focus areas and its operations are being carried out normally.

Impact of Ukrainian - Russian war

On 24 February 2022, the Russian Federation launched a full-scale invasion into Ukraine sovereign state. The potential impacts from the emerging Ukraine and Russian conflict remain uncertain, including but not limited to, on global economic conditions, asset valuations, interest rate expectations and exchange rates. Although the extent of these impacts has not been assessed at this stage, currently there is no direct impact on the Company as the Company does not have any transactions with both Ukraine and Russia.

22. **Going concern, impact of COCID-19 and Ukrainian – Russian War**

Going Concern

The Company generated a profit for the year ended 31 March 2023 of USD 8,757,231 (2022: USD 27,552,756). As at that date, the Company had net assets of USD 53,304,743 (2022: USD 52,584,210) with its total current liabilities exceeding its total current assets by USD 15,423,618 (2022: USD 10,378,289). To meet its operational requirements, the Company is dependent on the advisory fee income.

The directors have made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19 and Ukraine Russian War, which is at least, but is not limited to, twelve months from the date of approval of these financial statements and confirm that they have not identified events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

23. **Events after the reporting date**

There has been no significant event after the reporting date which in the opinion of the board of directors requires disclosure in the financial statements.

Multinational Textile Group Limited

Statement of profit and loss and other comprehensive income
for the year ended 31 March 2023

	2023 USD	2022 USD
Revenue		
Dividend income	**11,251,580**	30,748,441
Management fees income	**3,954,237**	3,309,508
Commission income	**706,555**	692,133
Corporate service fees income	**559,457**	795,341
SAP fees income	**523,269**	-
Recharge fee income	**177,146**	-
IT licence income	**72,296**	-
Insurance fees income	-	23,750
	17,244,550	35,569,173
Expenses		
Corporate service fees	**8,266,965**	5,213,332
Professional fee	**463,861**	69,192
Consultancy fees	**50,200**	20,835
Directors cost	**37,500**	12,500
Accounting fee	**21,954**	21,953
Audit fee	**18,405**	18,404
Bank charges	**15,336**	14,115
Training cost	**15,000**	-
License fees	**2,270**	2,270
Disbursements	**950**	-
Compliance fees	**12**	-
Design and sample charge	-	286,588
Service fee charges	-	246,147
Sundry expenses	-	8,750
	8,892,453	5,914,086
Profit from operating activities	**8,352,097**	29,655,087
(Impairment) / Reversal of impairment of investments and loans	**437,999**	(1,976,316)
Gain on revaluation of investment at fair value through profit or loss	**(7,590)**	9,608
Creditors waived off	**2,338**	13,600
Provision write back	-	775,000
Loss on disposal of financial assets at fair value through profit or loss	-	(750)
	432,747	(1,178,858)
Net finance income / (costs)	**16,667**	(5,387)
Profit before taxation	**8,801,511**	28,470,842

Report of the Directors and Audited Financial Statements

360 NOTCH LIMITED

31 March 2023

CERTIFIED TRUE COPY

ERNST & YOUNG

360 NOTCH LIMITED

CONTENTS

360 NOTCH LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2023.

Principal activity
The principal activities of the Company have not been changed and consisted of the trading of garments and investment holding.

Results
The Company's loss for the year ended 31 March 2023 and its financial position at that date are set out in the financial statements on pages 5 to 26.

Directors
The directors of the Company during the year were:

Abhishekh Kanoi	(appointed on 28 November 2022)
Mayank Vimal Agarwal	(appointed on 28 November 2022)
Pallak Seth	(resigned on 28 November 2022)
Deepak Kumar Seth	(resigned on 28 November 2022)
Payel Seth	(resigned on 28 November 2022)

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company, its subsidiary or any of its holding companies 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 subsidiary or any of its holding companies or fellow subsidiaries was a party during the year.

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

ON BEHALF OF THE BOARD

....
Abhishekh Kanoi
Director

14 August 2023

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report
To the member of 360 Notch Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of 360 Notch Limited (the "Company") set out on pages 5 to 26, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with the applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") relevant to these financial statements and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the applicable HKFRSs issued by the HKICPA that are relevant to these financial statements and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the member of 360 Notch Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the member of 360 Notch Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Certified Public Accountants
Hong Kong
14 August 2023

360 NOTCH LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
REVENUE	4	5,613,819	5,139,690
Cost of sales		(5,125,154)	(4,571,831)
Gross profit		488,665	567,859
Other income and gains	4	49,271	1,564,715
Administrative expenses		(3,230,881)	(2,450,451)
Selling and distribution expenses		(16,319)	(870,147)
Other operating expenses		(155,588)	(661,036)
Finance costs	6	(69,853)	(29,417)
LOSS BEFORE TAX	5	(2,934,705)	(1,878,477)
Income tax expense	8	-	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(2,934,705)	(1,878,477)

360 NOTCH LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
NON-CURRENT ASSET			
Investment in a subsidiary	9	586,225	586,225
CURRENT ASSETS			
Trade receivables	10	1,037,407	611,958
Prepayments		-	62,727
Cash and cash equivalents		248,023	999,716
Total current assets		1,285,430	1,674,401
CURRENT LIABILITIES			
Trade payables	11	851,176	755,953
Other payables and accruals	11	17,550	17,613
Due to the immediate holding company	13(b)	26,850,107	24,929,102
Due to fellow subsidiaries	13(b)	1,423,161	846,877
Due to a subsidiary	13(b)	571,000	617,715
Total current liabilities		29,712,994	27,167,260
NET CURRENT LIABILITIES		(28,427,564)	(25,492,859)
Net liabilities		(27,841,339)	(24,906,634)
EQUITY			
Share capital	12	778,000	778,000
Accumulated losses		(28,619,339)	(25,684,634)
Net deficiency in assets		(27,841,339)	(24,906,634)

....
Abhishekh Kanoi
Director

....
Mayank Vimal Agarwal
Director

360 NOTCH LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Share capital HK$	Accumulated losses HK$	Net deficiency in assets HK$
At 1 April 2021	778,000	(23,806,157)	(23,028,157)
Loss and total comprehensive loss for the year	-	(1,878,477)	(1,878,477)
At 31 March 2022 and 1 April 2022	778,000	(25,684,634)	(24,906,634)
Loss and total comprehensive loss for the year	-	(2,934,705)	(2,934,705)
At 31 March 2023	778,000	(28,619,339)	(27,841,339)

360 NOTCH LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(2,934,705)	(1,878,477)
Adjustments for:			
Interest income	4	(453)	(5)
Finance costs	6	69,853	29,417
Impairment of trade receivables	5	618	889
		(2,864,687)	(1,848,176)
Increase in trade receivables		(426,067)	(612,847)
Decrease in prepayments		62,727	714,396
Increase in trade payables		95,223	755,953
Decrease in other payables and accruals		(63)	(35,977)
Increase/(decrease) in an amount due to the immediate holding company		1,921,005	(1,710,312)
Increase in amounts due to fellow subsidiaries		576,284	3,369,412
Increase/(decrease) in an amount due to a subsidiary		(46,715)	24,465
Cash generated from/(used in) operations		(682,293)	656,914
Interest received		453	5
Interest paid		(69,853)	(29,417)
Net cash flows from/(used in) operating activities and net increase/(decrease) in cash and cash equivalents		(751,693)	627,502
Cash and cash equivalents at the beginning of year		999,716	372,214
CASH AND CASH EQUIVALENTS AT END OF YEAR		248,023	999,716
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		248,023	999,716

1. CORPORATE INFORMATION

360 Notch Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong.

During the year, the Company was engaged in trading of garments and investment holding.

The Company is a wholly-owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Limited (formerly known as PDS Multinational Fashions Limited), a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's intermediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

For the purposes of compliance with sections 379 and 380 of the Hong Kong Companies Ordinance, these financial statements have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Consequently, they have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which include all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance that are relevant to the preparation of company level financial statements by an intermediate parent company.

As the Company is a holding company that is a wholly-owned subsidiary of another body corporate and it has satisfied the exemption criteria set out in section 379(3)(a) of the Hong Kong Companies Ordinance, and is therefore not required to prepare consolidated financial statements.

Given the above, these financial statements are not prepared for the purposes of compliance with HKFRS 10 "Consolidated Financial Statements", so far as the preparation of consolidated financial statements of the Company and its subsidiary (together, the "Group") is concerned. As a consequence, the financial statements do not give all the information required by HKFRS 10 about the economic activities of the Company of which the Company is the parent. Furthermore, as these financial statements are prepared in respect of the Company only, HKFRS 12 "Disclosure of Interests in Other Entities" does not apply to the financial statements.

The financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the revised HKFRSs has had no significant impact on the Company's financial performance and financial position.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non- current liabilities with Covenants* (the "2020 Amendments")[2]
Amendments to HKFRS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKFRS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from A Single Transactions*[1]

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] No mandatory effective date yet determined but available for adoption
[4] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
[5] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
[6] An entity that chooses to apply the transition option relating to the classification overlay set out in this Amendment shall apply it on initial application of HKFRS 17

The Company is still in the process of assessing impact of the above new and revised HKFRSs and does not expect these new and revised HKFRSs would have any significant impact on the Company's financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiary

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Company 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 Company 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 Company 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 Company's voting rights and potential voting rights.

The results of the subsidiary are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Company are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value-in-use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:
- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)
When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach (continued)
Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach
For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities
Initial recognition and measurement
Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses, 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 each end of the 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 each of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

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

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

Commission income is recognised at the point in time when control of the services is transferred to the customer when service is rendered.

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.

Management fee income is recognised when the relevant services has been rendered.

Foreign currency transactions

These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Determination of functional currency

In determining the functional currency of the Company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the Company is determined based on management's assessment of the economic environment in which the Company operates and the Company's process of determining sales prices. Management has assessed that prices are mainly denominated and settled in HK$ and therefore, management concluded that the functional currency of the Company is HK$.

Provision for expected credit losses on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 10 to the financial statements.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Company's revenue, other income and gains are as follows:

	2023 HK$	2022 HK$
<u>Revenue from contracts with customers</u>		
Sale of goods	5,613,819	5,139,690

(i) *Disaggregated revenue information*
The Company's entire revenue of goods transferred is recognised at a point in time.

(ii) *Performance obligations*
Information about the Company's performance obligations is summarised below:

Sale of garment products
The performance obligation is satisfied upon delivery of garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

	2023 HK$	2022 HK$
<u>Other income and gains</u>		
Bank interest income	453	5
Foreign exchange differences, net	48,818	3,799
Management fee income	-	1,560,911
	49,271	1,564,715

5. LOSS BEFORE TAX

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

	Note	2023 HK$	2022 HK$
Cost of inventories sold		5,125,154	4,571,831
Auditor's remuneration		17,550	16,050
Impairment of trade receivables	10	618	889
Foreign exchange differences, net		(48,818)	(3,799)

6. FINANCE COSTS

	2023 HK$	2022 HK$
Interest on overdrafts	34,216	14,170
Interest on letter of credit	35,637	15,247
	69,853	29,417

7. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2022: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year (2022: Nil).

A reconciliation of the tax expense/(credit) applicable to loss before tax using the Hong Kong statutory tax rate to the tax amount at the **Company's** effective tax rate are as follows:

	2023 HK$	2022 HK$
Loss before tax	(2,934,705)	(1,878,477)
Tax at Hong Kong statutory tax rate of 16.5% (2022: 16.5%)	(484,226)	(309,949)
Tax losses not recognised	484,226	309,949
Tax amount at the effective tax rate	-	-

As at the end of the reporting period, the Company had unused tax losses of HK$23,001,073 (2022: HK$20,066,368), subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the Company. Deferred tax assets have not been recognised in respect of these losses on account of the unpredictability of future profit streams of the Company.

9. INVESTMENT IN A SUBSIDIARY

	2023 HK$	2022 HK$
Unlisted investments, at cost	586,225	586,225

Information about the subsidiary

Particulars of the Company's subsidiary as at 31 March 2023 are as follows:

Name	Place of registration and business	Registered share capital	Percentage of equity directly attributable to the Company 2023	2022	Principal activities
Smart Notch (Shanghai) Limited	PRC/ Mainland China	Renminbi ("RMB") 500,000	100%	100%	Trading of garment products

10. TRADE RECEIVABLES

	2023 HK$	2022 HK$
Trade receivables	1,038,914	612,847
Less: Impairment	(1,507)	(889)
	1,037,407	611,958

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days, extending up to 90 days for major customers. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Company's trade receivables related to a large amount of diversified customers, there is no significant concentration of credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 HK$	2022 HK$
At beginning of year	889	-
Impairment losses (note 5)	618	889
At end of year	1,507	889

10. TRADE RECEIVABLES (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 March 2023

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.15%	-	-	-	0.15%
Gross carrying amount (HK$)	1,038,914	-	-	-	1,038,914
Expected credit losses (HK$)	1,507	-	-	-	1,507

As at 31 March 2022

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.15%	-	-	-	0.15%
Gross carrying amount (HK$)	612,847	-	-	-	612,847
Expected credit losses (HK$)	889	-	-	-	889

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	Notes	2023 HK$	2022 HK$
Trade payables	(i)	851,176	755,953
Other payables	(ii)	-	1,563
Accruals		17,550	16,050
		17,550	17,613

(i) The trade payables are non-interest-bearing and are normally settled on 30-day terms.

(ii) Other payables are non-interest-bearing and have an average term of three months.

12. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid:		
100,000 (2022: 100,000) ordinary shares	778,000	778,000

13. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Company had the following material transactions with the related parties based on mutually agreed terms during the year:

	2023 HK$	2022 HK$
Fellow subsidiaries:		
Consultancy fee expenses	561,592	809,120
Marketing fee paid	-	830,017

(b) The balances with the immediate holding company, fellow subsidiaries and a subsidiary are unsecured, interest-free and repayable on demand.

(c) The key management personnel of the Company did not receive any compensation in respect of their services rendered to the Company during the year (2022: Nil).

14. FINANCIAL INSTRUMENTS BY CATEGORY

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

The financial liabilities of the Company comprise trade payables, financial liabilities included in other payables and accruals, amounts due to the immediate holding company, fellow subsidiaries and a subsidiary which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the notes to the financial statements.

15. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

At the end of the reporting period, the carrying amounts of the Company's financial assets and financial liabilities approximated to their fair values largely due to short term maturities/repayable on demand of these instruments or effect of discounting is not material.

The Company did not have any financial assets and liabilities measured at fair value as at the end of the reporting period.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk
The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging
The table below shows the credit quality and the maximum exposure to credit risk based on the Company'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. The amounts presented are gross carrying amounts of the financial assets.

As at 31 March 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	1,038,914	1,038,914
Cash and cash equivalents					
- Not yet past due	248,023	-	-	-	248,023
	248,023	-	-	1,038,914	1,286,937

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging (continued)
As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$	HK$	HK$	HK$	HK$
Trade receivables*	-	-	-	612,847	612,847
Cash and cash equivalents					
- Not yet past due	999,716	-	-	-	999,716
	999,716	-	-	612,847	1,612,563

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 10 to the financial statements.

Liquidity risk
In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, are either repayable on demand or repayable within three months subsequent to the end of the reporting period.

Capital management
The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. The Company is not subject to any external imposed capital requirement. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 August 2023.

Report of the Directors and Audited Financial Statements

NORWEST INDUSTRIES LIMITED

31 March 2023

NORWEST INDUSTRIES LIMITED

CONTENTS

NORWEST INDUSTRIES LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2023.

Principal activities
The principal activity of the Company has not changed during the year and was the trading of garments. Details of the principal activities of the Company's subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Results and dividends
The Group's profit for the year ended 31 March 2023 and the Group's financial position at that date are set out in the financial statements on pages 6 to 94.

An interim dividend of US$1.25 per ordinary share was paid on 3 November 2022. The directors do not recommend the payment of a final dividend in respect of the year.

Directors
The directors of the Company during the year were:

Deepak Kumar Seth
Ashish Gupta
Krishna Kanodia
Yael Gairola

The persons who were directors of the subsidiaries of the Company during the year (not including those directors listed above) were:

Abhishekh Kanoi
Albert Farre Moll
Alexandra Louise Pickles
Amandeep Kumar Bagga
Ashok Kumar Chhabra
Charles Edward Guy Rudge
Eric Kahlil Leddel
Gaurav Pandey
Iftekhar Ullah Khan
Jacek Ostrowski
Jolly Abhiroop
Kipik Safak
Luo Jiehua
Mahesh Seth
Mayank Vimal Agarwal
Mohandas Thekkeyil
Pallak Seth
Raamann Ahuja
Rakesh Chadha
Rajnish Kapoor
Raveesh Khanna
Sandeep Ramesh Chablani
Sukhlina Minhas
Suresh Mahadev Punjabi
Vinal Patel

Directors (continued)
The persons who were directors of the subsidiaries of the Company during the year (not including those directors listed above) were: (continued)

Amit Bajrang Agrawal	(appointed on 31 March 2023)
Bhavesh Dinesh Shah	(appointed on 31 March 2023)
R M Appuhamillage Chandana Asanka Ranatunga	(appointed on 31 March 2023)
Ajai Singh	(resigned on 1 April 2022)
Ghanshyam Periwal	(resigned on 31 March 2023)
Payel Seth	(resigned on 1 April 2022)

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its subsidiaries, holding companies 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 Group to which the Company or any of the Company's subsidiaries, holding companies or fellow subsidiaries was a party during the year.

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

ON BEHALF OF THE BOARD

Krishna Kanodia
Director

Hong Kong
8 May 2023

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

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

Opinion
We have audited the consolidated financial statements of Norwest Industries Limited (the "Company") and its subsidiaries (the "Group") set out on pages 6 to 94, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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 Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

Our opinion on the 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 financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements
The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the member of Norwest Industries Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report (continued)
To the member of Norwest Industries Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Certified Public Accountants
Hong Kong
8 May 2023

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
REVENUE	4	3,609,755,428	3,795,298,854
Cost of sales		(3,140,833,416)	(3,289,456,905)
Gross profit		468,922,012	505,841,949
Other income and gains	4	140,685,674	170,316,307
Selling and distribution expenses		(126,635,553)	(134,286,709)
Administrative expenses		(341,015,506)	(334,576,828)
Impairment of an investment in a joint venture		-	(5,543,490)
Other operating expenses		(16,653,582)	(15,349,185)
Finance costs	6	(24,360,923)	(7,132,583)
Share of profits and losses of:			
Joint venture		-	1,140,379
Associate		(1,519,909)	(1,650,478)
PROFIT BEFORE TAX	5	99,422,213	178,759,362
Income tax credit/(expense)	8	(3,944,937)	1,561,429
PROFIT FOR THE YEAR		95,477,276	180,320,791
Attributable to:			
Owners of the parent		95,487,809	182,656,918
Non-controlling interests		(10,533)	(2,336,127)
		95,477,276	180,320,791

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
PROFIT FOR THE YEAR		95,477,276	180,320,791
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent period:			
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the year	24	(444,994)	(1,295,599)
Reclassification adjustments for losses included in the consolidated statement of profit or loss	24	(1,681,585)	1,832,655
		(2,126,579)	537,056
Exchange differences on translation of foreign operations		(3,063,285)	(2,984,871)
Share of other comprehensive income/(loss) of an associate		(827,930)	301,891
Reclassification adjustment for foreign operations disposed of during the year		-	8,266,712
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequence periods, net of tax		(6,017,794)	6,120,788
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent period:			
Remeasurement loss on defined benefit obligations	26	(877,214)	(804,870)
Changes in fair value of financial assets at fair value through other comprehensive income		2,568,146	1,421,454
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax		1,690,932	616,584
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		(4,326,862)	6,737,372
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		91,150,414	187,058,163
Attributable to:			
Owners of the parent		92,295,234	190,313,267
Non-controlling interests		(1,144,820)	(3,255,104)
		91,150,414	187,058,163

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	10	38,902,880	30,784,055
Investment properties	11	24,896,008	25,629,479
Right-of-use assets	12(a)	30,829,180	33,445,893
Financial assets at fair value through profit or loss	13	28,539,447	27,684,948
Financial assets at fair value through other comprehensive income	14	6,133,794	3,565,648
Investment in an associate	15	450,811	2,798,650
Goodwill	16	15,597,071	16,002,622
Intangible assets	17	107,364	47,787
Deposits	20	1,473,477	1,635,153
Deferred tax assets	25	26,947	475,194
Total non-current assets		146,956,979	142,069,429
CURRENT ASSETS			
Inventories	18	112,137,154	155,580,630
Trade receivables	19	270,496,258	643,511,291
Prepayments, deposits and other receivables	20	77,211,284	60,045,062
Financial assets at fair value through profit or loss	13	50,666,672	39,683,032
Financial assets at fair value through other comprehensive income	14	11,911,880	1,569,646
Due from the ultimate holding company	36(b)	20,549,660	1,024,060
Due from the immediate holding company	36(b)	401,356,366	76,305,096
Due from fellow subsidiaries	36(b)	429,360,301	641,407,212
Due from non-controlling shareholders	36(b)	75,092	75,092
Due from directors	36(b)	3,704,113	8,051,824
Due from a related company	36(b)	8,262,434	10,114,000
Due from an associate	36(b)	10,633,275	7,734,236
Derivative financial instruments	24	530,110	2,863,128
Pledged time deposits	21	163,520,824	159,523,854
Cash and cash equivalents	21	128,255,524	177,186,435
Total current assets		1,688,670,947	1,984,674,598

continued/…

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2023

	Notes	2023 HK$	2022 HK$
CURRENT LIABILITIES			
Trade and bills payables		372,981,536	706,048,555
Other payables and accruals	22	119,758,729	104,593,743
Lease liabilities	12(b)	8,345,131	8,548,708
Interest-bearing bank borrowings	23	238,441,333	251,861,493
Due to fellow subsidiaries	36(b)	289,437,813	285,127,867
Due to a director	36(b)	-	38,900
Derivative financial instruments	24	659,146	865,586
Tax payable		4,974,237	3,560,596
Total current liabilities		1,034,597,925	1,360,645,448
NET CURRENT ASSETS		654,073,022	624,029,150
TOTAL ASSETS LESS CURRENT LIABILITIES		801,030,001	766,098,579
NON-CURRENT LIABILITIES			
Other payables	22	9,963,198	9,564,897
Lease liabilities	12(b)	23,345,183	25,138,440
Deferred tax liabilities	25	107,181	-
Total non-current liabilities		33,415,562	34,703,337
Net assets		767,614,439	731,395,242
EQUITY			
Equity attributable to owners of the parent			
Share capital	27	31,120,000	31,120,000
Reserves	29	747,934,458	690,475,227
		779,054,458	721,595,227
Non-controlling interests		(11,440,019)	9,800,015
Total equity		767,614,439	731,395,242

Krishna Kanodia

....	....
Deepak Kumar Seth	Krishna Kanodia
Director	Director

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

		Attributable to owners of the parent									
	Notes	Share capital HK$	Hedging reserve HK$	Capital reserve HK$	Fair value reserve of financial assets at fair value through other comprehensive income HK$	Contribution from the ultimate holding company HK$	Retained profits HK$	Exchange reserve HK$	Total HK$	Non controlling interests HK$	Total equity HK$
At 1 April 2021		31,120,000	1,460,486	(16,681,651)	5,724,069	-	638,894,212	(7,293,043)	653,224,073	22,274,739	675,498,812
Profit for the year		-	-	-	-	-	182,656,918	-	182,656,918	(2,336,127)	180,320,791
Other comprehensive income/(loss) for the year:											
Cash flow hedges, net of tax		-	537,056	-	-	-	-	-	537,056	-	537,056
Exchange differences on translation of foreign operations		-	-	-	-	-	-	(2,096,420)	(2,096,420)	(888,451)	(2,984,871)
Changes in fair value of financial assets at fair value through other comprehensive income		-	-	-	1,421,454	-	-	-	1,421,454	-	1,421,454
Share of other comprehensive income of an associate		-	-	-	-	-	-	301,891	301,891	-	301,891
Remeasurement of defined benefit plan, net of tax		-	-	-	-	-	(774,344)	-	(774,344)	(30,526)	(804,870)
Reclassification adjustment for a foreign operation disposed of during the year		-	-	-	-	-	-	8,266,712	8,266,712	-	8,266,712
Total comprehensive income/(loss) for the year		-	537,056	-	1,421,454	-	181,882,574	6,472,183	190,313,267	(3,255,104)	187,058,163
Interim 2022 dividend paid	9	-	-	-	-	-	(124,480,000)	-	(124,480,000)	-	(124,480,000)
Dividend paid to non-controlling shareholders		-	-	-	-	-	-	-	-	(9,537,493)	(9,537,493)
Change in non-controlling interests without change in control		-	-	(315,522)	-	-	-	-	(315,522)	514,497	198,975
Disposal of a subsidiary	31	-	-	-	-	-	-	-	-	(197,374)	(197,374)
Contribution from non-controlling shareholders		-	-	-	-	-	-	-	-	750	750
Transfer of fair value reserve upon the disposal of financial assets at fair value through other comprehensive income		-	-	-	(5,724,069)	-	5,724,069	-	-	-	-
Equity-settled share option arrangements	28	-	-	-	-	2,853,409	-	-	2,853,409	-	2,853,409
At 31 March 2022		31,120,000	1,997,542*	(16,997,173)*	1,421,454*	2,853,409*	702,020,855*	(820,860)*	721,595,227	9,800,015	731,395,242

continued/…

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Notes	Share capital HK$	Hedging reserve HK$	Capital reserve HK$	Fair value reserve of financial assets at fair value through other comprehensive income HK$	Contribution from the ultimate holding company HK$	Retained profits HK$	Exchange reserve HK$	Total HK$	Non controlling interests HK$	Total equity HK$
		Attributable to owners of the parent									
At 1 April 2022		31,120,000	1,997,542	(16,997,173)	1,421,454	2,853,409	702,020,855	(820,860)	721,595,227	9,800,015	731,395,242
Profit for the year		-	-	-	-	-	95,487,809	-	95,487,809	(10,533)	95,477,276
Other comprehensive income/(loss) for the year:											
Cash flow hedges, net of tax		-	(2,126,579)	-	-	-	-	-	(2,126,579)	-	(2,126,579)
Exchange differences on translation of foreign operations		-	-	-	-	-	-	(2,057,825)	(2,057,825)	(1,005,460)	(3,063,285)
Changes in fair value of financial assets at fair value through other comprehensive income		-	-	-	2,568,146	-	-	-	2,568,146	-	2,568,146
Share of other comprehensive loss of an associate		-	-	-	-	-	-	(827,930)	(827,930)	-	(827,930)
Remeasurement of defined benefit plan, net of tax		-	-	-	-	-	(748,387)	-	(748,387)	(128,827)	(877,214)
Total comprehensive income/(loss) for the year		-	(2,126,579)	-	2,568,146	-	94,739,422	(2,885,755)	92,295,234	(1,144,820)	91,150,414
Interim 2023 dividend paid	9	-	-	-	-	-	(38,900,000)	-	(38,900,000)	-	(38,900,000)
Dividend paid to non-controlling shareholders		-	-	-	-	-	-	-	-	(15,223,692)	(15,223,692)
Change in non-controlling interests without change in control		-	-	(1,351,988)	-	-	-	-	(1,351,988)	(4,871,522)	(6,223,510)
Equity-settled share option arrangements	28	-	-	-	-	5,415,985	-	-	5,415,985	-	5,415,985
At 31 March 2023		31,120,000	(129,037)*	(18,349,161)*	3,989,600*	8,269,394*	757,860,277*	(3,706,615)*	779,054,458	(11,440,019)	767,614,439

* These reserve accounts comprise the consolidated reserves of HK$747,934,458 (2022: HK$690,475,227) in the consolidated statement of financial position.

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		99,422,213	178,759,362
Adjustments for:			
Finance costs	6	24,360,923	7,132,583
Interest income	4	(2,772,059)	(243,605)
Depreciation of property, plant and equipment	5	12,605,610	9,950,071
Depreciation of investment properties	5	733,471	1,838,902
Depreciation of right-of-use assets	5	10,690,700	7,977,064
Amortisation of intangible assets	5	59,418	227,623
Gain on termination of leases	5	(85,478)	(182,734)
Gain on remeasurement of previously held interests in a joint venture	4	-	(6,138,973)
Gain on disposal of subsidiaries	4	-	(12,080,466)
Write-off of items of property, plant and equipment	5	209,117	736,018
Covid-19-related rent concessions from lessors	5	(414,607)	(24,282)
Impairment/(reversal of impairment) of trade receivables, net	5	(2,573,048)	2,428,972
Impairment of an investment in a joint venture	5	-	5,543,490
Fair value losses/(gains), net:			
Cash flow hedges (transfer from equity)	5	1,681,585	(1,832,655)
Financial assets		2,432,779	3,999,216
Share of profits and losses of joint venture		-	(1,140,379)
Share of loss of an associate		1,519,909	1,650,478
Equity-settled share option expenses	5	5,415,985	2,853,409
		153,286,518	201,454,094
Decrease/(increase) in inventories		43,147,857	(86,204,780)
Decrease/(increase) in trade receivables		363,066,655	(260,552,384)
Increase in prepayments, deposits and other receivables		(17,244,869)	(26,576,850)
Change in balance with the ultimate holding company		(19,525,600)	(1,215,313)
Change in balance with the immediate holding company		(325,051,270)	(39,005,747)
Decrease/(increase) in amounts due from fellow subsidiaries		212,052,904	(98,752,735)
Decrease in amounts due from non-controlling shareholders		-	3,962,277
Decrease/(increase) in an amount due from a related company		1,851,566	(9,551,497)
Increase in an amount due from an associate		(2,899,039)	(7,734,236)
Decrease/(increase) in amounts due from directors		4,347,711	(1,479,432)
Increase/(decrease) in trade and bills payables		(332,537,819)	359,916,038
Increase/(decrease) in other payables and accruals		8,954,025	(861,504)
Increase in amounts due to fellow subsidiaries		5,797,515	67,256,470
Increase in an amount due to a joint venture		-	11,414,035
Increase in amounts due to the non-controlling interests		-	97,450
Decrease in derivative financial instruments		(1,681,585)	1,832,655
Cash generated from operations		93,564,569	113,998,541

continued/…

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		93,564,569	113,998,541
Hong Kong profits tax paid		(2,228,897)	(3,693,606)
Overseas tax paid		(410,448)	(2,470,373)
Interest paid		(23,300,860)	(6,570,597)
Net cash flows from operating activities		67,624,364	101,263,965
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(22,605,397)	(15,309,702)
Acquisition of a subsidiary		(38,900)	1,150,515
Additions to intangible assets		(118,995)	-
Purchases of financial assets at fair value through profit or loss		(39,716,182)	(40,161,620)
Purchases of financial assets at fair value through other comprehensive income		-	(19,446,570)
Proceeds from disposal of financial assets at fair value through profit or loss		25,445,264	53,668,756
Proceeds from disposal of financial assets at fair value through other comprehensive income		1,569,646	38,893,561
Disposal of subsidiaries	33	-	74,165,007
Interest received		2,772,059	243,605
Increase in pledged time deposits		(3,996,970)	(51,066,935)
Net cash flows from/(used in) investing activities		(36,689,475)	42,136,617
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(38,900,000)	(124,480,000)
Dividend paid to non-controlling shareholders		(15,223,692)	(9,537,493)
Proceeds from disposal of non-controlling interests		-	(198,975)
Proceeds from/(repayment of) bank loans, net		(24,669,935)	66,563,428
Principal portion of lease payments	12	(8,927,000)	(7,257,228)
Interest portion of lease payments	12	(1,060,063)	(561,986)
Contribution from non-controlling shareholders		-	750
Net cash flows used in financing activities		(88,780,690)	(75,471,504)

continued/…

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(57,845,801)	67,929,078
Cash and cash equivalents at beginning of year		162,386,401	99,868,263
Effect of foreign exchange rate changes, net		(2,225,726)	(5,410,940)
CASH AND CASH EQUIVALENTS AT END OF YEAR		102,314,874	162,386,401
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	21	128,255,524	177,186,435
Bank overdrafts	23	(25,940,650)	(14,800,034)
Cash and cash equivalents as stated in the consolidated statement of cash flows		102,314,874	162,386,401

1. CORPORATE AND GROUP INFORMATION

Norwest Industries Limited is a limited company incorporated in Hong Kong. The registered office of the Company is located at 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

During the year, the Group was principally involved in the trading of garment.

The Company is a subsidiary of Multinational Textile Group Limited, a company incorporated in Mauritius. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Information about subsidiaries

Particulars of the Company's principal subsidiaries as at 31 March 2023 are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2023	2022	Principal activities
Direct subsidiaries					
Grand Pearl Trading Company Limited#	People's Republic of China ("PRC")/ Mainland China	United States dollar ("US$") 150,000	100%	100%	Provision of sourcing services
Design Arc Europe Limited	Hong Kong	US$100,000	70%	70%	Trading of garment products
PDS Tailoring Limited	Hong Kong	US$10,000	70%	70%	Trading of garment products
Nor Lanka Manufacturing Limited ("Nor Lanka")	Hong Kong	HK$10,000	100%	90%	Trading of garment products
Rising Star Asia Hongkong Co., Limited	Hong Kong	US$10,000	100%	100%	Trading of garment products
Spring Near East Manufacturing Company Limited ("Spring Near East")	Hong Kong	US$200,000	65%	65%	Trading of garment products
360 Notch Limited	Hong Kong	US$100,000	100%	100%	Trading of garment products

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2023	2022	Principal activities
Direct subsidiaries (continued)					
Clover Collections Limited	Hong Kong	US$200,000	100%	100%	Provision of design services
Design Arc Asia Limited	Hong Kong	US$100,000	100%	100%	Provision of sourcing services
Kleider Sourcing Hongkong Limited ("Kleider HK")	Hong Kong	US$10,000	51%	51%	Provision of design, sourcing, and trading of garment products
Krayons Sourcing Limited ("Krayons")	Hong Kong	US$10,000	75%	75%	Trading of garment products
JJ Star Industrial Limited ("JJ Star")	Hong Kong	US$50,000	57.5%	57.5%	Trading of garment products
Twins Asia Limited ("Twins Asia")	Hong Kong	US$100,000	100%	100%	Trading of garment products
Fareast Vogue Limited	Hong Kong	US$10,000	60%	60%	Trading of garment products
PDS Far-east Limited	Hong Kong	US$1,000	100%	100%	Trading of garment products
Styleberry Limited	Hong Kong	US$10,000	100%	100%	Trading of garment products

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2023	2022	Principal activities
Direct subsidiaries (continued)					
Casa Collective Limited	Hong Kong	US$100,000	75%	75%	Inactive
Lillyandsid Ltd	The United Kingdom	GBP100	55%	50%	Trading of garment products
Sourcing Solutions Limited	Hong Kong	US$10,000	100%	100%	Trading of garment products
Indirect subsidiaries					
Nor Lanka Colombo Manufacturing Company Limited	Sri Lanka	Sri Lankan Rupee ("LKR") 64,427,000	100%	90%	Trading of garment products
Nor Europe Manufacturing S.L.	Spain	EUR3,000	70%	70%	Provision of sourcing services
Nor Lanka Progress (Private) Limited	Sri Lanka	US$1	100%	90%	Inactive
Kleider Sourcing Limited	Bangladesh	Bangladeshi Taka ("BDT") 99,900,200	51%	51%	Provision of sourcing services
Smart Notch (Shanghai) Limited#	PRC/ Mainland China	Renminbi ("RMB") 500,000	100%	100%	Provision of sourcing service

\# The subsidiary is registered as a wholly-foreign-owned enterprise under the PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, financial assets at fair value through profit or loss and through other comprehensive income and defined benefit obligation, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$").

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2023. 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).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

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

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

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

2.1 BASIS OF PREPARATION (continued)

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the revised HKFRSs has had no significant impact on the Group's financial performance and financial position.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied any of the new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non- current liabilities with Covenants* (the "2020 Amendments")[2]
Amendments to HKFRS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKFRS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from A Single Transactions*[1]

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] No mandatory effective date yet determined but available for adoption
[4] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
[5] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
[6] An entity that chooses to apply the transition option relating to the classification overlay set out in this Amendment shall apply it on initial application of HKFRS 17

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in an associate and a joint venture

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in an associate and a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in an associate and a joint venture (continued)
The Group's share of the post-acquisition results and other comprehensive income of an associate and a joint venture is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate or joint venture are eliminated to the extent of the Group's investments in the associate or joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associate or joint ventures is included as part of the Group's investments in an associate or a joint venture.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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.

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 acquisition previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)
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 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 values of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement
The Group measures its derivative financial instruments and financial assets at fair value through profit or loss 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 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 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.

Impairment of non-financial assets
Where an indication of impairment exists or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties
A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

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 year 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 the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3%
Leasehold improvements	Over the shorter of the lease terms and 33⅓%
Furniture and fixtures	25%
Motor vehicles	33⅓%
Office equipment	33⅓%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs and any directly attributable expenditure, and subsequently at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on the straight-line basis to write off the cost of each investment property, which is the shorter of 50 years and the term of the lease.

Any gain or loss on the retirement or disposal of investment properties recognised in the statement of profit or loss in the year the investment properties are derecognised is the difference between the net sales proceeds and the carrying amount of the investment properties.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets of properties are depreciated on a straight-line basis over the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities
Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

(b) (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business mode.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Financial assets which are not held within the aforementioned business model are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follow:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)
Subsequent measurement (continued)
Financial assets designated at fair value through other comprehensive income (equity investments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach (continued)
The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach
For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and other payables, net of directly attributable transaction costs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)
Subsequent measurement - Financial liabilities at amortised cost (loans and borrowings)
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting
Initial recognition and subsequent measurement
The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)
Initial recognition and subsequent measurement (continued)

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship with which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The effective portion of the gain or loss on the hedging instrument for cash flow hedges is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

For cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)
Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the actual basis and comprises invoiced value of purchases, freight and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 country 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. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, 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, and the carryforward of unused tax credits and unused tax losses can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Dividends

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when 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.

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

Other income

Rental income is recognised on a time proportion basis over the lease terms.

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.

Commission income from the provision of marketing services is recognised at the point in time when control of the asset is transferred to the customer, generally upon the completion of the services.

Handling fee is recognised over time when the relevant services has been rendered.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments
The Group operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option-pricing model, further details of which are given in note 28 to the financial statements.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's overseas subsidiaries/branches are required to participate in central pension schemes operated by the respective local governments. These subsidiaries/branches are required to contribute certain percentages of its payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

Defined benefit plan

The Group's liability for termination benefit and earned leave for its employees is pursuant to Bangladesh Labour Act and is based on the most recent salary of the employees, number of completed years of service and number of working days.

The cost of providing termination benefit and earned leave is determined based on the valuations performed by an independent actuary. Remeasurements arising from a defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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 obligations under "administrative expenses" in the consolidated statement of profit or loss by function:

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies
These financial statements are presented in HK$, 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 the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the dates when their fair values were measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of overseas subsidiaries are currencies other than HK$. As at the end of the reporting period, the assets and liabilities of these entities are translated into HK$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into HK$ at the weighted average exchange rates for the year.

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.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements
In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

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

Impairment of property, plant and equipment

Items of property, plant and equipment are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)
Provision for expected credit losses on trade receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the financial statements.

Defined benefit plan
The determination of the Group's obligation and cost for defined benefits is performed by independent actuary engaged by the Group and dependent on the selection of certain assumptions used by them in calculating such amounts. Those assumptions include among others, discount rates and future annual salary increases. In accordance with the Group's accounting policy for pension obligations, actual results that differ from the Group's assumptions are recognised immediately in other comprehensive income as and they occur. While the Group believes that the actuary's assumptions are reasonable and appropriate, significant differences in the Group's actual experience or significant changes in the Group's assumptions may materially affects its pension and other retirement obligations.

Leases – Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available.

Provision for income taxes

Provision for income tax is made based on the taxable income for the period as determined by the Group. The determination of taxable income involves the exercise of judgement on interpretation of the relevant tax rules and regulations. The amount of income tax and hence profit or loss could be affected by any interpretations and clarifications which the tax authorities may issue from time to time.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)
Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair values are determined using valuation techniques including the use of comparable recent arm's length transactions and other valuation techniques commonly used by other market participants. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements and estimates include considerations of inputs such as revenue multiples and discount rate. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4. REVENUE, OTHER INCOME AND GAINS

(i) Disaggregated revenue information
The Group's entire revenue of goods transferred is recognised at a point in time.

(ii) Performance obligations
Information about the Group's performance obligations is summarised below:

Sale of garment products
The performance obligation is satisfied upon delivery of garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

As a practical expedient, the amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are not disclosed in the notes to the financial statements because all the remaining performance obligations in relation to the sale of goods have an original expected duration of one year or less.

4. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of the Group's revenue, other income and gains are as follows:

	2023 HK$	2022 HK$
Revenue from contracts with customers		
Sale of goods	3,609,755,428	3,795,298,854
Other income and gains		
Commission income	23,064,433	26,638,770
Service income	25,154,793	2,482,747
Rental income	2,967,749	2,052,609
Foreign exchange gains, net	7,425,099	8,724,956
Fair value gains on financial assets at fair value through profit or loss	-	2,577,762
Gain on termination of leases	85,478	182,734
Gain on disposal of subsidiaries#	-	12,080,466
Handling fee income	14,096,521	16,904,025
Interest income	2,772,059	243,605
Recovery from suppliers	25,119,155	27,432,836
Gain on remeasurement of previously held interests in a joint venture	-	6,138,973
Others	33,861,414	70,995,797
	140,685,674	170,316,307

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2023 HK$	2022 HK$
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods	9,647,421	6,557,436

5. PROFIT BEFORE TAX

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

	Notes	2023 HK$	2022 HK$
Cost of inventories sold		3,140,833,416	3,289,456,905
Auditor's remuneration		2,421,029	2,071,869
Depreciation of property, plant and equipment	10	12,605,610	9,950,071
Depreciation of investment properties	11	733,471	1,838,902
Depreciation of right-of-use assets	12	10,690,700	7,977,064
Amortisation of intangible assets	17	59,418	227,623
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries, bonuses and allowances		157,560,402	241,304,456
Pension costs*		13,282,590	15,393,870
Equity-settled share option expense		5,415,985	2,853,409
		176,258,977	259,551,735
Write-off of items of property, plant and equipment		209,117	736,018
Lease payments not included in the measurement of lease liabilities		2,702,829	4,796,665
Covid-19-related rent concessions from lessors		(414,607)	(24,282)
Gain on termination of leases#		(85,478)	(182,734)
Impairment/(reversal of impairment) of trade receivables, net	19	(2,573,048)	2,428,972
Gain on disposal of subsidiaries#		-	(12,080,466)
Gain on remeasurement of previously held interests in a joint venture#		-	(6,138,973)
Impairment of an investment in joint venture		-	5,543,490
Fair value losses/(gains), net:			
Cash flow hedges (transfer from equity)#		1,681,585	(1,832,655)
Financial assets at fair value through profit or loss#		2,123,014	(2,577,762)
Foreign exchange gains, net#		(7,425,099)	(8,724,956)

These gains are included in "Other income and gains" and the losses are included in "Other operating expenses", as appropriate, in consolidated statement of profit or loss.

* There are no forfeited contributions that may be used by the Group as the employer to reduce its contributions in future years (2022: Nil).

6. FINANCE COSTS

	2023 HK$	2022 HK$
Interest on bank loans and overdrafts	23,300,860	6,570,597
Interest on lease liabilities	1,060,063	561,986
	24,360,923	7,132,583

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 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:

	2023 HK$	2022 HK$
Directors' fees	1,321,138	1,122,250
Other emoluments:		
Salaries, allowances and other benefits	8,075,217	6,352,503
Equity-settled share option expenses	385,780	232,233
	9,782,135	7,706,986

8. INCOME TAX

Hong Kong profits tax was provided at the rate of 16.5% (2022:16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2023 HK$	2022 HK$
Current - Hong Kong		
Charge for the year	1,964,539	3,007,557
Overprovision in prior years	(95,781)	(4,233,600)
Current - Elsewhere		
Charge for the year	1,370,271	932,260
Under/(over)provision in prior years	150,480	(1,013,887)
Deferred (note 25)	555,428	(253,759)
Total tax charge/(credit) for the year	3,944,937	(1,561,429)

8. INCOME TAX (continued)

A reconciliation of the tax charge/(credit) at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax charge/(credit) at the Group's effective tax rate is as follows:

2023

	Hong Kong HK$	Others HK$	Total HK$
Profit/(loss) before tax	101,873,366	(2,451,153)	99,422,213
Tax at the applicable tax rate	16,809,105	(1,635,022)	15,174,083
Adjustments in respect of current tax of previous periods	(95,781)	(150,480)	(246,261)
Income not subject to tax	(21,010,264)	(958,724)	(21,968,988)
Expenses not deductible for tax	1,005,966	4,820,407	5,826,373
Tax losses not recognised	5,159,730	-	5,159,730
Tax charge at the Group's effective rate	1,868,756	2,076,181	3,944,937

2022

	Hong Kong HK$	Others HK$	Total HK$
Profit/(loss) before tax	181,975,821	(3,216,459)	178,759,362
Tax at the applicable tax rate	30,026,010	(606,085)	29,419,925
Adjustments in respect of current tax of previous periods	(4,233,600)	(1,013,887)	(5,247,487)
Income not subject to tax	(34,844,577)	(145,956)	(34,990,533)
Expenses not deductible for tax	7,811,612	1,608,414	9,420,026
Others	(163,360)	-	(163,360)
Tax credit at the Group's effective rate	(1,403,915)	(157,514)	(1,561,429)

At the end of the reporting period, deferred tax assets have not been recognised in respect of the unused tax losses of HK$31,271,091 (2022: Nil), which are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these unused tax losses items as it is not considered probable that taxable profits will be available against which these unused tax losses can be utilised.

9. DIVIDENDS

	2023 HK$	2022 HK$
Interim - US$1.25 (2022: US$4) per ordinary share	38,900,000	124,480,000

The directors do not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$	Leasehold improvements HK$	Furniture and fixtures HK$	Motor vehicles HK$	Office equipment HK$	Total HK$
31 March 2023						
At 1 April 2022:						
Cost	12,752,485	11,495,866	18,462,801	2,949,039	58,142,799	103,802,990
Accumulated depreciation	(2,859,247)	(6,456,314)	(16,153,224)	(2,902,778)	(44,647,372)	(73,018,935)
Net carrying amount	9,893,238	5,039,552	2,309,577	46,261	13,495,427	30,784,055
At 1 April 2022, net of accumulated depreciation	9,893,238	5,039,552	2,309,577	46,261	13,495,427	30,784,055
Additions	-	2,526,178	6,280,334	-	13,798,885	22,605,397
Write-off	-	(2,964)	(85,421)	-	(120,732)	(209,117)
Depreciation provided during the year	(1,148,376)	(1,844,262)	(2,438,829)	(44,294)	(7,129,849)	(12,605,610)
Exchange realignment	(1,451,016)	(115,822)	(27,152)	-	(77,855)	(1,671,845)
At 31 March 2023, net of accumulated depreciation	7,293,846	5,602,682	6,038,509	1,967	19,965,876	38,902,880
At 31 March 2023:						
Cost	10,838,064	10,702,646	16,898,509	2,662,990	66,876,131	107,978,340
Accumulated depreciation	(3,544,218)	(5,099,964)	(10,860,000)	(2,661,023)	(46,910,255)	(69,075,460)
Net carrying amount	7,293,846	5,602,682	6,038,509	1,967	19,965,876	38,902,880
31 March 2022						
At 1 April 2021:						
Cost	12,497,833	9,223,120	19,557,228	5,364,287	54,977,682	101,620,150
Accumulated depreciation	(1,636,072)	(8,005,627)	(17,165,540)	(4,716,179)	(44,103,838)	(75,627,256)
Net carrying amount	10,861,761	1,217,493	2,391,688	648,108	10,873,844	25,992,894
At 1 April 2021, net of accumulated depreciation	10,861,761	1,217,493	2,391,688	648,108	10,873,844	25,992,894
Additions	390,587	4,878,741	1,382,859	-	8,657,515	15,309,702
Acquisition of a subsidiary (note 30)	-	-	-	-	2,286	2,286
Write-off	-	(5,853)	(19,056)	(297,261)	(16,667)	(338,837)
Depreciation provided during the year	(1,241,187)	(989,742)	(1,431,483)	(299,078)	(5,988,581)	(9,950,071)
Exchange realignment	(117,923)	(61,087)	(14,431)	(5,508)	(32,970)	(231,919)
At 31 March 2022, net of accumulated depreciation	9,893,238	5,039,552	2,309,577	46,261	13,495,427	30,784,055
At 31 March 2022:						
Cost	12,752,485	11,495,866	18,462,801	2,949,039	58,142,799	103,802,990
Accumulated depreciation	(2,859,247)	(6,456,314)	(16,153,224)	(2,902,778)	(44,647,372)	(73,018,935)
Net carrying amount	9,893,238	5,039,552	2,309,577	46,261	13,495,427	30,784,055

11. INVESTMENT PROPERTIES

	HK$
At 31 March 2021:	
Cost	134,802,518
Accumulated depreciation	(29,076,597)
Net carrying amount	105,725,921
At 1 April 2021, net of accumulated depreciation	105,725,921
Depreciation provided during the year	(1,838,902)
Disposal of a subsidiary (note 31)	(78,322,669)
Exchange realignment	65,129
At 31 March 2022, net of accumulated depreciation	25,629,479
At 31 March 2022:	
Cost	36,673,551
Accumulated depreciation	(11,044,072)
Net carrying amount	25,629,479
At 1 April 2022, net of accumulated depreciation	25,629,479
Depreciation provided during the year	(733,471)
At 31 March 2023, net of accumulated depreciation	24,896,008
At 31 March 2023:	
Cost	36,673,551
Accumulated depreciation	(11,777,543)
Net carrying amount	24,896,008

The Group’s investment properties consist of two commercial properties in Hong Kong. The directors of the Company have determined that the investment properties consist of two classes of assets, i.e., residential and commercial, based on the nature, characteristics, risks of each property. The investment properties are measured initially at cost less accumulated depreciation and provision for any impairment in value.

11. INVESTMENT PROPERTIES (continued)

The Group's investment properties were revalued on 31 March 2023 based on valuation performed by management at HK$114,500,000 (2022: HK$112,000,000). Each year, the directors of the Group decide which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The investment properties are leased under operating leases, further summary details of which are included in note 12 to the financial statements.

At 31 March 2023 and 31 March 2022, all of the Group's investment properties were pledged to secure the general banking facilities granted to the Group (note 23).

12. LEASES

The Group as a lessee
The Group has lease contracts for office premises which have lease terms between 1 and 5 years. Other property generally has lease term of 12 months. Generally, the Group is restricted from assigning and subleasing the leased assets outside 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:

	Properties HK$
As at 1 April 2021	16,790,227
Additions	29,805,799
Depreciation charge	(7,977,064)
Termination of leases	(4,886,687)
Exchange realignment	(286,382)
As at 31 March 2022 and 1 April 2022	33,445,893
Additions	14,448,120
Lease modification	3,067,983
Depreciation charge	(10,690,700)
Termination of leases	(2,707,976)
Exchange realignment	(6,734,140)
As at 31 March 2023	30,829,180

12. LEASES (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 HK$	2022 HK$
Carrying amount at the beginning of the year	33,687,148	16,641,236
New leases	14,448,120	29,805,799
Lease modification	3,067,983	-
Accretion of interest recognised during the year	1,060,063	561,986
Covid-19-related rent concessions from lessors	(414,607)	(24,282)
Payments	(9,987,063)	(7,819,214)
Termination of leases	(2,793,454)	(5,069,421)
Exchange realignment	(7,377,876)	(408,956)
Carrying amount at the end of the year	31,690,314	33,687,148
Analysed into:		
Current portion	8,345,131	8,548,708
Non-current portion	23,345,183	25,138,440

The maturity analysis of lease liabilities is disclosed in note 39 to the financial statements.

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

	2023 HK$	2022 HK$
Interest on lease liabilities	1,060,063	561,986
Depreciation charge of right-of-use assets	10,690,700	7,977,064
Expense relating to short-term leases and other leases	2,702,829	4,796,665
Gain on termination of leases	(85,478)	(182,734)
Covid-19-related rent concessions from lessors	(414,607)	(24,282)
Total amount recognised in profit or loss	13,953,507	13,128,699

12. LEASES (continued)

The Group as a lessor
As at 31 March 2023, the Group leased its investment properties (note 11) consisting of two commercial properties in Hong Kong under operating lease arrangements. Rental income recognised by the Group during the year ended 31 March 2023 was HK$2,967,749 (2022: HK$2,052,609), details of which are included in note 4 to the financial statements.

At 31 March 2023 and 31 March 2022, there was no undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2023 HK$	2022 HK$
Listed equity investments, at fair value	(a)	19,742,273	38,100,078
Listed debt investments, at fair value	(b)	30,924,399	1,582,954
Unlisted investments, at fair value	(c)	28,539,447	27,684,948
		79,206,119	67,367,980
Current portion		(50,666,672)	(39,683,032)
Non-current portion		28,539,447	27,684,948

Notes:

(a) The above listed equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

(b) The above listed debt investments represent investments in bonds which are held for trading. They were designated by the Group as financial assets at fair value through profit or loss and are stated at fair value.

(c) The above unlisted investments were designated, upon initial recognition, as financial assets at fair value through profit or loss as they are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management and investment strategy, and information about the investments is provided on that basis to the Group's key management personnel.

At 31 March 2023, the Group's unlisted investments with an aggregate carrying value of HK$28,539,447 (2022: HK$27,684,948) were pledged to secure the general banking facilities granted to the Group (note 23).

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 HK$	2022 HK$
Non-current assets		
Unlisted equity investments, at fair value	6,133,794	3,565,648
Current assets		
Factored trade receivables	11,911,880	1,569,646

The Group has designated the above investments as financial assets at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

The Group entered into receivable purchase agreements with a financial institution for the factoring of trade receivables with certain designated customers. At 31 March 2023, trade receivables factored to the financial institution aggregating to approximately HK$11,911,880 (2022: HK$1,569,646) were not derecognised from the consolidated statement of financial position because the derecognition criteria for financial assets were not met. Accordingly, the advances from the financial institution of approximately HK$11,911,880 (2022: HK$1,569,646) received by the Group as consideration at 31 March 2023 were included in "interest-bearing bank borrowings" (note 23).

15. INVESTMENT IN AN ASSOCIATE

	2023 HK$	2022 HK$
Share of net liabilities	(9,092,075)	(6,744,236)
Due from an associate	9,542,886	9,542,886
	450,811	2,798,650

During the year ended 31 March 2022, the Group acquired the interest in Sourcing Solutions Europe BVBA (the "Sourcing Solutions Europe") through the acquisition of interest in Sourcing Solutions Limited (the "Sourcing Solutions"). Details of the acquisition of Sourcing Solutions are disclosed in Note 30 to the financial statements. Upon the completion of the acquisition, Sourcing Solutions Europe became an associate of the Group under HKFRSs and is accounted for using the equity method. The purchase price allocation exercise of the investment in Sourcing Solutions Europe was completed during the year ended 31 March 2022.

The amount due from an associate is unsecured, interest-free and repayable on demand. In the opinion of the Directors, this balance is considered as part of the Group's net investment in an associate.

15. INVESTMENT IN AN ASSOCIATE (continued)

Particulars of the Group's associate are as follows:

Name	Registered share capital	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Principal activities
Sourcing Solutions Europe	EUR60,000	Belgium	50	50	Trading of garment products

The following table illustrates the summarised financial information in respect of Sourcing Solutions Europe adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2023 HK$	2022 HK$
Current assets	5,510,890	4,236,907
Current liabilities	(23,695,040)	(17,725,380)
Net liabilities	(18,184,150)	(13,488,473)
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	50%	50%
Group's share of net liabilities of the associate	(9,092,075)	(6,744,236)
Due from an associate	9,542,886	9,542,886
Carrying amount of the investment	450,811	2,798,650

	2023 HK$	2022 HK$
Revenue for the year/period (Note)	15,080,817	13,216,095
Loss for the year/period (Note)	(3,039,818)	(3,300,957)
Other comprehensive income/(loss) for the year/period (Note)	(1,655,859)	603,781
Total comprehensive loss for the year/period (Note)	(4,695,677)	(2,697,176)

Note: The financial information for the year ended 31 March 2022 presented above was based on the results for the period from the respective date when Sourcing Solutions Europe became associate of the Group to 31 March 2022.

16. GOODWILL

	HK$
At 31 March 2021:	
Cost	17,142,643
Accumulated impairment	(859,173)
Net carrying amount	16,283,470
Cost at 1 April 2021, net of accumulated impairment	16,283,470
Exchange realignment	(280,848)
At 31 March 2022	16,002,622
At 31 March 2022:	
Cost	16,846,976
Accumulated impairment	(844,354)
Net carrying amount	16,002,622
Cost at 1 April 2022, net of accumulated impairment	16,002,622
Exchange realignment	(405,551)
At 31 March 2023	15,597,071
At 31 March 2023:	
Cost	16,391,688
Accumulated impairment	(794,617)
Net carrying amount	15,597,071

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the garment products cash-generating units in the markets of the United Kingdom and Colombo, respectively. The recoverable amounts of the cash-generating units have been determined based on a value-in-use calculations using cash flow projections based on financial forecasts covering a five-year period approved by management. The discount rates applied to the cash flow projections are 10% to 16% (2022: 10%) and cash flows beyond the five-year period are extrapolated using growth rate of 3% (2022: 3%), which was the same as the long term average growth rate of the garment products industry.

16. GOODWILL (continued)

Impairment testing of goodwill (continued)
Assumptions were used in the value-in-use calculation of the garment products cash-generating units for 31 March 2023 and 31 March 2022. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margin - The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the year immediately before the budget year, increased 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.

The values assigned to the key assumptions on market development of garment products and discount rates are consistent with external information sources.

17. INTANGIBLE ASSETS

	Software license HK$
31 March 2022	
At 1 April 2021:	
Cost	1,538,100
Accumulated amortisation	(1,262,690)
Net carrying amount	275,410
Cost at 1 April 2021, net of accumulated amortisation	275,410
Amortisation provided during the year	(227,623)
At 31 March 2022	47,787
At 31 March 2022:	
Cost	1,538,100
Accumulated amortisation	(1,490,313)
Net carrying amount	47,787

17. INTANGIBLE ASSETS (continued)

	Software license HK$
31 March 2023	
At 31 March 2022 and 1 April 2022:	
Cost	1,538,100
Accumulated amortisation	(1,490,313)
Net carrying amount	47,787
Cost at 1 April 2022, net of accumulated amortisation	47,787
Additions	118,995
Amortisation provided during the year	(59,418)
At 31 March 2023	107,364
At 31 March 2023:	
Cost	1,657,095
Accumulated amortisation	(1,549,731)
Net carrying amount	107,364

18. INVENTORIES

The Group's inventories represented fabrics sourced for supplies to manufacturers for their production of garments for the Group.

19. TRADE RECEIVABLES

	2023 HK$	2022 HK$
Trade receivables	272,522,709	648,125,325
Less: Impairment	(2,026,451)	(4,614,034)
	270,496,258	643,511,291

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade receivables are non-interest-bearing and are on terms of up to 120 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables related to a large amount of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 HK$	2022 HK$
At beginning of year	4,614,034	2,098,618
Impairment/(reversal of impairment) of trade receivables, net (note 5)	(2,573,048)	2,428,972
Exchange realignment	(14,535)	86,444
At end of year	2,026,451	4,614,034

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

19. TRADE RECEIVABLES (continued)

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

As at 31 March 2023

		Past due				
	Current	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate	0.72%	0.90%	0.94%	1.06%	1.09%	0.74%
Gross carrying amount (HK$)	242,463,669	18,066,430	7,248,073	1,903,959	2,840,578	272,522,709
Expected credit losses (HK$)	1,745,245	161,844	68,131	20,254	30,977	2,026,451

As at 31 March 2022

		Past due				
	Current	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate	0.71%	0.73%	0.77%	0.77%	0.95%	0.71%
Gross carrying amount (HK$)	586,900,724	56,049,317	2,146,007	2,080,645	948,632	648,125,325
Expected credit losses (HK$)	4,166,047	406,483	16,524	15,953	9,027	4,614,034

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 HK$	2022 HK$
Prepayments	59,745,793	34,347,000
Deposits	2,948,752	3,163,775
Other receivables	15,990,216	24,169,440
	78,684,761	61,680,215
Less: Portion classified as non-current assets	(1,473,477)	(1,635,153)
	77,211,284	60,045,062

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 March 2023 and 2022, the loss allowance was assessed to be minimal.

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2023 HK$	2022 HK$
Cash and bank balances	128,255,524	177,186,435
Pledged time deposits	163,520,824	159,523,854
	291,776,348	336,710,289
Less: Pledged time deposits for banking facilities:		
- with original maturity of less than three months when acquired	(106,009,249)	(101,106,689)
- with original maturity of more than three months when acquired	(57,511,575)	(58,417,165)
Cash and cash equivalents	128,255,524	177,186,435

At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB amounted to HK$4,426,655 (2022: HK$399,592). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged time deposits are deposited with creditworthy banks with no recent history of default.

22. OTHER PAYABLES AND ACCRUALS

	Notes	2023 HK$	2022 HK$
Other payables	(a)	1,576,258	3,352,658
Accrued employee benefits		9,946,195	13,353,089
Accruals		86,365,615	78,240,575
Contract liabilities	(b)	21,870,661	9,647,421
Defined benefit obligations	26	9,963,198	9,564,897
		129,721,927	114,158,640
Less: Portion classified as non-current assets		(9,963,198)	(9,564,897)
		119,758,729	104,593,743

Notes:

(a) Other payables are non-interest-bearing and have an average term of three months.

(b) Details of contract liabilities are as follows:

	31 March 2023 HK$	31 March 2022 HK$	1 April 2021 HK$
Short-term advances received from customers			
Sales of goods	21,870,661	9,647,421	6,557,436

Contract liabilities include short-term advances received to deliver garment products. The increase in contract liabilities for both years was mainly due to the increase in short-term advances received from customers in relation to the future sales of garment at the end of the respective year.

23. INTEREST-BEARING BANK BORROWINGS

	2023		
	Contractual interest rate (%)	Maturity	HK$
Import loans	USD SOFR*+2.15%, COF^^^ +1.75% p.a	2023/on demand	38,855,276
Export loans	USD SOFR*+2.15%	2023/on demand	11,911,887
Trust receipt loans	COF^^+2%, LIBOR# +2%, COF^^^ +1.75% p.a, SOFR*** +3.5%., USD SOFR*+2.15%,	2023/on demand	161,733,520
Bank overdraft	LIBOR# +3.75%, SOFR*** +3.5%, HIBOR^ +2%, BPLR**** +1.5% p.a,	On demand	25,940,650
			238,441,333

	2022		
	Contractual interest rate (%)	Maturity	HK$
Import loans	EURIBOR^^^^^+2%, USD SOFR*+2.15%, GBP SONIA**+2%	2022/on demand	39,364,764
Export loans	EURIBOR^^^^^+2%, USD SOFR*+2.15%, GBP SONIA**+2%	2022/on demand	9,706,834
Trust receipt loans	COF^^+2%, LIBOR#+3.5%, HIBOR^+2%, BFR^^^+1.75% p.a., EURIBOR#+2%, USD SOFR*+2.15%, GBP SONIA**+2%	2022/on demand	187,989,861
Bank overdraft	LIBOR#+ 3.5%, HIBOR^+2%	On demand	14,800,034
			251,861,493

23. INTEREST-BEARING BANK BORROWINGS (continued)

#	London Interbank Offered Rate ("LIBOR")
^	Hong Kong Interbank Offered Rate ("HIBOR")
^^	Intesa Sanpaolo S.p.A.'s Cost of Funds ("COF")
^^^	BNP PARIBAS's Cost of Funds ("COF")
^^^^	Citi Bank's Cost of Funds ("COF")
^^^^^	Euro Interbank Offered Rate ("EURIBOR")
*	HSBC Secured Overnight Financing Rate ("SOFR")
**	HSBC GBP Sterling Overnight Index Average ("SONIA")
***	UCO bank Secured Overnight Financing Rate ("SOFR")
****	Benchmark Prime Lending Rate ("BLPR")

Certain of the Group's bank loan agreements contain repayment on demand clauses and the corresponding bank loans have been classified as current liabilities in the consolidated statement of financial position. Ignoring the effect of any repayment on demand clauses and based on the maturity terms of these loans, the interest-bearing bank borrowings of the Group are repayable within one year.

Set out below is the information about the interest-bearing bank borrowings by denomination currency:

	2023 HK$	2022 HK$
US$	216,076,321	251,861,493
HK$	22,365,012	-
	238,441,333	251,861,493

As at the end of the reporting period, certain of the Group's interest-bearing bank borrowings are secured by certain of the Group's investment properties, time deposits, and unlisted investments with an aggregate carrying amount of approximately HK$224,250,506 (2022: HK$212,838,281) and guaranteed by the immediate holding company, fellow subsidiaries, and directors of the Company.

24. DERIVATIVE FINANCIAL INSTRUMENTS

Assets

	2023 HK$	2022 HK$
Forward currency contracts	530,110	2,863,128

Liabilities

	2023 HK$	2022 HK$
Forward currency contracts	659,146	865,586

Cash flow hedges

Forward currency contracts are designated as hedging instruments in respect of forecast future sales and forecast purchases in foreign currencies to which the Group has firm commitments. The forward currency contract balances vary with the levels of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

At 31 March 2023, the Group held 48 (2022: 139) forward currency contracts. They are designated as hedges in respect of expected future sales to customers in the United Kingdom for which the Group has firm commitments.

The terms of the forward currency contracts have been negotiated to match the terms of the commitments. The cash flow hedges relating to expected future settlement of sales and purchases between April 2023 to March 2024 were assessed to be highly effective and net loss of HK$2,126,579 (2022: net gain of HK$537,056) were included in the hedging reserve as follows:

	2023 HK$	2022 HK$
Total fair value losses included in the hedging reserves	(444,994)	(1,295,599)
Reclassified from other comprehensive income to the consolidated statement of profit or loss (note 5)	(1,681,585)	1,832,655
Net gains/(losses) on cash flow hedges	(2,126,579)	537,056

25. DEFERRED TAX

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

	Depreciation allowance in excess of related depreciation	Depreciation in excess of related depreciation allowance
	HK$	HK$
Gross deferred tax assets at 1 April 2021	-	221,435
Deferred tax credited to the consolidated statement of profit or loss during the year (note 8)	-	253,759
Gross deferred tax asset at 31 March 2022 and at 1 April 2022	-	475,194
Deferred tax charged to the consolidated statement of profit or loss during the year* (note 8)	(107,181)	(448,247)
Gross deferred tax assets/(liabilities) at 31 March 2023	(107,181)	26,947

The following is an analysis of the deferred tax balance of the Group for financial reporting purposes:

	2023	2022
	HK$	HK$
Net deferred tax assets recognised in the consolidated statement of financial position	26,947	475,194
Net deferred tax liabilities recognised in the consolidated statement of financial position	(107,181)	-
Net deferred tax assets/(liabilities)	(80,234)	475,194

* The net effect charged to profit and loss as of 31 March 2023 amounts to HK$555,428.

26. DEFINED BENEFIT OBLIGATIONS

The Group made provisions for estimated liabilities for employee benefits in respect of termination benefit and earned leave pursuant to Bangladesh Labour Act. According to the law, employees are entitled to termination benefit and earned leave upon dismissal or retirement. Employees who have completed at least five years but less than ten years of continuous service are entitled to termination benefit equal fourteen days' salary for each completed year of service. Employees who have completed ten or more years of continuous service are entitled to termination benefit equal thirty days' salary for each completed year of service. Employees who have completed one year of continuous service are entitled to one day of earned leave for every fifteen days of work to up to sixty days.

The liability for termination of employment is measured using the projected unit credit method. The actuarial assumptions include expected salary increases and rates of employee turnover based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to market yields at the reporting date on government bonds with a term that is consistent with the estimated term of the severance pay obligation.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out on 31 March 2023 by Charan Gupta Consultants Pvt Ltd, a member of the Actuarial Society of India, using the projected unit credit actuarial valuation method.

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

	2023	2022
Discount rate (%)	7.5	7.1
Expected rate of salary increases (%)	6.0	6.0

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

	Increase in rate %	Increase/ (decrease) in defined benefit obligations HK$	Decrease in rate %	Increase/ (decrease) in defined benefit obligations HK$
2023				
Discount rate	0.5	(465,498)	0.5	497,043
Future salary increase	0.5	502,711	0.5	(473,112)
2022				
Discount rate	0.5	(479,992)	0.5	514,884
Future salary increase	0.5	518,589	0.5	(485,886)

26. DEFINED BENEFIT OBLIGATIONS (continued)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

The total expenses recognised in the consolidated statement of profit or loss in respect of the plan are as follows:

	2023 HK$	2022 HK$
Current service cost	991,081	1,198,394
Interest cost	578,798	569,550
Net benefit expenses recognised in administrative expenses	1,569,879	1,767,944

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

	2023 HK$	2022 HK$
At beginning of year	9,564,897	8,136,367
Current service cost	991,081	1,198,394
Net interest cost	578,798	569,550
Actuarial loss arising from experience adjustments	877,214	804,870
Benefit paid	(647,994)	(1,144,284)
Exchange realignment	(1,400,798)	-
At end of the reporting period	9,963,198	9,564,897

27. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid:		
4,000,000 (2022: 4,000,000) ordinary shares	31,120,000	31,120,000

28. SHARE OPTION SCHEME

The employees of the Company are covered under the share-based schemes of Employee Stock Option Plan 2021 – Plan A and Phantom Stock Units Plan 2021 (the ultimate holding company).

Employee Stock Purchase Plan (ESPP):
The employee stock purchase plan options are offered to all eligible employees fixed numbers of shares/appreciation rights. Under the plan, the option price per share is 100 percent of the fair market value on the grant date with a discount of 20 percent. The options have a four-year term plan and would be exercisable in four equal instalments.

Total share-based expense recognised in the statement of profit and loss as part of employee benefits expense is as follows:

	2023 HK$	2022 HK$
Share-based expense	5,415,985	2,853,409

Computation methodology and assumptions
The Company accounts for all awards granted under the share based schemes and estimates the fair values for stock options using the Black-Scholes option-pricing model with the following weighted average assumptions as follows:

	22 October 2021 HK$	8 December 2021 HK$	30 December 2021 HK$
Weighted average grant date share price, per share*	28.6	33.0	35.6
Weighted average exercise price, per share*	22.8	22.8	22.8
Weighted average assumptions used:			
Expected volatility	25%	25%	25%
Expected lives (in years)	4	4	4
Risk-free interest rates	5.50%	5.65%	5.85%
Expected dividend yields	1.12%	95%	0.88%

*During the year, the ultimate holding company's stock has been split 1:5 from face value of HK$1.29 to HK$0.26.

28. SHARE OPTION SCHEME (continued)

The Company determines expected volatility on all options granted using available implied volatility rates. The Company believes that market-based measures of implied volatility are currently the best available indicators of the expected volatility used in these estimates. The Company determines expected lives of options based on the weighted average life of the options. The Company believes that the weighted average life of the options is the best estimate currently available. The risk-free interest rates are determined using the implied yield currently available for zero-coupon U.S. government issues with a remaining term equal to the expected life of the options. The expected dividend yields are based on the annualised approved quarterly dividend rate and the current market price of the ultimate holding company's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term. Employee stock purchase plan is a discount-purchase plan and consequently the fair value per share under this plan equals the amount of the discount.

Summarised information about movement in the share based schemes:

The Options outstanding under the employee stock purchase plan as of 31 March 2023 had an exercise price equal to 80 percent of the fair market value of holding company's stock on the date of exercise.

The following share options were outstanding under the Scheme during the year:

	2023		2022	
	Weighted average exercise price HK$ per share*	Number of options*	Weighted average exercise price HK$ per share	Number of options
At 1 April	114	149,200	-	-
Adjustment of stock split	-	596,800	-	-
Granted during the year	-	-	114	149,200
Exercised during the year	28.15	(14,375)	-	-
At 31 March	28.15	731,625	114	149,200

*During the year, the ultimate holding company's stock has been split 1:5 from face value of HK$1.29 to HK$0.26.

29. RESERVES

The amounts of the Group's reserves and the movements therein for the current year and the prior year are presented in the consolidated statement of changes in equity on pages 10 and 11 of the financial statements.

30. BUSINESS COMBINATION

During the year ended 31 March 2022, the Group acquired additional 50% of the issued share capital of Sourcing Solutions Limited for a consideration of US$5,000 (equivalent to HK$38,900). Sourcing Solutions is engaged in trading of garments. The acquisition was made as part of the Group's strategy to expand its market share of garment business. The acquisition was completed on 11 May 2021. The purchase consideration for the acquisition was in form of cash, the total consideration remained unpaid at 31 March 2022. The purchase price allocation exercise of the investment in Sourcing Solutions was completed during the year ended 31 March 2022.

The fair values of the identifiable assets and liabilities of Sourcing Solutions as at the date of acquisition were as follows:

	Note	Fair value recognised on acquisition HK$
Property, plant and equipment	10	2,286
Investment in an associate		1,036,084
Trade receivables		10,148,083
Other receivables		2,186,211
Cash and cash equivalents		1,150,515
Trade payables		(3,815,095)
Other payables and accruals		(8,433,133)
Interest-bearing bank borrowings		(2,197,151)
Total identifiable net assets		77,800
Satisfied by:		
Cash consideration and remained unpaid as at 31 March 2022		38,900
Fair value of previously held interest		38,900
		77,800

30. BUSINESS COMBINATION (continued)

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to HK$10,148,083 and HK$1,862,563, respectively. The gross contractual amounts of trade receivables and other receivables were HK$10,148,083 and HK$1,862,563, respectively, none of which are expected to be uncollectible.

The Group incurred transaction costs of HK$15,235 for the acquisition of Sourcing Solutions. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of Sourcing Solutions acquirees is as follows:

	HK$
Cash and cash equivalents acquired and net inflow of cash and cash equivalents included in cash flows from investing activities	1,150,515
Transaction costs of the acquisition included in cash flows from operating activities	(15,235)
	1,135,280

Since the acquisition, Sourcing Solutions contributed HK$81,221,549 to the Group's revenue and profit of HK$4,182,330 to the consolidated profit for the year ended 31 March 2022.

Had the combination taken place at the beginning of the year ended 31 March 2022, the revenue from continuing operations of the Group and the profit of the Group for the year ended 31 March 2022 would have been HK$3,798,328,296 and HK$182,599,559, respectively.

31. DISPOSALS OF SUBSIDIARIES

On 1 April 2021, the Group disposed of its entire equity interest in Razamtazz Limited ("Razamtazz") to Mr. Deepak Kumar Seth, a director of the Company, for a cash consideration of US$11,500,000 (equivalent to HK$89,470,000). On 15 September 2021, the Group disposed of its 100% equity interest in Smart Notch Industrial Limited ("Smart Notch") to PDS Venture Limited, a fellow subsidiary of the Group, for a cash consideration of US$10,000 (equivalent to HK$77,800). On 15 September 2021, the Group disposed of its 65% equity interest in Apex Black Limited ("Apex Black") to Smart Notch Industrial Limited, a fellow subsidiary of the Group, for a cash consideration of US$6,500 (equivalent to HK$50,570).

	Razamtazz	Smart Notch	Apex Black	2022
	HK$	HK$	HK$	HK$
Net asset disposal of:				
Investment property	78,322,669	-	-	78,322,669
Financial assets at fair value through other comprehensive income	2,795,011	28,769,661	14,490,134	46,054,806
Financial assets at fair value through profit or loss	105,499	-	-	105,499
Other receivables	44,076,832	-	-	44,076,832
Cash and cash equivalents	3,072,261	5,541,349	118,991	8,732,601
Other payables and accruals	(453,221)	(36,775,443)	(14,767,177)	(51,995,841)
Interest-bearing bank borrowings	(55,848,000)	-	-	(55,848,000)
Release of cumulative exchange reserve	8,287,491	(20,779)	-	8,266,712
	80,358,542	(2,485,212)	(158,052)	77,715,278
Non-controlling interests	-	-	(197,374)	(197,374)
Gain on disposal of subsidiaries	9,111,458	2,563,012	405,996	12,080,466
	89,470,000	77,800	50,570	89,598,370
Satisfied by:				
Other receivables	6,572,392	77,800	50,570	6,700,762
Cash consideration	82,897,608	-	-	82,897,608
	89,470,000	77,800	50,570	89,598,370

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of Razamtazz, Smart Notch and Apex Black was as follows:

	2022
	HK$
Cash consideration	82,897,608
Cash and cash equivalents disposed of	(8,732,601)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	74,165,007

32. PARTLY-OWNED SUBSIDIAIRIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2023	2022
Percentage of equity interest held by non-controlling interests:		
Spring Near East	35%	35%
JJ Star	42.5%	42.5%
Nor Lanka	-	10%
Krayons	25%	25%
Profit/(loss) for the year allocated to non-controlling interests at the reporting date:		
Spring Near East	(1,143,840)	(1,347,294)
JJ Star	(1,100,232)	(6,738,127)
Nor Lanka	-	1,914,445
Krayons	8,580,301	8,799,790
Dividends paid to non-controlling interests:		
Spring Near East	-	-
JJ Star	-	-
Nor Lanka	-	2,341,091
Krayons	7,049,491	5,746,209
Accumulated balances of the non-controlling interests at the reporting date:		
Spring Near East	8,520,716	9,664,556
JJ Star	(6,239,465)	(5,139,133)
Nor Lanka	-	9,163,906
Krayons	11,592,100	10,061,290

32. PARTLY-OWNED SUBSIDIAIRIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2023	Spring Near East HK$	Krayons HK$	JJ Star HK$
Revenue	309,519,302	533,006,687	-
Total expenses, net	(311,057,338)	(498,170,173)	(2,588,781)
Profit/(loss) for the year	(1,538,036)	34,836,514	(2,588,781)
Total comprehensive income/(loss) for the year	(3,268,113)	34,321,206	(2,588,781)
Current assets	66,213,096	139,992,200	6,934,706
Non-current assets	9,509,208	8,329,219	-
Current liabilities	(41,861,703)	(95,674,312)	(21,782,800)
Non-current liabilities	(6,485,036)	(5,520,817)	-
Net cash flows from/(used in) operating activities	(409,065)	546,499	(159,128)
Net cash flows used in investing activities	(337,769)	(2,638,945)	-
Net cash flows from financing activities	3,518,006	2,123,287	-
Net increase/(decrease) in cash and cash equivalents	2,771,172	30,841	(159,128)

32. PARTLY-OWNED SUBSIDIAIRIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

2022	Nor Lanka HK$	Spring Near East HK$	Krayons HK$	JJ Star HK$
Revenue	756,001,044	147,873,442	423,916,866	41,552,059
Total expenses, net	(793,117,723)	(141,956,555)	(459,116,027)	(25,697,643)
Profit/(loss) for the year	37,116,679	(5,916,887)	35,199,161	(15,854,416)
Total comprehensive income/(loss) for the year	36,685,605	(5,916,887)	35,321,267	(15,854,416)
Current assets	539,574,366	66,671,718	115,011,012	8,638,189
Non-current assets	57,005,305	12,388,104	9,051,243	20,580
Current liabilities	(437,614,762)	(40,342,557)	(76,345,422)	(20,918,082)
Non-current liabilities	(1,509,354)	(8,314,405)	(6,833,405)	-
Net cash flows from/(used in) operating activities	25,610,332	5,679,461	25,498,893	(1,240,639)
Net cash flows used in investing activities	(5,713,219)	(3,328,812)	(655,300)	-
Net cash flows from/(used in) financing activities	4,300,901	(1,003,125)	(27,192,470)	(1,321,317)
Net increase/(decrease) in cash and cash equivalents	24,198,014	1,347,524	(2,348,877)	(2,561,956)

33. 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 HK$14,448,120 (2022: HK$29,805,799) and HK$14,448,120 (2022: HK$29,805,799), respectively, in respect of lease arrangements for properties.

(b) Change in liabilities arising from financing activities

	Lease liabilities HK$	Interest-bearing bank borrowings HK$
At 1 April 2021	16,641,236	226,331,998
New leases	29,805,799	-
Acquisition of a subsidiary	-	2,197,151
Disposal of a subsidiary	-	(55,848,000)
Changes from financing cash flows, net	(7,819,214)	66,563,428
Covid-19-related rent concessions from lessors	(24,282)	-
Interest expense	561,986	-
Termination of leases	(5,069,421)	-
Exchange realignment	(408,956)	(2,183,118)
At 31 March 2022 and 1 April 2022	33,687,148	237,061,459
New leases	14,448,120	-
Lease modification	3,067,983	-
Changes from financing cash flows, net	(9,987,063)	(24,669,935)
Covid-19-related rent concessions from lessors	(414,607)	-
Interest expense	1,060,063	-
Termination of leases	(2,793,454)	-
Exchange realignment	(7,377,876)	109,159
At 31 March 2023	31,690,314	212,500,683

34. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	2023 HK$	2022 HK$
Guarantees given to banks in connection with facilities granted to fellow subsidiaries	673,205,030	551,805,030

At 31 March 2023, the banking facilities guaranteed by the Group to fellow subsidiaries were utilised to the extent of approximately HK$522,287,423 (2022: HK$535,438,460).

In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the directors exercise judgement in the evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the directors consider that the possibility of the default of the parties involved is remote, and accordingly, no value has been recognised in the consolidated financial statements.

35. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans and overdrafts are included in note 23 to the financial statements.

36. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties based on mutually agreed terms during the year:

	2023 HK$	2022 HK$
Fellow subsidiaries:		
Sales of goods	32,384,800	28,839,912
Purchase of goods	28,574,767	172,349,076
Handling fees received	13,868,498	52,883,778
Marketing fees paid	29,144,660	77,157,909
Consultancy fees paid	-	7,097,461
Consultancy fees received	-	466,800
Management fees paid	525,646	-
Support services fee paid	7,725,818	76,612,165
Support services fee received	30,819	30,819
Sampling fees received	164,267	164,267
Sampling fees paid	27,103,489	13,106,093
Ultimate holding company:		
Sales of goods	38,828,591	-
Immediate holding company:		
Consultancy fees paid	1,461,294	1,649,570
Marketing fees paid	142,303	44,840
Management fees paid	17,079,503	9,455,699
Dividend paid	38,900,000	124,480,000
Associate:		
Sales of goods	1,978,737	10,396,025
Marketing fees paid	-	219,108

(b) Outstanding balances with related parties:

(i) The outstanding balances with the ultimate holding company, fellow subsidiaries, non-controlling shareholders, the immediate holding company, an associate, directors and a related company are unsecured, interest-free and are repayable on demand.

36. RELATED PARTY TRANSACTIONS (continued)

(b) (continued):

(ii) Particulars of an amount due from a related company, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance, are as follows:

Name	At 31 March 2023 HK$	Maximum amount outstanding during the year HK$	At 31 March 2022 HK$	Maximum amount outstanding during the year HK$	At 1 April 2021 HK$
Yellow Octopus EU Sp. z.oo	8,262,434	10,114,000	10,114,000	10,387,494	-

Yellow Octopus EU Sp. z.oo is a joint venture controlled by a fellow subsidiary of the Group.

(c) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 7 to the financial statements.

37. FINANCIAL INSTRUMENTS BY CATEGORY

Other than derivative financial instruments, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income as disclosed in notes 13 and 14 to the financial statements, respectively, which were classified as financial assets at fair value through profit or loss designated as such upon initial recognition and investments on debt and equity instruments designated as such upon initial recognitions, respectively, all financial assets and liabilities of the Group as at 31 March 2023 and 2022, were stated at amortised cost.

The financial liabilities of the Group comprise trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, lease liabilities and amounts due to a director and fellow subsidiaries, which are categorised as financial liabilities at amortised cost, and derivative financial instruments which are categorised as financial liabilities at fair value through profit or loss. The carrying amounts of these financial liabilities are the amounts shown on the consolidated statement of financial position or in the corresponding notes to the financial statements.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of trade receivables, pledged time deposits, cash and cash equivalents, trade and bills payables, current portion of deposits and other receivables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, and balances with the ultimate holding company, the immediate holding company, fellow subsidiaries, directors, a related company, an associate and non-controlling shareholders, approximated to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 31 March 2023 and 31 March 2022 were assessed to be insignificant.

The fair values of financial assets and liabilities are included at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sale transactions. The fair values of listed equity investments and listed debt investments at fair value through profit or loss are based on quoted market prices. The fair value of unlisted investments at fair value through other comprehensive income and fair value through profit or loss are based on either using a valuation technique which incorporates various market observable inputs or most recent transaction prices. The directors believe that the estimated fair value resulting therefrom, which is recorded in the consolidated statement of financial position, and the related change in fair value, which is recorded in the statement of profit or loss, are reasonable, and that it was the most appropriate value at the end of the reporting period.

The fair values of unlisted investments included in financial assets at fair value through profit or loss have been estimated based on the surrender values, which are calculated and quoted by the issuer. The directors believe that the estimated fair values resulting therefrom, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in the consolidated statement of profit or losses, are reasonable, and that they were the most appropriate values at the end of the reporting period.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The Group enters into derivative financial instruments with financial institutions with high credit ratings. Derivative financial instruments, representing forward currency contracts and option currency contracts, are measured using valuation techniques similar to forward and option pricing, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values.

As at 31 March 2023, the mark-to-market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

Fair value hierarchy
The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:
At 31 March 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$	Significant observable inputs (Level 2) HK$	Significant unobservable inputs (Level 3) HK$	Total HK$
Financial assets at fair value through profit or loss	50,666,672	28,539,447	-	79,206,119
Financial assets at fair value other comprehensive income	-	18,045,674	-	18,045,674
Derivative financial instruments	-	530,110	-	530,110
	50,666,672	47,115,231	-	97,781,903

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)
Assets measured at fair value: (continued)
At 31 March 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$	Significant observable inputs (Level 2) HK$	Significant unobservable inputs (Level 3) HK$	Total HK$
Financial assets at fair value through profit or loss	39,683,032	27,684,948	-	67,367,980
Financial assets at fair value other comprehensive income	-	5,135,294	-	5,135,294
Derivative financial instruments	-	2,863,128	-	2,863,128
	39,683,032	35,683,370	-	75,366,402

The movements in fair value measurements within Level 3 during the year are as follows:

	Financial assets at fair value through other comprehensive income 2022 HK$
At 1 April 2021	55,791,075
Purchases	29,634,759
Disposal of subsidiaries	(46,160,305)
Disposals	(37,121,335)
Transfer to Level 2 (note)	(3,565,648)
Total gains recognised in other comprehensive income	1,421,454
At 31 March 2022, 1 April 2022 and 31 March 2023	-

Note: During the year ended 31 March 2022, the Group transferred financial assets at fair value through other comprehensive income from Level 3 to Level 2 as the significant input required for the fair value measurement is observable.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$	Significant observable inputs (Level 2) HK$	Significant unobservable inputs (Level 3) HK$	Total HK$
Liabilities measured at fair value:				
At 31 March 2023				
Derivative financial instruments	-	659,146	-	659,146
At 31 March 2022				
Derivative financial instruments	-	865,586	-	865,586

During the year, there were no transfers of fair value measurements between Level 1 and Level 2, and no transfer into or out of Level 3 for financial liabilities (2022: Nil).

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Interest rate risk

The Group's interest rate risk arises from cash and cash equivalents, pledged time deposits and bank borrowings which bears interest at variable rates.

The following table demonstrates the sensitivity to a reasonably possible change in HK$ interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on cash and time deposits at banks and floating rate borrowings). There is no impact on the Group's equity except on the retained profits.

	Increase/ (decrease) in basis points %	Increase/ (decrease) in profit before tax HK$
2023		
HK$	50	266,675
HK$	(50)	(266,675)
2022		
HK$	50	424,244
HK$	(50)	(424,244)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases in currencies other than the Group's functional currency. The Group uses forward currency contracts to eliminate the foreign currency exposures on its sales transactions, for which the corresponding settlements are anticipated to take place more than one month after the Group has entered into firm commitments for the sales. The forward currency contracts must be in the same currency as that of the hedged items. The Group negotiates the terms of the hedge derivatives to match the terms of the hedged items to maximise hedge effectiveness. It is the Group's policy that a forward contract is not entered into until a firm commitment is in place.

The Group considered the impact on the equity from the change in US$ exchange rate was nominal at the end of the reporting period since HK$ is pegged to US$.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the GBP exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Group's equity except on the retained profits.

	Change in the exchange rate %	Increase/ (decrease) in profit before tax HK$
2023		
If HK$ weakens against GBP	10	3,310,858
If HK$ strengthens against GBP	(10)	(3,310,858)
2022		
If HK$ weakens against GBP	10	3,914,578
If HK$ strengthens against GBP	(10)	(3,914,578)

Credit risk

The Group's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

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. The amounts presented are gross carrying amounts of the financial assets.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 March 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	272,522,709	272,522,709
Deposits and other receivables					
- Normal**	18,938,968	-	-	-	18,938,968
Due from ultimate holding company					
- Normal**	20,549,660	-	-	-	20,549,660
Due from immediate holding company					
- Normal**	401,356,366	-	-	-	401,356,366
Due from fellow subsidiaries					
- Normal**	429,360,301	-	-	-	429,360,301
Due from a related company					
- Normal**	8,262,434	-	-	-	8,262,434
Due from non-controlling shareholders					
- Normal**	75,092	-	-	-	75,092
Due from directors					
- Normal**	3,704,113	-	-	-	3,704,113
Due from an associate					
- Normal**	10,633,275	-	-	-	10,633,275
Pledged time deposits					
- Not yet past due	163,520,824	-	-	-	163,520,824
Cash and cash equivalents					
- Not yet past due	128,255,524	-	-	-	128,255,524
	1,184,656,557	-	-	272,522,709	1,457,179,266

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	648,125,325	648,125,325
Deposits and other receivables					
- Normal**	27,333,215	-	-	-	27,333,215
Due from ultimate holding company					
- Normal**	1,024,060	-	-	-	1,024,060
Due from immediate holding company					
- Normal**	76,305,096	-	-	-	76,305,096
Due from fellow subsidiaries					
- Normal**	641,407,212	-	-	-	641,407,212
Due from non-controlling shareholders					
- Normal**	75,092	-	-	-	75,092
Due from directors					
- Normal**	8,051,824	-	-	-	8,051,824
Due from a related company					
- Normal**	10,114,000	-	-	-	10,114,000
Due from an associate					
- Normal**	7,734,236	-	-	-	7,734,236
Pledged time deposits					
- Not yet past due	159,523,854	-	-	-	159,523,854
Cash and cash equivalents					
- Not yet past due	177,186,435	-	-	-	177,186,435
	1,108,755,024	-	-	648,125,325	1,756,880,349

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the financial statements.

** The credit quality of the deposits and other receivables and amounts due from the ultimate holding company, the immediate holding company, fellow subsidiaries, non-controlling shareholders, directors, an associate and a related company are 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".

Equity price risk

Equity price risk is the risk that the fair values of investment securities decrease as a result of changes in the levels of equity indices or the value of individual securities. The Group is exposed to equity price risk arising from individually listed equity investments included in financial assets at fair value through profit or loss (note 13) as at 31 March 2023. The Group's listed equity investments are listed in the United States of America and are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to every 10% change in the fair values of the investment securities, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount of equity investments HK$	Change in profit before tax HK$
2023		
Investments listed in the United States of America	19,742,273	1,974,227
2022		
Investments listed in the United States of America	38,100,078	3,810,008

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2023			
	On demand/ less than 1 year HK$	1 to 5 years HK$	Over 5 years HK$	Total HK$
Lease liabilities	9,939,600	26,875,302	-	36,814,902
Interest-bearing bank borrowings	238,441,333	-	-	238,441,333
Trade and bills payables	372,981,536	-	-	372,981,536
Financial liabilities included in other payables and accruals	87,941,873	-	-	87,941,873
Due to fellow subsidiaries	289,437,813	-	-	289,437,813
Derivative financial instruments	659,146	-	-	659,146
	999,401,301	26,875,302	-	1,026,276,603

	2022			
	On demand/ less than 1 year HK$	1 to 5 years HK$	Over 5 years HK$	Total HK$
Lease liabilities	10,064,342	27,680,695	-	37,745,037
Interest-bearing bank borrowings	251,861,493	-	-	251,861,493
Trade and bills payables	706,048,555	-	-	706,048,555
Financial liabilities included in other payables and accruals	78,991,470	-	-	78,991,470
Due to fellow subsidiaries	285,127,867	-	-	285,127,867
Due to a director	38,900	-	-	38,900
Derivative financial instruments	865,586	-	-	865,586
	1,332,998,213	27,680,695	-	1,360,678,908

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate benchmark reform

As at 31 March 2023, the Group had certain interest-bearing bank borrowings denominated in United States dollars. The interest rates of these instruments are based on the LIBOR, which will cease to be published after 30 June 2023.

The information about financial instruments based on an interbank offered rate that had yet to transition to an alternative benchmark rate is as follows:

As at 31 March 2023

	Non-derivative financial liabilities - carrying value HK$
Interest-bearing bank borrowings	
- United States dollar LIBOR	14,572,442

As at 31 March 2022

	Non-derivative financial liabilities - carrying value HK$
Interest-bearing bank borrowings	
- United States dollar LIBOR	3,099,134

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its businesses and maximise shareholder's value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to its shareholders, return capital to the shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

40. 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:

	2023 HK$	2022 HK$
NON-CURRENT ASSETS		
Property, plant and equipment	7,409,275	4,940,456
Investment properties	24,896,008	25,629,479
Right-of-use assets	6,076,364	8,287,497
Investments in subsidiaries	19,729,971	13,506,462
Financial assets at fair value through profit or loss	28,539,447	27,684,948
Financial assets at fair value through other comprehensive income	6,133,794	3,565,648
Deposits	677,404	770,586
Total non-current assets	93,462,263	84,385,076
CURRENT ASSETS		
Trade receivables	24,542,855	88,223,560
Prepayments, deposits and other receivables	14,095,982	6,627,863
Financial assets at fair value through profit or loss	50,666,672	39,683,032
Financial assets at fair value through other comprehensive income	11,911,880	1,569,646
Due from the ultimate holding company	-	19
Due from an immediate holding company	401,443,394	79,525,021
Due from fellow subsidiaries	424,975,519	620,835,905
Due from subsidiaries	273,463,761	175,483,833
Due from a related company	8,262,434	10,114,000
Due from directors	196,251	6,632,624
Derivative financial instruments	530,110	5,306,622
Pledged time deposits	146,446,526	141,603,759
Cash and cash equivalents	18,142,924	36,182,173
Total current assets	1,374,678,308	1,211,788,057

continued/…

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

	2023 HK$	2022 HK$
CURRENT LIABILITIES		
Trade and bills payables	20,183,013	65,541,862
Other payables and accruals	28,153,765	28,663,685
Lease liabilities	1,732,242	1,704,598
Interest-bearing bank borrowings	132,859,228	177,804,140
Due to fellow subsidiaries	217,733,736	217,453,326
Due to subsidiaries	248,966,781	160,540,479
Derivative financial instruments	610,972	3,422,739
Tax payable	3,634,637	3,439,394
Total current liabilities	653,874,374	658,570,223
NET CURRENT ASSETS	720,803,934	553,217,834
TOTAL ASSETS LESS CURRENT LIABILITIES	814,266,197	637,602,910
NON-CURRENT LIABILITIES		
Other payables	3,636,246	3,458,954
Lease liabilities	4,548,198	5,724,174
Total non-current liabilities	8,184,444	9,183,128
Net assets	806,081,753	628,419,782
EQUITY		
Share capital	31,120,000	31,120,000
Reserves (note)	774,961,753	597,299,782
Total equity	806,081,753	628,419,782

Deepak Kumar Seth
Director

Krishna Kanodia
Director

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

Note:

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

	Hedging reserve HK$	Fair value reserve of financial assets at fair value through other comprehensive income HK$	Contribution from the ultimate holding company HK$	Retained profits HK$	Total
1 April 2021	1,259,961	4,981,567	-	561,016,456	567,257,984
Profit for the year	-	-	-	151,827,434	151,827,434
Other comprehensive income/(loss) for the year:					
Remeasurement of defined plans, net of tax	-	-	-	(294,281)	(294,281)
Changes in fair value of financial assets at fair value through other comprehensive income	-	1,421,892	-	-	1,421,892
Equity-settled share-based payment arrangements	-	-	942,831	-	942,831
Cash flow hedges, net of tax	623,922	-	-	-	623,922
Total comprehensive income for the year	623,922	1,421,892	942,831	151,533,153	154,521,798
Transfer of fair value reserve upon the disposal of financial assets at fair value through other comprehensive income	-	(4,981,567)		4,981,567	-
Interim 2022 dividend paid	-	-	-	(124,480,000)	(124,480,000)
At 31 March 2022	1,883,883	1,421,892	942,831	593,051,176	597,299,782

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

	Hedging reserve HK$	Fair value reserve of financial assets at fair value through other comprehensive income HK$	Contribution from the ultimate holding company HK$	Retained profits HK$	Total
1 April 2022	1,883,883	1,421,892	942,831	593,051,176	597,299,782
Profit for the year	-	-	-	213,856,091	213,856,091
Other comprehensive income/(loss) for the year:					
Remeasurement of defined plans, net of tax	-	-	-	(416,803)	(416,803)
Changes in fair value of financial assets at fair value through other comprehensive income	-	2,567,705	-	-	2,567,705
Equity-settled share-based payment arrangements	-	-	2,519,724	-	2,519,724
Cash flow hedges, net of tax	(1,964,746)	-	-	-	(1,964,746)
Total comprehensive income for the year	(1,964,746)	2,567,705	2,519,724	213,439,288	216,561,971
Interim 2023 dividend paid	-	-	-	(38,900,000)	(38,900,000)
At 31 March 2023	(80,863)	3,989,597	3,462,555	767,590,464	774,961,753

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 8 May 2023.

Report of the Directors and Audited Financial Statements

PG GROUP LIMITED

31 March 2023

PG GROUP LIMITED

CONTENTS

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2023.

Principal activities

The principal activities of the Company during the year were the trading of home and garment products, and investment holding. The principal activities of the Company's subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Results and dividends

The Group's profit for the year ended 31 March 2023 and its financial position at that date are set out in the financial statements on pages 6 to 48.

A final dividend of US$1.32 per ordinary share, totaling US$1,315,606, in respect of the year ended 31 March 2022 was paid on 13 July 2022. The directors of the Company do not recommend the payment of a final dividend in respect of the year.

Directors

The directors of the Company during the year were:

Sebastian Felipe Berstein Jauregui	
Abhishekh Kanoi	(appointed on 28 November 2022)
Suresh Mahadev Punjabi	(appointed on 28 November 2022)
Mohandas Thekkeyil	(appointed on 14 March 2023)
Luis Hernan Gabler	(appointed on 14 March 2023)
Deepak Kumar Seth	(resigned on 28 November 2022)
Pallak Seth	(resigned on 28 November 2022)
Payel Seth	(resigned on 28 November 2022)

The persons who were directors of the subsidiaries of the Company during the year (not including those directors listed above) were:

Mahesh Kumar Seth	
Vicente Vial Cerda	
Raamann Ahuja	(appointed on 1 April 2022)
Abhishekh Kanoi	(appointed on 1 April 2022)

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests

At no time during the year was the Company or any of its subsidiaries, holding companies 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 Group to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party during the year.

Auditors

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

ON BEHALF OF THE BOARD

....

Mohandas Thekkeyil
Director

Hong Kong
8 May 2023

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report
To the members of PG Group Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the consolidated financial statements of PG Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 6 to 48, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Information other than the consolidated financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Responsibilities of the directors for the consolidated financial statements
The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report (continued)
To the members of PG Group Limited
(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors for the consolidated financial statements (continued)
In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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.

Independent auditor's report (continued)
To the members of PG Group Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Certified Public Accountants
Hong Kong
8 May 2023

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2023

	Notes	2023 US$	2022 US$
REVENUE	5	29,768,372	34,379,497
Cost of sales		(25,143,150)	(29,128,051)
Gross profit		4,625,222	5,251,446
Other income and gains	5	280,630	188,947
Selling and distribution expenses		(932,761)	(696,676)
Administrative expenses		(2,425,148)	(2,829,348)
Other operating expenses		(1,922)	(3,934)
Finance costs	8	(50,310)	(11,977)
PROFIT BEFORE TAX	6	1,495,711	1,898,458
Income tax expense	9	(2,851)	-
PROFIT FOR THE YEAR		1,492,860	1,898,458
Attributable to:			
Owners of the parent		1,418,664	1,757,967
Non-controlling interest		74,196	140,491
		1,492,860	1,898,458

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2023

	2023 US$	2022 US$
PROFIT FOR THE YEAR	1,492,860	1,898,458
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(3,834)	(4,492)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,489,026	1,893,966
Attributable to:		
Owners of the parent	1,414,695	1,754,141
Non-controlling interest	74,331	139,825
	1,489,026	1,893,966

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 US$	2022 US$
NON-CURRENT ASSETS			
Property, plant and equipment	11	5,801	18,299
Right-of-use asset	12(a)	384,356	66,247
Deposits	14	24,621	5,449
Total non-current assets		414,778	89,995
CURRENT ASSETS			
Trade and bills receivables	13	5,088,117	10,005,596
Prepayments, deposits and other receivables	14	58,544	226,602
Due from a fellow subsidiary	19(b)	795,674	-
Tax recoverable		1,760	1,781
Cash and cash equivalents		1,036,901	1,658,958
Total current assets		6,980,996	11,892,937
CURRENT LIABILITIES			
Trade and bills payables		1,046,534	3,776,076
Other payables and accruals	15	463,890	944,374
Due to a fellow subsidiary	19(b)	-	704,353
Due to a related company	19(c)	525,991	199,745
Interest-bearing bank borrowings	16	-	1,387,439
Lease liability	12(b)	73,070	60,597
Total current liabilities		2,109,485	7,072,584
NET CURRENT ASSETS		4,871,511	4,820,353
TOTAL ASSETS LESS CURRENT LIABILITIES		5,286,289	4,910,348
NON-CURRENT LIABILITY			
Lease liability	12(b)	307,390	-
Net assets		4,978,899	4,910,348

continued/…

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2023

	Notes	2023 US$	2022 US$
EQUITY			
Equity attributable to owners of the parent			
Share capital	17	1,000,000	1,000,000
Reserves	18	3,733,981	3,634,892
		4,733,981	4,634,892
Non-controlling interest		244,918	275,456
Total equity		4,978,899	4,910,348

....

Sebastian Felipe Berstein Jauregui
Director

....

Mohandas Thekkeyil
Director

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Attributable to owners of the parent					
	Share capital US$	Exchange reserve US$	Retained profits US$	Total US$	Non-controlling interest US$	Total equity US$
1 April 2021	1,000,000	2,577	3,030,910	4,033,487	167,400	4,200,887
Profit for the year	-	-	1,757,967	1,757,967	140,491	1,898,458
Other comprehensive income for the year: Exchange difference on translation of foreign operations	-	(3,826)	-	(3,826)	(666)	(4,492)
Total comprehensive income for the year	-	(3,826)	1,757,967	1,754,141	139,825	1,893,966
Final 2021 dividend declared	-	-	(1,152,736)	(1,152,736)	-	(1,152,736)
Dividend paid to a non-controlling shareholder	-	-	-	-	(31,769)	(31,769)
At 31 March 2022 and 1 April 2022	1,000,000	(1,249)*	3,636,141*	4,634,892	275,456	4,910,348
Profit for the year	-	-	1,418,664	1,418,664	74,196	1,492,860
Other comprehensive income for the year: Exchange difference on translation of foreign operations	-	(3,969)	-	(3,969)	135	(3,834)
Total comprehensive income for the year	-	(3,969)	1,418,664	1,414,695	74,331	1,489,026
Final 2022 dividend declared	-	-	(1,315,606)	(1,315,606)	-	(1,315,606)
Dividend paid to a non-controlling shareholder	-	-	-	-	(104,869)	(104,869)
At 31 March 2023	1,000,000	(5,218)*	3,739,199*	4,733,981	244,918	4,978,899

* These reserve accounts comprise the consolidated reserves of US$3,733,981 (2022: US$3,634,892) in the consolidated statement of financial position.

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 US$	2022 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,495,711	1,898,458
Adjustments for:			
Finance costs	8	50,310	11,977
Interest income	5	(1,948)	(130)
Depreciation of property, plant and equipment	6	1,922	3,934
Depreciation of a right-of-use asset	6	88,759	98,198
Impairment/(reversal of impairment) of trade receivables, net	6	(47,584)	68,277
Write-off of items of property, plant and equipment	6	9,872	-
		1,597,042	2,080,714
Decrease/(increase) in trade and bills receivables		4,965,063	(4,854,003)
Decrease/(increase) in prepayments, deposits and other receivables		145,404	(62,488)
Increase/(decrease) in trade and bills payables		(2,728,739)	1,105,665
Increase/(decrease) in other payables and accruals		(479,392)	267,827
Increase/(decrease) in an amount due to a related company		326,246	(19,805)
Change in balance with a fellow subsidiary		(1,500,027)	1,577,697
Cash generated from operations		2,325,597	95,607
Interest received		1,948	130
Overseas tax paid		(2,851)	(1,791)
Net cash flows from operating activities		2,324,694	93,946
CASH FLOWS FROM AN INVESTING ACTIVITY			
Purchases of items of property, plant and equipment and cash flows used in an investing activity		(471)	(5,554)

continued/…

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2023

	2023 US$	2022 US$
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(40,432)	(7,411)
Dividends paid	(1,315,606)	(1,152,736)
Dividends paid to a non-controlling shareholder	(104,869)	(31,769)
Principal portion of lease payments	(87,440)	(102,745)
Interest portion of lease payments	(9,878)	(4,566)
New interest-bearing bank borrowings	-	1,387,439
Repayments of interest-bearing bank borrowings	(1,387,439)	-
Net cash flows generated from/(used in) financing activities	(2,945,664)	88,212
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(621,441)	176,604
Cash and cash equivalents at beginning of year	1,658,958	1,489,062
Effect of foreign exchange rate changes, net	(616)	(6,708)
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,036,901	1,658,958
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Bank balances	1,036,901	1,658,958

1. CORPORATE AND GROUP INFORMATION

PG Group Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F, Surson Commercial Building, 140-142 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

During the year, the Group was primarily engaged in the trading of home and garment products, and investment holding.

The Company is a subsidiary of PDS Sourcing Limited, a company incorporated in Mauritius. In the opinion of the directors, the Company's ultimate holding company is PDS Limited (formerly known as PDS Multinational Fashions Limited), a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Information about subsidiaries

Particulars of the Company's subsidiaries as at the end of the reporting period are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary /registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
PG Home Group Limited	Hong Kong	US$250,000	90	-	Trading of home and garment products, and investment holding
PG Home Group S.P.A.	Chile	Chilean Pesos 3,000,000	-	90	Provision of sales and marketing services
PG Shanghai Manufacturer Co. Ltd.[#]	Shanghai	US$200,025	100	-	Provision of sourcing services

[#] PG Shanghai Manufacturer Co. Ltd is registered as a wholly-foreign-owned enterprise under PRC law.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention. These financial statements are presented in United States dollars ("US$").

<u>Basis of consolidation</u>
The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2023. 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.

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICLIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the revised HKFRSs has had no significant impact on the Group's financial performance and financial position.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied any of the new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non- current liabilities with Covenants* (the "2020 Amendments")[2]
Amendments to HKFRS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKFRS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from A Single Transactions*[1]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] No mandatory effective date yet determined but available for adoption
[4] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
[5] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
[6] An entity that chooses to apply the transition option relating to the classification overlay set out in this Amendment shall apply it on initial application of HKFRS 17

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person
   - (i) has control or joint control over the Group;
   - (ii) has significant influence over the Group; or
   - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:
   - (i) the entity and the Group are members of the same group;
   - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
   - (iii) the entity and the Group are joint ventures of the same third party;
   - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
   - (vi) the entity is controlled or jointly controlled by a person identified in (a);
   - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
   - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation
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 year 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 the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the lease terms
Furniture and fixtures	10% - 33⅓%
Office equipment	10% - 33⅓%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)
Group as a lessee (continued)
(c) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of property (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 180 days past due. The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and other payables, net of directly attributable transaction costs.

Subsequent measurement of *loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in statement of profit or loss.

Derecognition of financial instruments

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 finance costs in profit or loss.

Income tax

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

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

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, 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, and the carryforward of unused tax credits and unused tax losses can be utilised.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax 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.

Revenue recognition
Revenue from contracts with customers
Revenue from contracts with customers is recognised when 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.

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

Other income
Interest 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, which appropriate, to the net carrying amount of the financial asset.

Commission income
Revenue from the provision of agency services is recognised over time as services are rendered.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other employee benefits

Pension scheme

The Group operates a mandatory provident fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Chile and Mainland China are required to participate in central pension schemes operated by the respective local municipal governments. These subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the respective central pension schemes.

Foreign currencies

These 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 the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the dates when their fair values were measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of overseas subsidiaries are currencies other than US$. As at the end of the reporting period, the assets and liabilities of these entities are translated into US$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into HK$ at the weighted average exchange rates for the year.

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 the statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)
For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiary are translated into US$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the year are translated into US$ at the weighted average exchange rates for the year.

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

Income tax and deferred tax
Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectations are different from the original estimates, such differences will impact on the recognition of deferred tax assets and deferred tax in the periods in which such estimates have been changed.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for expected credit losses on trade and bills receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region and customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 13 to the financial statements, respectively.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 US$	2022 US$
Revenue from contracts with customers		
Sale of goods	29,768,372	34,379,497

(i) Disaggregated revenue information
The Group's entire revenue of goods transferred is recognised at a point in time.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2023 US$	2022 US$
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	590,947	16,288

(ii) Performance obligations
Information about the Group's performance obligations is summarised below:

Sale of home and garment products
The performance obligation is satisfied upon delivery of the home and garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

As a practical expedient, the amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are not disclosed in the notes to the financial statements because all the remaining performance obligations in relation to the sale of goods have an original expected duration of one year or less.

5. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of other income and gains are as follows:

	2023 US$	2022 US$
Bank interest income	1,948	130
Commission income from a related party	-	103,600
Compensation from suppliers	199,568	33,379
Discount from supplier	68,043	-
Government grant^	5,180	-
Foreign exchange differences, net	719	21,834
Others	5,172	30,004
	280,630	188,947

^ There are no unfulfilled conditions or contingencies relating to this grant recognised during the year.

6. PROFIT BEFORE TAX

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

	Notes	2023 US$	2022 US$
Cost of inventories sold		25,143,150	29,128,051
Depreciation of property, plant and equipment	11	1,922	3,934
Depreciation of a right-of-use asset	12	88,759	98,198
Lease payments not included in the measurement of lease liabilities		11,629	11,606
Auditor's remuneration		17,200	22,372
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries and allowances		968,020	1,086,527
Pension scheme contributions (defined contribution scheme)		152,228	218,802
		1,120,248	1,305,329
Foreign exchange differences, net		(719)	(21,834)
Impairment/(reversal of impairment) of trade receivables, net	13	(47,584)	68,277
Write-off of items of property, plant and equipment		9,872	-

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 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:

	2023 US$	2022 US$
Fees	-	-
Other emoluments:		
Salaries, allowances and other benefits	120,167	122,443

8. FINANCE COSTS

	2023 US$	2022 US$
Interest on interest-bearing bank borrowings	40,432	7,411
Interest on a lease liability	9,878	4,566
	50,310	11,977

9. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2022: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

A subsidiary of the Group established in the People's Republic of China (the "PRC") is subject to PRC corporate income tax at a standard rate of 25% during the year. No provision for PRC corporate income tax had been made for the prior year as the Group did not generate any assessable profits arising in the PRC during the prior year.

	2022 US$	2021 US$
Current tax:		
PRC	2,851	-

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

	2023 US$	2022 US$
Profit before tax	1,495,711	1,898,458
Tax charge at the Hong Kong statutory tax rate of 16.5% (2022: 16.5%)	246,792	313,246
Difference in tax rates applied for specific provinces or local authority	(258)	1,281
Income not subject to tax	(402,836)	(357,115)
Expenses not deductible for tax	139,405	53,049
Tax losses not recognised	28,066	429
Tax losses utilised from previous periods	(8,318)	(10,890)
Tax at the effective tax rate	2,851	-

9. INCOME TAX (continued)

As at the end of the reporting period, a subsidiary of the Group had unused tax losses arising in Chile of US$863,477 (2022: US$759,529), that are available indefinitely for offsetting against future taxable profits of that subsidiary. As at 31 March 2022, a subsidiary of the Group had unused tax losses arising in Mainland China of US$50,411, that would expire in five years for offsetting again future taxable profits of that subsidiary.

At the end of the reporting period, deferred tax assets have not been recognised in respect of the unused tax losses of US$863,477 (2022: US$809,940), which are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these unused tax losses items as it is not considered probable that taxable profits will be available against which these unused tax losses can be utilised.

10. DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31 March 2023.

A final dividend in respect of year ended 31 March 2022 of US$1.32 per ordinary share amounting to US$1,315,606 was declared by the directors of the Company and was paid to the shareholders of the Company during the current year.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements US$	Furniture and fixtures US$	Office equipment US$	Total US$
31 March 2023				
At 1 April 2022:				
Cost	44,171	66,495	49,127	159,793
Accumulated depreciation	(43,741)	(65,805)	(31,948)	(141,494)
Net carrying amount	430	690	17,179	18,299
At 1 April 2022, net of accumulated depreciation	430	690	17,179	18,299
Additions	-	-	471	471
Write-off	(73)	(307)	(9,492)	(9,872)
Depreciation provided during the year	(317)	(208)	(1,397)	(1,922)
Exchange realignment	(40)	(49)	(1,086)	(1,175)
At 31 March 2023, net of accumulated depreciation	-	126	5,675	5,801
At 31 March 2023:				
Cost	40,720	63,697	36,919	141,336
Accumulated depreciation	(40,720)	(63,571)	(31,244)	(135,535)
Net carrying amount	-	126	5,675	5,801

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements US$	Furniture and fixtures US$	Office equipment US$	Total US$
31 March 2022				
At 31 March 2021 and 1 April 2021:				
Cost	44,059	66,567	44,635	155,261
Accumulated depreciation	(42,641)	(65,205)	(31,139)	(138,985)
Net carrying amount	1,418	1,362	13,496	16,276
At 1 April 2021, net of accumulated depreciation	1,418	1,362	13,496	16,276
Additions	-	-	5,554	5,554
Depreciation provided during the year	(1,023)	(692)	(2,219)	(3,934)
Exchange realignment	35	20	348	403
At 31 March 2022, net of accumulated depreciation	430	690	17,179	18,299
At 31 March 2022:				
Cost	44,171	66,495	49,127	159,793
Accumulated depreciation	(43,741)	(65,805)	(31,948)	(141,494)
Net carrying amount	430	690	17,179	18,299

12. LEASES

The Group as a lessee
The Group has a lease contract for office premises which has a lease term of 5 years. The Group is restricted from assigning and subleasing the leased asset outside the Group.

(a) Right-of-use asset

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

	Office premises US$
As at 1 April 2021	160,264
Depreciation charge	(98,198)
Exchange realignment	4,181
As at 31 March 2022 and 1 April 2022	66,247
New lease	412,741
Depreciation charge	(88,759)
Exchange realignment	(5,873)
As at 31 March 2023	384,356

(b) Lease liability

The carrying amount of lease liability and the movements during the year are as follows:

	2023 US$	2022 US$
Carrying amount at the beginning of the year	60,597	159,136
New lease	412,741	-
Accretion of interest recognised during the year	9,878	4,566
Payments	(97,318)	(107,311)
Exchange realignment	(5,438)	4,206
Carrying amount at the end of the year	380,460	60,597
Analysed into:		
Current portion	73,070	60,597
Non-current portion	307,390	-

12. LEASES (continued)

The Group as a lessee (continued)

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

	2023 US$	2022 US$
Interest on a lease liability	9,878	4,566
Depreciation charge of a right-of-use asset	88,759	98,198
Expense relating to short-term leases	11,629	11,606
Total amount recognised in profit or loss	110,266	114,370

13. TRADE AND BILLS RECEIVABLES

	2023 US$	2022 US$
Trade receivables	3,234,936	4,379,932
Amount due from a related party	1,411,201	4,356,177
Less: Impairment	(31,124)	(78,708)
	4,615,013	8,657,401
Bills receivables	473,104	1,348,195
	5,088,117	10,005,596

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group maintains a defined credit policy and credit periods are usually granted ranging from one to four months from the month-end of date of invoice to customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables related to a large amount of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

As at the end of the reporting period, included in the Group's trade receivables of US$1,411,201 (2022: US$4,356,177) is an amount due from Grupo Extremo SUR S.A. ("Grupo"), a related company as detailed in note 19(c), which is repayable on credit terms similar to those offered to the major customers of the Group.

13. TRADE AND BILLS RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 US$	2022 US$
At beginning of year	78,708	10,431
Impairment losses/(reversal of impairment losses), net (note 6)	(47,584)	68,277
At end of year	31,124	78,708

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

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

As at 31 March 2023

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.67%	0.61%	-	-	0.67%
Gross carrying amount (US$)	4,462,339	183,798	-	-	4,646,137
Expected credit losses (US$)	30,012	1,112	-	-	31,124

As at 31 March 2022

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.91%	0.57%	0.16%	1.15%	0.90%
Gross carrying amount (US$)	8,582,566	106,924	40,513	6,106	8,736,109
Expected credit losses (US$)	77,966	606	66	70	78,708

None of the bills receivable was either past due or impaired as at 31 March 2023 and 2022. There was no recent history of default for bills receivable.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 US$	2022 US$
Prepayments	48,675	138,886
Deposits	34,490	38,240
Other receivables	-	54,925
	83,165	232,051
Less: Portion classified as non-current	(24,621)	(5,449)
	58,544	226,602

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 March 2023 and 2022, the loss allowance was assessed to be minimal.

15. OTHER PAYABLES AND ACCRUALS

	Notes	2023 US$	2022 US$
Accruals		68,707	62,661
Accrued employee benefits		71,695	50,820
Other payables	(a)	307,884	239,946
Contract liabilities	(b)	15,604	590,947
		463,890	944,374

Notes:

(a) Other payables are non-interest-bearing and have an average term of three months. Contract liabilities relate to advances received to deliver garment products.

(b) Details of contract liabilities are as follows:

	31 March 2023 US$	31 March 2022 US$	31 March 2021 US$
Advances received from customers			
Sale of goods	15,604	590,947	16,288

15. OTHER PAYABLES AND ACCRUALS (continued)

Notes: (continued)

(b) (continued)
Contract liabilities include advances received to deliver garment products. The decrease in contract liabilities in 2023 was mainly due to the decrease in sales orders received from customers in relation to sales of garment products near year end and whereas the Group had not yet delivered the products to customers. The increase in contract liabilities in 2022 was mainly due to the increase in sales orders received from customers in relation to sales of garment products near year end.

16. INTEREST-BEARING BANK BORROWINGS

	2023 US$	2022 US$
Import loans	-	1,387,439

The import loans as at 31 March 2022 were denominated in US$, interest-bearing at London Interbank Offered Rate ("LIBOR") +2% per annum and were repayable within one to two months.

The interest-bearing bank borrowings as at 3 March 2022 were guaranteed by the immediate holding company and a director of the Company.

17. SHARE CAPITAL

	2023 US$	2022 US$
Issued and fully paid:		
1,000,000 (2022: 1,000,000) ordinary shares	1,000,000	1,000,000

18. RESERVES

The amounts of the Group's reserves and the movements therein for the current year and the prior year are presented in the consolidated statement of changes in equity on page 10 of the financial statements.

19. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties based on mutually agreed terms during the year:

	2023 US$	2022 US$
Immediate holding company:		
Management fees paid	275,171	17,327
A fellow subsidiary		
Consultancy fees paid	-	330,214
Management fees paid	22,139	-
A related company:		
Sales of goods	9,457,489	10,860,610
Commission income	-	103,600
Commission paid	499,468	409,518

(b) Outstanding balance with a related party

The balance with a fellow subsidiary is unsecured, interest-free and repayable on demand.

(c) Particulars of an amount due from a related company, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance, are as follows:

Name	31 March 2023 US$	Maximum amount outstanding during the year US$	31 March 2022 US$	Maximum amount outstanding during the year US$
Trade receivables from Grupo (note 13)	1,411,201	4,356,177	4,356,177	4,356,177
Due to Grupo	(525,991)	(525,991)	(199,745)	(219,550)
	885,210		4,156,432	

The related company is a wholly-owned subsidiary of GES Corp. HK Limited, which is a non-controlling shareholder of the Company.

(d) Compensation of key management personnel of the Group represented directors' remuneration as disclosed in note 7 to the financial statements.

20. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

	Lease liability US$	Interest-bearing bank borrowings US$
1 April 2021	159,136	-
Interest expense	4,566	-
Changes from financing cash flows, net	(107,311)	1,387,439
Exchange realignment	4,206	-
At 31 March 2022 and 1 April 2022	60,597	1,387,439
New lease	412,741	-
Interest expense	9,878	-
Changes from financing cash flows, net	(97,318)	(1,387,439)
Exchange realignment	(5,438)	-
At 31 March 2023	380,460	-

21. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Group comprise trade and bills receivables, deposits and other receivables, an amount due from a fellow subsidiary, and cash and cash equivalents, which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the consolidated statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Group comprise trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, amounts due to a fellow subsidiary and a related company and a lease liability, which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the consolidated statement of financial position or in the corresponding notes to the financial statements.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, trade and bills payables, current portion of deposits and other receivables, financial liabilities included in other payables and accruals, balances with a fellow subsidiary and a related company approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

The Group's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

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 the end of reporting period. The amounts presented are gross carrying amounts of the financial assets.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 March 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Simplified approach US$	Total US$
Trade receivables *	-	-	-	4,646,137	4,646,137
Bills receivables					
- Normal**	473,104	-	-	-	473,104
Due from a fellow subsidiary					
- Normal**	795,674	-	-	-	795,674
Deposits and other receivables					
- Normal**	34,490	-	-	-	34,490
Cash and cash equivalents					
- Not yet past due	1,036,901	-	-	-	1,036,901
	2,340,169	-	-	4,646,137	6,986,306

As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Simplified approach US$	Total US$
Trade receivables *	-	-	-	8,736,109	8,736,109
Bills receivables					
- Normal**	1,348,195	-	-	-	1,348,195
Deposits and other receivables					
- Normal**	93,165	-	-	-	93,165
Cash and cash equivalents					
- Not yet past due	1,658,958	-	-	-	1,658,958
	3,100,318	-	-	8,736,109	11,836,427

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

** The credit quality of the bills receivables, deposits and other receivables and an amount due from a fellow subsidiary are 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”.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2023		
	On demand/ less than 1 year US$	1 to 5 years US$	Total US$
Lease liability	97,098	356,028	453,126
Trade and bills payables	1,046,534	-	1,046,534
Financial liabilities included in other payables and accruals	376,591	-	376,591
Due to a related company	525,991	-	525,991
	2,046,214	356,028	2,402,242

	2022		
	On demand/ less than 1 year US$	1 to 5 years US$	Total US$
Lease liability	70,180	-	70,180
Trade and bills payables	3,776,076	-	3,776,076
Financial liabilities included in other payables and accruals	302,607	-	302,607
Due to a related company	199,745	-	199,745
Due to a fellow subsidiary	704,353	-	704,353
Interest-bearing bank borrowings	1,386,914	-	1,386,914
	6,439,875	-	6,439,875

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to the shareholders, return capital to the shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

24. 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:

	2023 US$	2022 US$
NON-CURRENT ASSETS		
Investments in subsidiaries	425,025	425,025
CURRENT ASSETS		
Trade and bills receivables	4,650,554	8,524,388
Prepayments and other receivables	21,645	136,430
Due from a fellow subsidiary	40,014	-
Cash and cash equivalents	647,458	1,021,694
Total current assets	5,359,671	9,682,512
CURRENT LIABILITIES		
Trade payables	719,939	2,958,292
Other payables and accruals	232,499	663,445
Due to fellow subsidiaries	-	704,353
Due to a related company	525,991	199,745
Due to a subsidiary	1,138,002	1,406,198
Interest-bearing bank borrowings	-	1,387,439
Total current liabilities	2,616,431	7,319,472
NET CURRENT ASSETS	2,743,240	2,363,040
Net assets	3,168,265	2,788,065
EQUITY		
Share capital	1,000,000	1,000,000
Retained profits (note)	2,168,265	1,788,065
Total equity	3,168,265	2,788,065

....

Sebastian Felipe Berstein Jauregui
Director

Mohandas Thekkeyil
Director

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

Note:

A summary of the Company's retained profits is as follows:

	Retained profits US$
At 1 April 2021	2,160,978
Profit and total comprehensive income for the year	779,823
Final 2021 dividend declared	(1,152,736)
At 31 March 2022 and at 1 April 2022	1,788,065
Profit and total comprehensive income for the year	1,695,806
Final 2022 dividend declared	(1,315,606)
At 31 March 2023	2,168,265

25. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 8 May 2023.

Report of the Directors and Audited Financial Statements

BRAND COLLECTIVE LIMITED

31 March 2023

CERTIFIED TRUE COPY

Ernst & Young

ERNST & YOUNG

Independent auditor's report (continued)
To the members of Brand Collective Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Certified Public Accountants
Hong Kong
14 August 2023

Report of the Directors and Audited Financial Statements

CASA COLLECTIVE LIMITED

31 March 2023

CERTIFIED TRUE COPY

Ernst & Young

ERNST & YOUNG

CASA COLLECTIVE LIMITED

CONTENTS

CASA COLLECTIVE LIMITED

REPORT OF THE DIRECTORS

The directors presents their report and the audited financial statements of the Company for the year ended 31 March 2023.

Principal activity
The principal activity of the Company is trading of home furnishings products. There was no significant change in the Company's principal activity during the year.

Results
The Company's loss for the year ended 31 March 2023 and its financial position as at that date are set out in the financial statements on pages 5 to 32.

Directors
The directors of the Company during the year were:

Eric Kahlil Leddel	
Abhishekh Kanoi	(appointed on 1 April 2022)
Krishna Kanodia	(appointed on 1 April 2022)
Pallak Seth	(resigned on 1 April 2022)

In accordance with the Company's articles of association, both directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies 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 or any of its holding companies or fellow subsidiaries was a party during the year.

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

ON BEHALF OF THE BOARD

....
Abhishekh Kanoi
Director

14 August 2023

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

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

Opinion
We have audited the financial statements of Casa Collective Limited (the "Company") set out on pages 5 to 31, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Independent auditor's report (continued)
To the member of Casa Collective Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the member of Casa Collective Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Certified Public Accountants
Hong Kong
14 August 2023

CASA COLLECTIVE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
REVENUE	4	31,353,568	2,005,263
Cost of sales		(18,747,381)	(1,915,050)
Gross profit		12,606,187	90,213
Other income and gains	4	389,250	2
Selling and distribution expenses		(4,244,156)	(4,025,418)
Administrative expenses		(16,878,133)	(10,459,464)
Other operating expenses		(61,382)	(51,162)
Finance costs	6	-	(38)
LOSS BEFORE TAX	5	(8,188,234)	(14,445,867)
Income tax expense	8	-	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(8,188,234)	(14,445,867)

CASA COLLECTIVE LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
NON-CURRENT ASSET			
Property, plant and equipment	9	170,570	111,012
CURRENT ASSETS			
Trade receivables	10	8,066,056	1,906,170
Prepayments and deposits		1,610,858	936,530
Due from an intermediate holding company	14(b)	11,483	-
Cash and cash equivalents		1,565,762	1,910,984
Total current assets		11,254,159	4,753,684
CURRENT LIABILITIES			
Trade payables	11	1,955,333	308,476
Other payables and accruals		1,607,562	1,290,052
Due to the immediate holding company	14(b)	32,868,776	20,319,467
Due to fellow subsidiaries	14(b)	5,597	1,020
Total current liabilities		36,437,268	21,919,015
NET CURRENT LIABILITIES		(25,183,109)	(17,165,331)
Net liabilities		(25,012,539)	(17,054,319)
EQUITY			
Share capital	12	778,000	778,000
Accumulated losses		(25,790,539)	(17,832,319)
Net deficiency in assets		(25,012,539)	(17,054,319)

yal.

....

Abhishekh Kanoi
Director

....

Krishna Kanodia
Director

CASA COLLECTIVE LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Note	Share capital HK$	Contribution from the ultimate holding company HK$	Accumulated losses HK$	Net deficiency in assets HK$
At 1 April 2021		778,000	-	(3,513,524)	(2,735,524)
Loss and total comprehensive loss for the year		-	-	(14,445,867)	(14,445,867)
Equity-settled share-based arrangements	13	-	127,072	-	127,072
At 31 March 2022 and at 1 April 2022		778,000	127,072*	(17,959,391)*	(17,054,319)
Loss and total comprehensive loss for the year		-	-	(8,188,234)	(8,188,234)
Equity-settled share-based arrangements	13	-	230,014	-	230,014
At 31 March 2023		778,000	357,086*	(26,147,625)*	(25,012,539)

* These reserve accounts comprise the debit reserves of HK$25,790,539 (2022: HK$17,832,319) in the statement of financial position.

CASA COLLECTIVE LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(8,188,234)	(14,445,867)
Adjustments for:			
Finance costs	6	-	38
Interest income	4	(924)	(2)
Depreciation of property, plant and equipment	5	59,834	29,263
Impairment of trade receivables	5	31,618	2,910
Equity-settled share-based expense	5	230,014	127,072
		(7,867,692)	(14,286,586)
Increase in trade receivables		(6,191,504)	(1,909,080)
Increase in prepayments and deposits		(674,328)	(686,530)
Increase in an amount due from an intermediate holding company		(11,483)	-
Increase in trade payables		1,646,857	308,476
Increase in other payables and accruals		317,510	456,021
Increase in amounts due to fellow subsidiaries		4,577	1,020
Changes in balances with the immediate holding company		12,549,309	17,229,902
Cash generated from/(used in) operations		(226,754)	1,113,223
Interest received		924	2
Interest paid		-	(38)
Net cash flows from/(used in) operating activities		(225,830)	1,113,187
CASH FLOW FROM AN INVESTING ACTIVITY			
Purchases of items of property, plant and equipment		(119,392)	(106,176)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(345,222)	1,007,011
Cash and cash equivalents at beginning of year		1,910,984	903,973
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,565,762	1,910,984
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		1,565,762	1,910,984

1. CORPORATE INFORMATION

Casa Collective Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

During the year, the Company was engaged in the trading of home furnishings products.

The Company is a non-wholly owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Limited (formerly known as PDS Multinational Fashions Limited), a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's intermediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the revised HKFRSs has had no significant impact on the Company's financial performance and financial position.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non- current liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to HKFRS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKFRS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from A Single Transactions*[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this Amendment shall apply it on initial application of HKFRS 17

The Company is in process of making an assessment of the impact of these new and revised HKFRSs upon their initial application. So far, the Company considers that these new and revised HKFRSs are unlikely to have a significant impact of the Company's financial statements in the period of initial application.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets
Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
  (i) has control or joint control over the Company;
  (ii) has significant influence over the Company; or
  (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Company are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a Company of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement of financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach (continued)
At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivable which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach
For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

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

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated principal annual rate used for office equipment and furniture and fixtures is 33⅓%.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial instruments
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses 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 the 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 the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intends 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.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

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

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

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company's operations. Employees (including directors) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option-pricing model, further details of which are given in note 13 to the financial statements.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)
Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Foreign currency transactions
These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgement
In the process of applying the Company's accounting policies, management has made the following judgement apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Determination of functional currency
In determining the functional currency of each of the operating unit of the Company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country/jurisdiction whose competitive forces and regulations mainly determine the sales prices of its goods and services. The functional currency of each of the operating unit of the Company is determined based on management's assessment of the primary economic environment in which the operating unit operates. When the indicators are mixed and the functional currency is not obvious, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

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

Provision of income taxes
Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Provision for expected credit losses on trade receivables
The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 10 to the financial statements.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

An analysis of the Company's revenue is as follows:

	2023 HK$	2022 HK$
Revenue from contracts with customers		
Sale of home furnishing products	31,353,568	2,005,263

4. REVENUE, OTHER INCOME AND GAINS (continued)

(i) *Disaggregated revenue information*
The Company's entire revenue of goods transferred is recognised at a point in time.

(ii) *Performance obligations*
Information about the Company's performance obligations is summarised below:

Sale of home furnishings products
The performance obligation is satisfied upon delivery of home furnishings products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of the Company's other income and gains are as follows:

	2023 HK$	2022 HK$
Other income and gains		
Bank interest income	924	2
Foreign exchange gain, net	108,326	-
Government grant^	280,000	-
	389,250	2

^ Government Employer Support Scheme represents subsidy received in connection with the support from the "Employment Support Scheme" of The Government of the Hong Kong Special Administrative Region. There are no unfulfilled conditions or contingencies relating to this grant recognised during the year.

5. LOSS BEFORE TAX

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

	Notes	2023 HK$	2022 HK$
Cost of inventories sold		18,747,381	1,915,050
Auditor's remuneration		27,250	12,600
Depreciation of property, plant and equipment	9	59,834	29,263
Impairment of trade receivables	10	31,618	2,910
Employee benefit expense (excluding directors' remuneration (note 7)):			
Wages and salaries		7,823,038	3,943,129
Pension scheme contribution* (defined contribution scheme)		255,321	170,543
Equity-settled share-based expense	13	230,014	127,072
		8,308,373	4,240,744
Foreign exchange difference, net#		(108,326)	21,899

* There are no forfeited contributions that may be used by the Company as the employer to reduce its contributions in future years (2022: Nil).

These gains are included in "Other income and gains" and the losses are included in "Other operating expenses", as appropriate, in statement of profit or loss and other comprehensive income.

6. FINANCE COSTS

	2023 HK$	2022 HK$
Interest on bank overdrafts	-	38

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 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:

	2023 HK$	2022 HK$
Fees	937,500	1,025,000
Other emoluments:		
Salaries and allowances	-	-
	937,500	1,025,000

8. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Company did not generate any assessable profits in Hong Kong during the year (2022: Nil).

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

	2023 HK$	2022 HK$
Loss before tax	(8,188,234)	(14,445,867)
Tax at the Hong Kong statutory tax rate of 16.5% (2022:16.5%)	(1,351,059)	(2,383,568)
Income not subject to tax	(2,144,247)	(14,886)
Expenses not deductible for tax	3,495,306	2,398,454
Tax amount at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2022: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$	Furniture and fixtures HK$	Total HK$
31 March 2023			
At 1 April 2022:			
Cost	144,716	-	144,716
Accumulated depreciation	(33,704)	-	(33,704)
Net carrying amount	111,012	-	111,012
At 1 April 2022, net of accumulated depreciation	111,012	-	111,012
Additions	107,504	11,888	119,392
Depreciation provided during the year	(58,195)	(1,639)	(59,834)
At 31 March 2023, net of accumulated depreciation	160,321	10,249	170,570
At 31 March 2023:			
Cost	252,220	11,888	264,108
Accumulated depreciation	(91,899)	(1,639)	(93,538)
Net carrying amount	160,321	10,249	170,570

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Office equipment HK$	Furniture and fixtures HK$	Total HK$
31 March 2022			
At 1 April 2021:			
Cost	38,540	-	38,540
Accumulated depreciation	(4,441)	-	(4,441)
Net carrying amount	34,099	-	34,099
At 1 April 2021, net of accumulated depreciation	34,099	-	34,099
Additions	106,176	-	106,176
Depreciation provided during the year	(29,263)	-	(29,263)
At 31 March 2022, net of accumulated depreciation	111,012	-	111,012
At 31 March 2022:			
Cost	144,716	-	144,716
Accumulated depreciation	(33,704)	-	(33,704)
Net carrying amount	111,012	-	111,012

10. TRADE RECEIVABLES

	2023 HK$	2022 HK$
Trade receivables	8,100,584	1,909,080
Less: Impairment	(34,528)	(2,910)
	8,066,056	1,906,170

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days, extending up to 90 days for major customers. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

10. TRADE RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 HK$	2022 HK$
At beginning of year	2,910	-
Impairment losses (note 5)	31,618	2,910
At end of year	34,528	2,910

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 March 2023

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.43%	0.43%	-	-	0.43%
Gross carrying amount (HK$)	4,820,404	3,280,180	-	-	8,100,584
Expected credit losses (HK$)	20,547	13,981	-	-	34,528

As at 31 March 2022

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.22%	0.15%	0.14%	-	0.15%
Gross carrying amount (HK$)	97,789	1,591,761	219,530	-	1,909,080
Expected credit losses (HK$)	211	2,381	318	-	2,910

11. TRADE PAYABLES

	2023 HK$	2022 HK$
Trade payables	1,955,333	308,476

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

12. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid:		
10,000 (2022: 10,000) ordinary shares	778,000	778,000

13. SHARE OPTION SCHEME

The employees of the Company are covered under the share-based schemes of Employee Stock Option Plan 2021 – Plan A and Phantom Stock Units Plan 2021 (the ultimate holding company).

Employee Stock Option Plan (ESOP):
The employee stock option plan is offered to all eligible employees fixed numbers of share options. Under the plan, the option price per share is 100 percent of the fair market value on the grant date with a discount of 20 percent. The options have a four-year term plan and would be exercisable in four equal instalments.

Total share-based expense recognised in the statement of profit and loss as part of employee benefits expense is as follows:

	2023 HK$	2022 HK$
Equity-settled share-based expense	230,014	127,072

Computation methodology and assumptions
The Company accounts for all awards granted under the share based schemes and estimates the fair values for stock options using the Black-Scholes option-pricing model with the following weighted average assumptions as follows:

	22 October 2021 HK$	8 December 2021 HK$	30 December 2021 HK$
Weighted average grant date fair value, per share*	28.6	33.0	35.6
Weighted average exercise price, per share*	22.8	22.8	22.8
Weighted average assumptions used:			
Expected volatility	25%	25%	25%
Expected lives (in years)	4	4	4
Risk-free interest rates	5.50%	5.65%	5.85%
Expected dividend yields	1.12%	1%	0.88%

13. SHARE OPTION SCHEME (continued)

Computation methodology and assumptions (continued)
The Company determines expected volatility on all options granted using available implied volatility rates. The Company believes that market-based measures of implied volatility are currently the best available indicators of the expected volatility used in these estimates. The Company determines expected lives of options based on the weighted average life of the options. The Company believes that the weighted average life of the options is the best estimate currently available. The risk-free interest rates are determined using the implied yield currently available for zero-coupon U.S. government issues with a remaining term equal to the expected life of the options. The expected dividend yields are based on the annualised approved quarterly dividend rate and the current market price of the ultimate holding company's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term. Employee stock purchase plan is a discount-purchase plan and consequently the fair value per share under this plan equals the amount of the discount.

Summarised information about movement in the share based schemes:

The Options outstanding under the employee stock purchase plan as of 31 March 2023 had an exercise price equal to 80 percent of the fair market value of holding company's stock on the date of exercise.

The following share options were outstanding under the Scheme during the year:

	2023		2022	
	Weighted average exercise price HK$ per share*	Number of options*	Weighted average exercise price HK$ per share	Number of options
At 1 April	114	10,000	-	-
Adjustment of stock split	-	40,000	-	-
Granted during the year	-	-	114	10,000
At 31 March	28.15	50,000	114	10,000

*During the year, the ultimate holding company's stock has been split 1:5 from face value of HK$1.29 to HK$0.26.

14. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transaction with a related party based on mutually agreed terms during the year:

	2023 HK$	2022 HK$
Fellow subsidiaries:		
Support services fee paid	5,185	-
Intermediate holding company:		
Management fees paid	44,502	138,889
Support services fee paid	62,240	-
Consultancy fees paid	581,376	-

(b) The balances with the immediate holding company, an intermediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 7 to the financial statements.

15. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, deposits, cash and cash equivalents and amount due from an intermediate holding company which are categorised as financial assets at amortised cost. The carrying amounts of financial assets included in prepayments and deposits amounted to HK$105,808 (2022: Nil). The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Company comprise trade payables, financial liabilities included in other payables and accruals, amounts due to the immediate holding company and fellow subsidiaries, which are categorised as financial liabilities at amortised cost. The carrying amounts of financial liabilities included in other payables and accruals amounted to HK$766,246 (2022: HK$715,047). The carrying amounts of these financial liabilities other than the financial liabilities included in other payables and accruals are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

16. FAIR VALUE OF FINANCIAL ASSESTS AND LIABILITIES

Management has assessed that the fair values of trade receivables, deposits, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, balances with the immediate holding company, an intermediate holding company and fellow subsidiaries, approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Company did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

<u>Maximum exposure and year-end staging</u>

The tables below shows the credit quality and the maximum exposure to credit risk based on the Company'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. The amounts presented are gross carrying amounts of the financial assets.

As at 31 March 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	8,100,584	8,100,584
Deposits					
- Normal**	105,858	-	-	-	105,858
Due from an intermediate holding company					
- Normal**	11,483	-	-	-	11,483
Cash and cash equivalents					
- Not yet past due	1,565,762	-	-	-	1,565,762
	1,683,103	-	-	8,100,584	9,783,687

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	1,909,080	1,909,080
Cash and cash equivalents					
- Not yet past due	1,910,984	-	-	-	1,910,984
	1,910,984	-	-	1,909,080	3,820,064

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 10 to the financial statements.

** The credit quality of amount due from an intermediate holding company and deposits are 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".

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, are either repayable on demand or are repayable within three months.

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 2022.

18. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to confirm with the current year's presentation. The directors consider such reclassification will allow a more appropriate presentation of the Group's financial performance and financial position and better reflect the nature of the transaction.

19. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 August 2023.

Report of the Directors and Audited Financial Statements

CLOVER COLLECTIONS LIMITED

31 March 2023

CERTIFIED TRUE COPY

Ernst & Young

ERNST & YOUNG

EY 安永

Building a better working world

CLOVER COLLECTIONS LIMITED

CONTENTS

CLOVER COLLECTIONS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended
31 March 2023.

Principal activity
The principal activity of the Company is the trading of garments. There were no significant changes in the nature of the Company's principal activities during the year.

Results and dividends
The Company's profit for the year ended 31 March 2023 and its financial position at that date are set out in the financial statements on pages 5 to 39.

The first and second interim 2023 dividend of US$3 and US$2.50 per ordinary share were paid on 30 June 2022 and 1 March 2023, respectively. The directors do not recommend the payment of a final dividend in respect of the year.

Directors
The directors of the Company during the year were:

Sandeep Ramesh Chablani	
Anuj Banaik	
Ashish Gupta	(appointed on 19 April 2022)
Krishna Kanodia	(appointed on 19 April 2022)
Pallak Seth	(resigned on 19 April 2022)
Deepak Kumar Seth	(resigned on 19 April 2022)
Payel Seth	(resigned on 19 April 2022)

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies 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 or any of its holding companies or fellow subsidiaries was a party during the year.

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

ON BEHALF OF THE BOARD

Banaik
....

Anuj Banaik
Director

14 SEP 2023

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

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

Opinion
We have audited the financial statements of Clover Collections Limited (the "Company") set out on pages 5 to 39, which comprises the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report (continued)
To the member of Clover Collections Limited
(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors for the financial statements (continued)
In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

EY 安永

Independent auditor's report (continued)
To the member of Clover Collections Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Ernst & Young

Certified Public Accountants
Hong Kong
14 September 2023

CLOVER COLLECTIONS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
REVENUE	4	101,848,790	292,179,003
Cost of sales		(93,188,704)	(269,377,663)
Gross profit		8,660,086	22,801,340
Other income and gains	4	5,540,518	21,725,030
Selling and distribution expenses		(1,817,101)	(2,644,441)
Administrative expenses		(1,777,768)	(19,282,727)
Other expenses		(1,932,791)	(1,421,828)
Finance costs	6	(185,090)	(45,704)
PROFIT BEFORE TAX	5	8,487,854	21,131,670
Income tax expense	8	-	-
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		8,487,854	21,131,670

CLOVER COLLECTIONS LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	10	798,215	596,404
Right-of-use assets	11(a)	619,580	4,347,572
Deposits		221,730	254,548
Total non-current assets		1,639,525	5,198,524
CURRENT ASSETS			
Inventories	13	667,346	10,390,003
Trade receivables	12	13,783,718	12,637,724
Deposits		4,668	2,651
Due from the immediate holding company	18(b)	35,491,924	4,603,735
Due from fellow subsidiaries	18(b)	6,109,585	17,837,495
Cash and cash equivalents		1,959,660	1,655,829
Total current assets		58,016,901	47,127,437
CURRENT LIABILITIES			
Trade payables		8,203,411	22,369,890
Other payables and accruals	15	3,554,750	3,939,631
Due to fellow subsidiaries	18(b)	34,955,725	752,672
Interest-bearing bank borrowings	14	5,017,413	13,573,639
Lease liabilities	11(b)	608,890	1,252,860
Total current liabilities		52,340,189	41,888,692
NET CURRENT ASSETS		5,676,712	5,238,745
TOTAL ASSETS LESS CURRENT LIABILITIES		7,316,237	10,437,269
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	51,251	3,175,339
Net assets		7,264,986	7,261,930

continued/...

CLOVER COLLECTIONS LIMITED

STATEMENT OF FINANCIAL POSITION (continued)

31 March 2023

	Note	2023 HK$	2022 HK$
EQUITY			
Share capital	16	1,556,000	1,556,000
Reserves		5,708,986	5,705,930
Total equity		7,264,986	7,261,930

Sandeep Ramesh Chablani
Director

Anuj Banaik
Director

CLOVER COLLECTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Notes	Share capital HK$	Contribution from the ultimate holding company HK$	Retained profits HK$	Total equity HK$
At 1 April 2021		1,556,000	-	17,208,653	18,764,653
Profit and total comprehensive income for the year		-	-	21,131,670	21,131,670
Equity-settled share-based payment arrangements	17	-	41,607	-	41,607
Final 2021 dividend paid	9	-	-	(17,116,000)	(17,116,000)
Interim 2022 dividend paid	9	-	-	(15,560,000)	(15,560,000)
At 31 March 2022 and 1 April 2022		1,556,000	41,607*	5,664,323*	7,261,930
Profit and total comprehensive income for the year		-	-	8,487,854	8,487,854
Equity-settled share-based payment arrangements	17	-	73,202	-	73,202
First interim 2023 dividend paid	9	-	-	(4,668,000)	(4,668,000)
Second interim 2023 dividend paid	9	-	-	(3,890,000)	(3,890,000)
At 31 March 2023		1,556,000	114,809*	5,594,177*	7,264,986

* These reserve accounts comprise the reserves of HK$5,708,986 (2022: HK$5,705,930) in the statement of financial position.

CLOVER COLLECTIONS LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		8,487,854	21,131,670
Adjustments for:			
Depreciation of property, plant and equipment	5	583,310	374,199
Depreciation of right-of-use assets	5	1,436,276	753,002
Finance costs	6	185,090	45,704
Impairment/(reversal of impairment) of trade receivables	5	(15,649)	22,612
Gain on termination of a lease	5	(52,393)	-
Equity-settled share-based payment expenses	5	73,202	41,607
		10,697,690	22,368,794
Decrease/(increase) in inventories		9,722,657	(10,390,003)
Increase in trade receivables		(1,130,345)	(10,897,116)
Decrease/(increase) in deposits		30,801	(141,871)
Decrease in an amount due from an intermediate holding company		-	71,981
Decrease/(increase) in an amount due from the immediate holding company		(30,888,189)	81,056,667
Decrease in trade payables		(14,166,479)	(7,866,713)
Increase/(decrease) in other payables and accruals		(384,881)	3,208,873
Decrease in an amount due to a related company		-	(34,357)
Changes in balances with fellow subsidiaries		45,930,963	(20,106,372)
Cash generated from operations		19,812,217	57,269,883
Interest paid		(111,335)	-
Net cash flows from operating activities		19,700,882	57,269,883
CASH FLOW FROM AN INVESTING ACTIVITY			
Purchases of items of property, plant and equipment	10	(785,121)	(110,165)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from trust receipt loans		69,906,555	265,643,053
Repayments of trust receipt loans		(78,462,781)	(288,731,732)
Principal portion of lease payments		(1,423,949)	(696,978)
Interest element of lease liabilities		(73,755)	(45,704)
Dividends paid		(8,558,000)	(32,676,000)
Cash flows used in financing activities		(18,611,930)	(56,507,361)
NET INCREASE IN CASH AND CASH EQUIVALENTS		303,831	652,357
Cash and cash equivalents at beginning of year		1,655,829	1,003,472
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,959,660	1,655,829
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,959,660	1,655,829

1. CORPORATE INFORMATION

Clover Collections Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

During the year, the Company was involved in the trading of garments.

The Company is a wholly-owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Limited (formerly known as PDS Multinational Fashion Ltd.), a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the revised HKFRSs has had no significant impact on the Company's financial performance and financial position.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non- current liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to HKFRS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKFRS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from A Single Transactions*[1]

1 Effective for annual periods beginning on or after 1 January 2023

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

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this Amendment shall apply it on initial application of HKFRS 17

The Company is in process of making an assessment of the impact of these new and revised HKFRSs upon their initial application. So far, the Company considers that these new and revised HKFRSs are unlikely to have a significant impact on the Company's financial statements in the period of initial application.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
 (i) has control or joint control over the Company;
 (ii) has significant influence over the Company; or
 (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
 (i) the entity and the Company are members of the same group;
 (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 (iii) the entity and the Company are joint ventures of the same third party;
 (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
 (vi) the entity is controlled or jointly controlled by a person identified in (a);
 (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Impairment of non-financial assets
Where an indication of impairment exists or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation
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 year in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Leasehold improvement	Over the shorter of the lease terms and 33⅓%
Furniture and fixtures	25%
Computer equipment	33⅓%
Office equipment	33⅓%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)
Company as a lessee (continued)

(b) Lease liabilities (continued)
In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term lease of a property (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
Initial recognition and measurement (continued)
All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:
- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach
For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the actual basis and comprises invoiced value of purchases, freight and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, which are not restricted as to use.

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.

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity 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.

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

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

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

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

Handling fee is recognised when the relevant services has been rendered.

Share-based payments
The Company operates a share-based scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company's operations. Employees (including directors) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option-pricing model, further details of which are given in note 17 to the financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)
Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Foreign currency transactions
These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 12 to the financial statements.

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

	2023 HK$	2022 HK$
Revenue from contracts with customers		
Sale of goods	101,848,790	292,179,003

(i) Disaggregated revenue information
The Company's entire revenue from the sale of garments is recognised at a point in time.

(ii) Performance obligations
Information about the Company's performance obligations is summarised below:

Sale of garment products
The performance obligation is satisfied upon delivery of the garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of other income and gains are as follows:

	2023 HK$	2022 HK$
Other income and gains		
Handling fee income	4,286,194	13,950,568
Penalties from suppliers	1,201,931	7,766,623
Gain on termination of a lease	52,393	-
Others	-	7,839
	5,540,518	21,725,030

5. PROFIT BEFORE TAX

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

	Notes	2023 HK$	2022 HK$
Cost of inventories sold		93,188,704	269,377,663
Auditor's remuneration		22,650	16,050
Depreciation of right-of-use assets	11(a)	1,436,276	753,002
Depreciation of property, plant and equipment	10	583,310	374,199
Impairment/(reversal of impairment) of trade receivables	12	(15,649)	22,612
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries and allowances		4,623,697	4,793,324
Equity-settled share-based payment expense	17	73,202	41,607
		4,696,899	4,834,931
Foreign exchange differences, net#		109,286	137,926
Gain on termination of a lease		(52,393)	-

\# The balance is included in "Other operating expenses" in statement of profit or loss and other comprehensive income.

6. FINANCE COSTS

	2023 HK$	2022 HK$
Interest on factoring	104,523	-
Interest on lease liabilities	73,755	45,704
Letter of credit charges	6,812	-
	185,090	45,704

7. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2022: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits in Hong Kong during the year (2022: Nil).

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

	2023 HK$	2022 HK$
Profit before tax	8,487,854	21,131,670
Tax expense at the statutory tax rate	1,400,495	3,486,726
Income not subject to tax	(2,343,098)	(7,346,852)
Expenses not deductible for tax	942,603	3,860,126
Tax at the effective tax rate	-	-

As at the end of the reporting period, the Company had unused tax losses of HK$10,568,678 (2022: HK$10,568,678), subject to the agreement of the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the Company. Deferred tax assets in respect of the unused tax losses has not been recognised as the directors consider it uncertain that there will be available taxable profits of the Company to utilise the unused tax losses.

9. DIVIDENDS

	2023 HK$	2022 HK$
First interim dividend - US$3 (2022: US$10) per ordinary share	4,668,000	15,560,000
Second interim dividend - US$2.50 (2022: Nil) Per ordinary share	3,890,000	-
	8,558,000	15,560,000

10. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK$	Computer equipment HK$	Office equipment HK$	Leasehold improvement HK$	Total HK$
31 March 2023					
At 1 April 2022:					
Cost	586,704	739,048	161,759	-	1,487,511
Accumulated depreciation	(342,317)	(487,009)	(61,781)	-	(891,107)
Net carrying amount	244,387	252,039	99,978	-	596,404
At 1 April 2022, net of accumulated depreciation	244,387	252,039	99,978	-	596,404
Additions	396,912	163,911	199,090	25,208	785,121
Depreciation provided during the year	(193,892)	(288,524)	(99,844)	(1,050)	(583,310)
At 31 March 2023, net of accumulated depreciation	447,407	127,426	199,224	24,158	798,215
At 31 March 2023:					
Cost	983,616	902,959	360,849	25,208	2,272,632
Accumulated depreciation	(536,209)	(775,533)	(161,625)	(1,050)	(1,474,417)
Net carrying amount	447,407	127,426	199,224	24,158	798,215

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Furniture and fixtures HK$	Computer equipment HK$	Office equipment HK$	Total HK$
31 March 2022				
At 1 April 2021:				
Cost	586,704	739,048	51,594	1,377,346
Accumulated depreciation	(195,604)	(302,047)	(19,257)	(516,908)
Net carrying amount	391,100	437,001	32,337	860,438
At 1 April 2021, net of accumulated depreciation	391,100	437,001	32,337	860,438
Additions	-	-	110,165	110,165
Depreciation provided during the year	(146,713)	(184,962)	(42,524)	(374,199)
At 31 March 2022, net of accumulated depreciation	244,387	252,039	99,978	596,404
At 31 March 2022:				
Cost	586,704	739,048	161,759	1,487,511
Accumulated depreciation	(342,317)	(487,009)	(61,781)	(891,107)
Net carrying amount	244,387	252,039	99,978	596,404

11. LEASES

The Company as a lessee
The Company has lease contracts for office premises which have lease terms between 1 and 5 years.

(a) Right-of-use assets

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

	Office premises HK$
As at 1 April 2021	2,087,548
New lease	3,013,026
Depreciation charge	(753,002)
As at 31 March 2022 and 1 April 2022	4,347,572
Depreciation charge	(1,436,276)
Termination of a lease	(2,291,716)
As at 31 March 2023	619,580

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 HK$	2022 HK$
Carrying amount at the beginning of the year	4,428,199	2,112,151
New lease	-	3,013,026
Accretion of interest recognised during the year	73,755	45,704
Payments	(1,497,704)	(742,682)
Termination of a lease	(2,344,109)	-
Carrying amount at the end of the year	660,141	4,428,199
Analysed into:		
Current portion	608,890	1,252,860
Non-current portion	51,251	3,175,339

11. LEASES (continued)

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

	2023 HK$	2022 HK$
Interest on lease liabilities	73,755	45,704
Depreciation charge of right-of-use assets	1,436,276	753,002
Gain on termination of a lease	(52,393)	-
Total amount recognised in profit or loss	1,457,638	798,706

12. TRADE RECEIVABLES

	2023 HK$	2022 HK$
Trade receivables	13,797,006	12,666,661
Less: Impairment	(13,288)	(28,937)
	13,783,718	12,637,724

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days, extending up to 90 days for major customers. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Company's trade receivables related to a number of customers, there is no significant concentration of credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

12. TRADE RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 HK$	2022 HK$
At beginning of year	28,937	6,325
Impairment/(reversal of impairment) losses (note 5)	(15,649)	22,612
At end of year	13,288	28,937

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 March 2023

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.08%	0.11%	0.21%	0.33%	0.10%
Gross carrying amount (HK$)	13,099,410	14,049	98,445	585,102	13,797,006
Expected credit losses (HK$)	11,131	16	208	1,933	13,288

As at 31 March 2022

		Past due		
	Current	Less than 1 month	1 to 3 months	Total
Expected credit loss rate	0.22%	0.25%	0.32%	0.23%
Gross carrying amount (HK$)	11,580,634	526,631	559,396	12,666,661
Expected credit losses (HK$)	25,861	1,309	1,767	28,937

13. INVENTORIES

The Company's inventories represented fabrics sourced for supplies to manufacturers for their production of garments for the Company.

14. INTEREST-BEARING BANK BORROWINGS

	2023			2022		
	Contractual interest rate (%) per annum	Maturity	HK$	Contractual interest rate (%) per annum	Maturity	HK$
Trust receipt loans**	USD SOFR*+2.15%	on demand	5,017,413	USD SOFR*+2.15%	on demand	13,573,639

** Denominated in US$
* HSBC Secured Overnight Financing Rate ("SOFR")

The above bank borrowings are (i) secured by certain of investment properties, time deposits, and unlisted investments of the immediate holding company and a fellow subsidiary and (ii) guaranteed by the ultimate holding company.

15. OTHER PAYABLES AND ACCRUALS

	2023 HK$	2022 HK$
Other payables	2,152,274	3,048,280
Accruals	1,402,476	891,351
	3,554,750	3,939,631

Note: Other payables are non-interest-bearing and have an average term of three months.

16. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid:		
200,000 (2022: 200,000) ordinary shares	1,556,000	1,556,000

17. SHARE-BASED PAYMENTS

Total share-based expense recognised in the statement of profit and loss as part of employee benefits expense is as follows:

	2023 HK$	2022 HK$
Share-based expense	73,202	41,607

Share Appreciation Rights (SARs)
According to Phantom Stock Units Plan 2021, all eligible employees of the Company are offered with fixed numbers of SARs which their eligible criteria would be determined by the compensation committee. Under the plan, the base price per share is determine by the compensation committee and shall not be less than the face value of the equity shares of the ultimate holding company as on the date of grant or such other minimum price required by applicable law. The SARs have a four-year term plan and would be exercisable in four equal instalments.

In October 2021, the compensation committee decided to reward employees for their contribution to the performance of the Company by granting them 2,000 share appreciation rights. The rights entitle the employees to a cash payment after four years of service. The amount payable will be determined based on the increase of ultimate holding company's share base price between the grant date (22 October 2021: HK$114) and the market price on vesting date (22 October 2025). The rights must be exercised on vesting date and will expire if not exercised on that date.

Movements in the number of share appreciation rights for the years presented are as follows:

	2023 Weighted average exercise price HK$ per share*	2023 Number of SARs*	2022 Weighted average exercise price HK$ per share	2022 Number of SARs
At 1 April	114	2,000	-	-
Adjustment of stock split	-	8,000	-	-
Granted during the year			114	2,000
	28.15	(2,500)	-	-
At 31 March	28.15	7,500	114	2,000

* During the year, the ultimate holding company's stock has been split 1:5 from face value of HK$1.29 to HK$0.26.

17. SHARE-BASED PAYMENTS (continued)

Computation methodology and assumptions
The Company accounts for all awards granted under the share based schemes and estimates the fair values for SARs using the Black-Scholes option-pricing model with the following weighted average assumptions as follows:

	22 October 2021 HK$
Weighted average grant date fair value, per share*	28.6
Weighted average exercise price, per share*	22.8
Weighted average assumptions used:	
Expected volatility	25%
Expected lives (in years)	4
Risk-free interest rates	5.50%
Expected dividend yields	1.12%

* During the year, the ultimate holding company's stock has been split 1:5 from face value of HK$1.29 to HK$0.26.

The Company determines expected volatility on all SARs granted using available implied volatility rates. The Company believes that market-based measures of implied volatility are currently the best available indicators of the expected volatility used in these estimates. The Company determines expected lives of SARs based on the weighted average life of the rights. The Company believes that the weighted average life of the rights is the best estimate currently available. The risk-free interest rates are determined using the implied yield currently available for zero-coupon U.S. government issues with a remaining term equal to the expected life of the SARs. The expected dividend yields are based on the annualised approved quarterly dividend rate and the current market price of the ultimate holding company's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term. Employee stock purchase plan is a discount-purchase plan and consequently the fair value per share under this plan equals the amount of the discount.

18. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Company had the following transactions with related parties based on mutually agreed terms during the year:

	2023 HK$	2022 HK$
Fellow subsidiaries:		
Sales received	24,341,686	-
Consultancy fees paid	8,028,896	-
Immediate holding company:		
Management fee paid	31,120	953,206

(b) The balances with the immediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.

(c) The key management personnel of the Company did not receive any compensation in respect of their services rendered to the Company during the year (2022: Nil).

19. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

During the year ended 31 March 2022, the Company had non-cash additions to right-of-use assets and lease liabilities of HK$3,013,026 and HK$3,013,026, respectively, in respect of lease arrangements for office premises.

19. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(b) Change in liabilities arising from financing activities

	Lease liabilities HK$	Interest-bearing bank borrowings HK$
At 1 April 2021	2,112,151	36,662,318
New lease	3,013,026	-
Changes from financing cash flows	(742,682)	(23,088,679)
Interest expense	45,704	-
At 31 March 2022 and 1 April 2022	4,428,199	13,573,639
Changes from financing cash flows	(1,497,704)	(8,556,226)
Interest expense	73,755	-
Termination of a lease	(2,344,109)	-
At 31 March 2023	660,141	5,017,413

20. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, deposits, amounts due from fellow subsidiaries and the immediate holding company and cash and cash equivalents which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Company comprise trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, lease liabilities, amounts due to fellow subsidiaries which are categorised as financial liabilities at amortised cost. The carrying amount of financial liabilities included in other payables and accruals amounted to HK$2,186,628 (2022: HK$3,106,000). The carrying amounts of these financial liabilities other than the financial liabilities included in other payables and accruals are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

21. FAIR VALUE

At the end of the reporting period, the carrying amounts of the Company's financial assets and financial liabilities approximated to their fair values largely due to the short term maturities/repayable on demand of these instruments or effect of discounting is not material.

The fair values of the non-current portion of deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Company did not have any financial assets and liabilities measured at fair value as at the end of the reporting period.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk
The Company's cash and cash equivalents are held in a major financial institution, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging
The tables below show the credit quality and the maximum exposure to credit risk based on the Company'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. The amounts presented are gross carrying amounts of the financial assets.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging (continued)
As at 31 March 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*				13,797,006	13,797,006
Deposits					
- Normal**	226,398	-	-	-	226,398
Due from the immediate holding company					
- Normal**	35,491,924	-	-	-	35,491,924
Due from fellow subsidiaries					
- Normal**	6,109,585	-	-	-	6,109,585
Cash and cash equivalents					
- Not yet past due	1,959,660	-	-	-	1,959,660
	43,787,567	-	-	13,797,006	57,584,573

As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	12,666,661	12,666,661
Deposits					
- Normal**	257,199	-	-	-	257,199
Due from the immediate holding company					
- Normal**	4,603,735	-	-	-	4,603,735
Due from a fellow subsidiary					
- Normal**	17,837,495	-	-	-	17,837,495
Cash and cash equivalents					
- Not yet past due	1,655,829	-	-	-	1,655,829
	24,354,258	-	-	12,666,661	37,020,919

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging (continued)

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 12 to the financial statements.

** The credit quality of deposits and amounts due from the immediate holding company and fellow subsidiaries are 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".

Liquidity risk
In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 March 2023

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Trade payables	8,203,411	-	8,203,411
Interest-bearing bank borrowings	5,117,891	-	5,117,891
Lease liabilities	616,176	51,348	667,524
Financial liabilities included in other payables and accruals	2,186,628	-	2,186,628
Due to fellow subsidiaries	34,955,725	-	34,955,725
	50,079,831	51,348	51,131,179

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)
As at 31 March 2022

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Trade payables	22,369,890	-	22,369,890
Interest-bearing bank borrowings	13,573,639	-	13,573,639
Lease liabilities	1,333,409	3,302,402	4,635,811
Financial liabilities included in other payables and accruals	3,106,000	-	3,106,000
Due to fellow subsidiaries	752,672	-	752,672
	41,135,610	3,302,402	44,438,012

Capital management
The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

23. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 September 2023.

Report of the Directors and Audited Financial Statements

DESIGN ARC ASIA LIMITED

31 March 2023

CERTIFIED TRUE COPY

ERNST & YOUNG

EY 安永

Building a better working world

DESIGN ARC ASIA LIMITED

CONTENTS

DESIGN ARC ASIA LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2023.

Principal activities
The principal activities of the Company have not been changed and consisted of the trading of garments and investment holding.

Results and dividends
The Company's profit for the year ended 31 March 2023 and its financial position at that date are set out in the financial statements on pages 5 to 44.

The first and second interim 2023 dividend of US$50 and US$20 per ordinary share were paid on 30 June 2022 and 1 March 2023, respectively. The directors do not recommend the payment of a final dividend in respect of the year.

Directors
The directors of the Company during the year were:

Rakesh Chadha	
Ashish Gupta	(appointed on 28 November 2022)
Suresh Mahadev Punjabi	(appointed on 28 November 2022)
Deepak Kumar Seth	(resigned on 28 November 2022)
Payel Seth	(resigned on 28 November 2022)

In accordance with Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company, its subsidiary, or any of its holding companies 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 subsidiary, any of its holding companies or fellow subsidiaries was a party during the year.

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

ON BEHALF OF THE BOARD

....
Suresh Mahadev Punjabi
Director

14 August 2023

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report
To the member of Design Arc Asia Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Design Arc Asia Limited (the "Company") set out on pages 5 to 44, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with the applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") relevant to these financial statements and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the applicable HKFRSs issued by the HKICPA that are relevant to these financial statements and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

EY安永

Independent auditor's report (continued)
To the member of Design Arc Asia Limited
(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors for the financial statements (continued)
In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the member of Design Arc Asia Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Certified Public Accountants
Hong Kong
14 August 2023

DESIGN ARC ASIA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
REVENUE	4	681,606,748	747,713,771
Cost of sales		(578,641,487)	(607,721,504)
Gross profit		102,965,261	139,992,267
Other income and gains	4	8,604,010	7,333,796
Selling and distribution costs		(47,704,378)	(55,019,823)
Administrative expenses		(33,095,081)	(29,304,580)
Other operating expenses		(4,411,813)	(1,283,059)
Finance costs	6	(1,037,700)	(407,328)
PROFIT BEFORE TAX	5	25,320,299	61,311,273
Income tax expense	8	-	-
PROFIT FOR THE YEAR		25,320,299	61,311,273
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent period:			
Remeasurement loss on defined benefit obligations		(158,003)	(115,911)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		25,162,296	61,195,362

DESIGN ARC ASIA LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
NON-CURRENT ASSETS			
Investment in a subsidiary	11	-	-
Property, plant and equipment	10	553,028	357,899
Right-of-use assets	12(a)	867,269	412,715
Deposits	15	126,814	20,432
Total non-current assets		1,547,111	791,046
CURRENT ASSETS			
Inventories	13	-	170,488
Trade receivables	14	76,904,308	198,129,776
Prepayments, deposits and other receivables	15	2,836,548	4,826,179
Due from the ultimate holding company	22(b)	254,067	-
Due from the immediate holding company	22(b)	61,939,693	39,104,681
Due from fellow subsidiaries	22(b)	1,730,945	11,537,682
Due from a related company	22(c)	2,606,061	599,816
Cash and cash equivalents		29,480,071	17,330,977
Total current assets		175,751,693	271,699,599
CURRENT LIABILITIES			
Trade payables	16	136,156,892	196,997,866
Other payables and accruals	16	4,055,652	9,214,535
Due to the ultimate holding company	22(b)	-	601,200
Due to an intermediate holding company	22(b)	150,628	247,139
Due to fellow subsidiaries	22(b)	1,945,869	8,771,908
Interest-bearing bank borrowings	18	14,107,423	7,169,390
Lease liabilities	12(b)	599,097	404,202
Total current liabilities		157,015,561	223,406,240
NET CURRENT ASSETS		18,736,132	48,293,359
TOTAL ASSETS LESS CURRENT LIABILITIES		20,283,243	49,084,405
NON-CURRENT LIABILITIES			
Lease liabilities	12(b)	290,198	47,730
Other payable	16	2,092,616	1,997,410
Total non-current liabilities		2,382,814	2,045,140
Net assets		17,900,429	47,039,265

continued/...

DESIGN ARC ASIA LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Note	2023 HK$	2022 HK$
EQUITY			
Share capital	19	778,000	778,000
Reserves		17,122,429	46,261,265
Total equity		17,900,429	47,039,265

....
Suresh Mahadev Punjabi
Director

....
Rakesh Chadha
Director

DESIGN ARC ASIA LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Notes	Share capital HK$	Contribution from the ultimate holding company HK$	Retained profits HK$	Total equity HK$
At 1 April 2021		778,000	-	16,096,954	16,874,954
Profit for the year		-	-	61,311,273	61,311,273
Other comprehensive loss for the year:					
Remeasurement of defined benefit plan, net of tax		-	-	(115,911)	(115,911)
Total comprehensive income for the year		-	-	61,195,362	61,195,362
First interim 2022 dividend paid	9	-	-	(15,560,000)	(15,560,000)
Second interim 2022 dividend paid	9	-	-	(15,560,000)	(15,560,000)
Equity-settled share-based arrangements	20	-	88,949	-	88,949
At 31 March 2022 and 1 April 2022		778,000	88,949*	46,172,316*	47,039,265
Profit for the year		-	-	25,320,299	25,320,299
Other comprehensive loss for the year:					
Remeasurement of defined benefit plan, net of tax		-	-	(158,003)	(158,003)
Total comprehensive income for the year		-	-	25,162,296	25,162,296
First interim 2023 dividend paid	9	-	-	(38,900,000)	(38,900,000)
Second interim 2023 dividend paid	9	-	-	(15,560,000)	(15,560,000)
Equity-settled share-based arrangements	20	-	158,868	-	158,868
At 31 March 2023		778,000	247,817*	16,874,612*	17,900,429

* These reserve accounts comprise the reserves of HK$17,122,429 (2022: HK$46,261,265) in the statement of financial position.

DESIGN ARC ASIA LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		25,320,299	61,311,273
Adjustments for:			
Bank interest income	4	(2,551)	(40)
Depreciation of right-of-use assets	5	698,996	723,170
Depreciation of property, plant and equipment	5	228,690	121,155
Finance costs	6	1,037,700	407,328
Equity-settled share-based expenses	5	158,868	88,949
Impairment/(reversal of impairment) of trade receivables	5	(1,344,408)	1,761,520
Gain on termination of a lease	5	(688)	-
		26,096,906	64,413,355
Decrease in inventories		170,488	1,796,249
Decrease/(increase) in trade receivables		122,569,877	(102,378,406)
Decrease/(increase) in prepayments, deposits and other receivables		1,725,246	(473,052)
Increase in an amount due from the immediate holding company		(22,835,012)	(22,756,284)
Decrease/(increase) in an amount due from a related company		(2,006,245)	3,860,327
Increase/(decrease) in trade payables		(60,840,974)	99,924,771
Increase/(decrease) in other payables and accruals		(5,063,677)	5,331,771
Decrease in an amount due to the ultimate holding company		(855,267)	(90,683)
Increase/(decrease) in an amount due to an intermediate holding company		(96,511)	101,051
Changes in balance with fellow subsidiaries		2,980,698	(11,954,361)
Cash generated from operations		61,845,529	37,774,738
Interest received		2,551	40
Interest paid		(1,009,029)	(391,766)
Net cash flows generated from operating activities		60,839,051	37,383,012
CASH FLOWS FROM AN INVESTING ACTIVITY			
Purchases of items of property, plant and equipment		(423,819)	(334,828)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank loans		(99,886,133)	(46,686,099)
Proceeds from bank loans		106,824,165	51,901,505
Principal portion of lease payments		(715,499)	(702,711)
Interest element of lease liabilities		(28,671)	(15,562)
Dividend paid		(54,460,000)	(31,120,000)
Net cash flows used in financing activities		(48,266,138)	(26,622,867)

continued/...

STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2023

	2023 HK$	2022 HK$
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,149,094	10,425,317
Cash and cash equivalents at beginning of year	17,330,977	6,905,660
CASH AND CASH EQUIVALENTS AT END OF YEAR	29,480,071	17,330,977
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	29,480,071	17,330,977

1. CORPORATE INFORMATION

Design Arc Asia Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong.

During the year, the Company was involved in the trading of garments and investment holding.

The Company is a wholly-owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Limited (formerly known as PDS Multinational Fashions Limited), a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 BASIS OF PREPARATION

For the purposes of compliance with sections 379 and 380 of the Hong Kong Companies Ordinance, these financial statements have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Consequently, they have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which include all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance that are relevant to the preparation of company level financial statements by an intermediate parent company.

As the Company is a wholly-owned subsidiary of another body corporate, and has satisfied the exemption criteria set out in section 379(3)(a) of the Hong Kong Companies Ordinance, and is therefore not required to prepare consolidated financial statements.

Given the above, these financial statements are not prepared for the purposes of compliance with HKFRS 10 "Consolidated Financial Statements", so far as the preparation of consolidated financial statements of the Company and its subsidiary (together, the "Group") is concerned. As a consequence, the financial statements do not give all the information required by HKFRS 10 about the economic activities of the Company of which the Company is the parent. Furthermore, as these financial statements are prepared in respect of the Company only, HKFRS 12 "Disclosure of Interests in Other Entities" does not apply to the financial statements.

The financial statements have been prepared under the historical cost convention, except for the defined benefit plan which has been measured at fair value, and are presented in Hong Kong dollars ("HK$").

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the revised HKFRSs has had no significant impact on the Company's financial performance and financial position.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non- current liabilities with Covenants* (the "2020 Amendments")[2]
Amendments to HKFRS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKFRS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from A Single Transactions*[1]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] No mandatory effective date yet determined but available for adoption
[4] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
[5] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
[6] An entity that chooses to apply the transition option relating to the classification overlay set out in this Amendment shall apply it on initial application of HKFRS 17

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The Company is still in the process of assessing the impact of the above new and revised HKFRSs and does not expect these new and revised HKFRSs would have any significant impact on the Company's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiary

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Company 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 Company 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 Company 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 Company's voting rights and potential voting rights.

The results of a subsidiary are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment loss.

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
    (i) has control or joint control over the Company;
    (ii) has significant influence over the Company; or
    (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:
  (i) the entity and the Company are members of the same group;
  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  (iii) the entity and the Company are joint ventures of the same third party;
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  (vi) the entity is controlled or jointly controlled by a person identified in (a);
  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Property, plant and equipment and depreciation

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

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rate used for office equipment and furniture and fixtures is 33⅓%.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets
Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)
Company as a lessee (continued)

(b) Lease liabilities
Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:
- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined on first-in, first-out basis and includes direct cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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.

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for 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, and the carryforward of unused tax credits and unused tax losses can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity 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 eacb h future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Dividends
Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

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

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

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.

Commission income is recognised at a point in time when the services are rendered.

Handling fee income is recognised over time when the relevant services has been rendered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company's operations. Employees (including directors) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option-pricing model, further details of which are given in note 20 to the financial statements.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other employee benefits

Defined benefit plan

The Company's liability for termination benefit and earned leave for its employees is pursuant to Bangladesh Labour Act and is based on the most recent salary of the employees, number of completed years of service and number of working days.

The cost of providing termination benefit and earned leave is determined based on the valuations performed by an independent actuary. Remeasurements arising from a defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligations under "administrative expenses" in profit or loss by function:

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

Foreign currency transactions

These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions 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.

3. SIGNIFICANT ACCOUNTING ESTIMATES

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

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region and customer type).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 14 to the financial statements.

Defined benefit plan

The determination of the Company's obligation and cost for defined benefits is performed by independent actuary engaged by the Company and dependent on the selection of certain assumptions used by them in calculating such amounts. Those assumptions include among others, discount rates and future annual salary increases. In accordance with the Company's accounting policy for pension obligations, actual results that differ from the Company's assumptions are recognised immediately in other comprehensive income as and they occur. While the Company believes that the actuary's assumptions are reasonable and appropriate, significant differences in the Company's actual experience or significant changes in the Company's assumptions may materially affects its pension and other retirement obligations.

3. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Estimation uncertainty (continued)
Leases – Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

Provision for income taxes

Provision for income tax is made based on the taxable income for the period as determined by the Company. The determination of taxable income involves the exercise of judgement on interpretation of the relevant tax rules and regulations. The amount of income tax and hence profit or loss could be affected by any interpretations and clarifications which the tax authorities may issue from time to time.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

	2023 HK$	2022 HK$
Revenue from contracts with customers		
Sale of goods	681,606,748	747,713,771

(i) *Disaggregated revenue information*
The Company's entire revenue from the sale of garments is recognised at a point in time.

(ii) *Performance obligations*
Information about the Company's performance obligations is summarised below:

Sale of garment products
The performance obligation is satisfied upon delivery of the garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

4. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of the Company's revenue, other income and gains are as follows:

	2023 HK$	2022 HK$
Other income and gains		
Penalty on suppliers	6,502,274	3,938,998
Bank interest income	2,551	40
Handling fee income	-	2,229,017
Gain on termination of a lease	688	-
Commission income	1,506,897	927,105
Others	591,600	238,636
	8,604,010	7,333,796

5. PROFIT BEFORE TAX

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

	Notes	2023 HK$	2022 HK$
Cost of inventories sold		578,641,487	607,721,504
Auditor's remuneration		153,608	197,153
Depreciation for property, plant and equipment	10	228,690	121,155
Depreciation of right-of-use assets	12(a)	698,996	723,170
Gain on termination of a lease		(688)	-
(Reversal of impairment)/ impairment of trade receivables	14	(1,344,408)	1,761,520
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries and allowances		5,675,151	4,088,078
Pension scheme contributions* (defined benefit scheme)	17	310,273	326,320
Equity-settled share-based expense		158,868	88,949
		6,144,292	4,503,347
Foreign exchange difference, net		3,300,322	954,684

* There are no forfeited contributions that may be used by the Company as the employer to reduce the existing level of contribution.

6. FINANCE COSTS

	2023 HK$	2022 HK$
Interest on bank loans	1,009,029	391,766
Interest on lease liabilities	28,671	15,562
	1,037,700	407,328

7. DIRECTORS' REMUNERATION

None of the Company's directors received any fees or emoluments in respect of their services rendered to the Company during the year (2022: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year (2022: Nil).

A reconciliation of the tax expense applicable to profit before tax using the Hong Kong statutory rate of 16.5% (2022: 16.5%) to the tax amount at the effective tax rate is as follows:

	2023 HK$	2022 HK$
Profit before tax	25,320,299	61,311,273
Tax expense at the statutory tax rate	4,177,849	10,116,360
Income not subject to tax	(18,408,929)	(24,308,800)
Expenses not deductible for tax	14,231,080	14,192,440
Tax amount at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2022: Nil).

9. DIVIDENDS

	2023 HK$	2022 HK$
First interim - US$50 (2022: US$20) per ordinary share	38,900,000	15,560,000
Second interim - US$20 (2022: US$20) per ordinary share	15,560,000	15,560,000
	54,460,000	31,120,000

10. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$	Furniture and fixtures HK$	Total HK$
31 March 2023			
At 1 April 2022:			
Cost	468,563	110,032	578,595
Accumulated depreciation	(209,390)	(11,306)	(220,696)
Net carrying amount	259,173	98,726	357,899
At 1 April 2022, net of accumulated depreciation	259,173	98,726	357,899
Additions	327,917	95,902	423,819
Depreciation provided during the year	(172,097)	(56,593)	(228,690)
At 31 March 2023, net of accumulated depreciation	414,993	138,035	553,028
At 31 March 2023:			
Cost	796,480	205,934	1,002,414
Accumulated depreciation	(381,487)	(67,899)	(449,386)
Net carrying amount	414,993	138,035	553,028

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Office equipment HK$	Furniture and fixtures HK$	Total HK$
31 March 2022			
At 1 April 2021:			
Cost	235,209	8,558	243,767
Accumulated depreciation	(96,450)	(3,091)	(99,541)
Net carrying amount	138,759	5,467	144,226
At 1 April 2021, net of accumulated depreciation	138,759	5,467	144,226
Additions	233,354	101,474	334,828
Depreciation provided during the year	(112,940)	(8,215)	(121,155)
At 31 March 2022, net of accumulated depreciation	259,173	98,726	357,899
At 31 March 2022:			
Cost	468,563	110,032	578,595
Accumulated depreciation	(209,390)	(11,306)	(220,696)
Net carrying amount	259,173	98,726	357,899

11. INVESTMENT IN A SUBSIDIARY

	2023 HK$	2022 HK$
Unlisted investment, at cost	101,140	101,140
Impairment	(101,140)	(101,140)
	-	-

Particulars of the subsidiary as at the end of the reporting period are as follows:

Name	Place of incorporation/ operations	Issued ordinary share capital	Percentage of equity directly attributable to the Company	Principal activities
NOR France SAS	France	Euro 10,000	100%	Trading of garment products

12. LEASES

The Company as a lessee
The Company has lease contracts for office premises which have lease terms within two years.

(a) Right-of-use assets

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

	Office premises HK$
As at 1 April 2021	974,281
Additions	161,604
Depreciation charge	(723,170)
As at 31 March 2022 and 1 April 2022	412,715
Additions	1,227,956
Depreciation charge	(698,996)
Termination of a lease	(74,406)
As at 31 March 2023	867,269

(b) Lease liabilities

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

	2023 HK$	2022 HK$
Carrying amount at the beginning of the year	451,932	993,039
New leases	1,227,956	161,604
Accretion of interest recognised during the year	28,671	15,562
Payments	(744,170)	(718,273)
Termination of a lease	(75,094)	-
Carrying amount at the end of the year	889,295	451,932
Analysed into:		
Current portion	599,097	404,202
Non-current portion	290,198	47,730

The maturity analysis of lease liabilities is disclosed in note 25 to the financial statements.

12. LEASES (continued)

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

	2023 HK$	2022 HK$
Interest on lease liabilities	28,671	15,562
Depreciation charge of right-of-use assets	698,996	723,170
Gain on termination of a lease	(688)	-
Total amount recognised in profit or loss	726,979	738,732

13. INVENTORIES

The Company's inventories represented fabrics sourced for supplies to manufacturers for their production of garments for the Company.

14. TRADE RECEIVABLES

	2023 HK$	2022 HK$
Trade receivables	77,672,771	200,242,647
Less: Impairment	(768,463)	(2,112,871)
	76,904,308	198,129,776

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade receivables are non-interest bearing and are on credit terms up to 90 days. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Company's trade receivables related to a number of customers, there is no significant concentration of credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 HK$	2022 HK$
At beginning of year	2,112,871	351,351
(Reversal of impairment losses)/impairment losses (note 5)	(1,344,408)	1,761,520
At end of year	768,463	2,112,871

14. TRADE RECEIVABLES (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 March 2023

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.99%	0.22%	-	-	0.99%
Gross carrying amount (HK$)	77,501,992	170,779	-	-	77,672,771
Expected credit losses (HK$)	768,087	376	-	-	768,463

As at 31 March 2022

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	1.05%	1.06%	0.96%	-	1.06%
Gross carrying amount (HK$)	179,691,349	19,960,846	590,452	-	200,242,647
Expected credit losses (HK$)	1,895,575	211,616	5,680	-	2,112,871

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 HK$	2022 HK$
Prepayments	2,812,691	4,685,976
Deposits	126,814	160,635
Other receivables	23,857	-
	2,963,362	4,846,611
Less: Portion classified as non-current assets	(126,814)	(20,432)
	2,836,548	4,826,179

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 March 2023 and 2022, the loss allowance was assessed to be minimal.

16. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	Notes	2023 HK$	2022 HK$
Trade payables	(i)	136,156,892	196,997,866
Accrued employee benefits		494,399	455,992
Accruals		479,864	94,339
Other payables	(ii)	3,081,389	4,788,512
Contract liabilities	(iii)	-	3,875,692
Defined benefit obligations	17	2,092,616	1,997,410
		6,148,268	11,211,945
Less: Portion classified as non-current liabilities		(2,092,616)	(1,997,410)
		4,055,652	9,214,535

Note:

(i) The trade payables are non-interest-bearing and are normally settled on 30-day terms.

(ii) Other payables are non-interest bearing and have an average term of three months.

(iii) Details of contract liabilities as at 31 March 2023, 31 March 2022 and 1 April 2021 are as follows:

	2023 HK$	2022 HK$	2021 HK$
Short-term advances received from customers			
Sales of goods	-	3,875,692	-

Contract liabilities include short-term advances received to deliver garment products. The decrease in contract liabilities in 2023 was mainly due to the decrease in sales order received from customers in relation to sales of garment near year end. The increase in contract liabilities in 2022 was mainly due to the increase in short-term advances received from customers in relation to the future sales of garment at the end of that year.

17. DEFINED BENEFIT OBLIGATIONS

The Company made provisions for estimated liabilities for employee benefits in respect of termination benefit and earned leave pursuant to Bangladesh Labour Act. According to the law, employees are entitled to termination benefit and earned leave upon dismissal or retirement. Employees who have completed at least five years but less than ten years of continuous service are entitled to termination benefit equal fourteen days' salary for each completed year of service. Employees who have completed ten or more years of continuous service are entitled to termination benefit equal thirty days' salary for each completed year of service. Employees who have completed one year of continuous service are entitled to one day of earned leave for every fifteen days of work to up to sixty days.

The liability for termination of employment is measured using the projected unit credit method. The actuarial assumptions include expected salary increases and rates of employee turnover based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to market yields at the reporting date on government bonds with a term that is consistent with the estimated term of the severance pay obligation.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out on 31 March 2023 by Charan Gupta Consultants Pvt Ltd, a member of the Actuarial Society of India, using the projected unit credit actuarial valuation method.

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

	2023	2022
Discount rate (%)	7.5	7.1
Expected rate of salary increases (%)	6.0	6.0

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

	Increase in rate %	Increase/ (decrease) in defined benefit obligations HK$	Decrease in rate %	Increase/ (decrease) in defined benefit obligations HK$
2023				
Discount rate	0.5	(102,813)	0.5	109,991
Future salary increase	0.5	111,205	0.5	(104,496)
2022				
Discount rate	0.5	(106,594)	0.5	114,559
Future salary increase	0.5	115,380	0.5	(107,984)

17. DEFINED BENEFIT OBLIGATIONS (continued)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in assumptions would occur in isolation of one another.

The total expenses recognised in profit or loss in respect of the plan are as follows:

	2023 HK$	2022 HK$
Current service cost	188,852	215,215
Interest cost	121,421	111,105
Net benefit expenses recognised in administrative expenses	310,273	326,320

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

	2023 HK$	2022 HK$
At beginning of year	1,997,410	1,587,217
Current service cost	188,852	215,215
Net interest cost	121,421	111,105
Actuarial loss arising from experience adjustments	158,003	115,911
Benefit paid	(73,448)	(32,038)
Exchange realignment	(299,622)	-
At 31 March	2,092,616	1,997,410

18. INTEREST-BEARING BANK BORROWINGS

	2023 HK$	2022 HK$
Trust receipt loans, unsecured	14,107,423	7,169,390

The trust receipt loans as at 31 March 2023 were denominated in United States dollars, interest-bearing at London Interbank Offered Rate plus 2% (2022: 2%) per annum and will be matured in 2023 (2022: 2022). The Trust receipt loans are repayable on demand.

The Company's interest-bearing bank borrowings are guaranteed by the intermediate holding company and directors of the immediate holding company.

19. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid:		
100,000 (2022: 100,000) ordinary shares	778,000	778,000

20. SHARE OPTION SCHEME

The employees of the Company are covered under the share-based schemes of Employee Stock Option Plan 2021 – Plan A and Phantom Stock Units Plan 2021 (the ultimate holding company).

Employee Stock Option Plan (ESOP):
The employee stock option plan is offered to all eligible employees fixed numbers of share options. Under the plan, the option price per share is 100 percent of the fair market value on the grant date with a discount of 20 percent. The options have a four-year term plan and would be exercisable in four equal instalments.

Total share-based expense recognised in the statement of profit and loss as part of employee benefits expense is as follows:

	2023 HK$	2022 HK$
Equity-settled share-based expense	158,868	88,949

Computation methodology and assumptions
The Company accounts for all awards granted under the share based schemes and estimates the fair values for stock options using the Black-Scholes option-pricing model with the following weighted average assumptions as follows:

	22 October 2021 HK$	8 December 2021 HK$	30 December 2021 HK$
Weighted average grant date fair value, per share*	28.6	33.0	35.6
Weighted average exercise price, per share*	22.8	22.8	22.8
Weighted average assumptions used:			
Expected volatility	25%	25%	25%
Expected lives (in years)	4	4	4
Risk-free interest rates	5.50%	5.65%	5.85%
Expected dividend yields	1.12%	95%	0.88%

*During the year, the ultimate holding company's stock has been split 1:5 from face value of HK$1.29 to HK$0.26.

20. SHARE OPTION SCHEME (continued)

Computation methodology and assumptions (continued)

The Company determines expected volatility on all options granted using available implied volatility rates. The Company believes that market-based measures of implied volatility are currently the best available indicators of the expected volatility used in these estimates. The Company determines expected lives of options based on the weighted average life of the options. The Company believes that the weighted average life of the options is the best estimate currently available. The risk-free interest rates are determined using the implied yield currently available for zero-coupon U.S. government issues with a remaining term equal to the expected life of the options. The expected dividend yields are based on the annualised approved quarterly dividend rate and the current market price of the ultimate holding company's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term. Employee stock purchase plan is a discount-purchase plan and consequently the fair value per share under this plan equals the amount of the discount.

Summarised information about movement in the share based schemes:

The Options outstanding under the employee stock purchase plan as of 31 March 2023 had an exercise price equal to 80 percent of the fair market value of holding company's stock on the date of exercise.

The following share options were outstanding under the Scheme during the year:

	2023		2022	
	Weighted average exercise price HK$ per share	Number of options	Weighted average exercise price HK$ per share	Number of options
At 1 April	114	7,000	-	-
Adjustment of stock split	-	28,000	-	-
Granted during the year	-	-	114	7,000
At 31 March	28.15	35,000	114	7,000

*During the year, the ultimate holding company’s stock has been split 1:5 from face value of HK$1.29 to HK$0.26.

21. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Company had non-cash additions to right-of-use assets and lease liabilities of HK$1,227,956 (2022: HK$161,604) and HK$1,227,956 (2022: HK$161,604), respectively, in respect of lease arrangements for office premises.

(b) Changes in liabilities arising from financing activities

	Lease Liabilities HK$	Interest-bearing bank borrowings HK$
At 1 April 2021	993,039	1,953,984
New leases	161,604	-
Changes from financing cash flows	(718,273)	5,215,406
Interest expense	15,562	-
At 31 March 2022 and 1 April 2022	451,932	7,169,390
New lease	1,227,956	-
Changes from financing cash flows	(744,170)	6,938,033
Termination of a lease	(75,094)	-
Interest expense	28,671	-
At 31 March 2023	889,295	14,107,423

22. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related parties based on mutually agreed terms during the year:

	2023 HK$	2022 HK$
Intermediate holding company:		
Management fees paid	1,938,994	1,346,772
Consultancy fees paid	1,461,294	-
Support services fee paid	289,953	-
Commission paid	-	1,649,570
Fellow subsidiaries:		
Marketing fees paid	25,720,602	44,330,029
Marketing fees received	12,412,827	927,105
Sampling fees paid	7,678,908	4,141,571
Support services fee paid	716,597	-
Consultancy fees received	-	466,800
Commission paid	-	55,044
Purchase of goods	-	949,005

(b) The balances with the ultimate holding company, the immediate holding company, an intermediate holding company, and fellow subsidiaries are unsecured, interest-free and repayable on demand.

(c) Particulars of an amount due from a related company, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance, are as follows:

Name	At 31 March 2023 HK$	Maximum amount outstanding during the year HK$	At 31 March 2022 HK$	Maximum amount outstanding during the year HK$	At 1 April 2021 HK$
Sourcing Solutions Europe BVBA	2,606,061	2,606,061	599,816	4,460,143	4,460,143

The related company is a joint venture controlled by a fellow subsidiary of the Company.

The amount due from a related company is unsecured, interest-free and repayable on demand.

(d) The key management personnel of the Company did not receive any compensation in respect of their services rendered to the Company during the year (2022: Nil).

23. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, financial assets included in prepayments, deposits and other receivables, amounts due from the ultimate holding company, the immediate holding company, fellow subsidiaries and a related company, and cash and cash equivalents which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Company comprise trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, lease liabilities and amounts due to the ultimate holding company, an intermediate holding company and fellow subsidiaries, which are categorised as financial liabilities at amortised cost. The carrying amount of financial liabilities included in other payables and accruals amounted to HK$3,561,253 (2022: HK$4,875,529). The carrying amounts of these financial liabilities other than financial liabilities included in other payables and accruals are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of trade receivables, financial assets included in prepayments, deposits and other receivables, cash and cash equivalents, trade payables, financial liabilities included in current portion of other payables and accruals, interest-bearing bank borrowings, balances with the ultimate holding company, the immediate holding company, an intermediate holding company, fellow subsidiaries and a related company approximated to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Company did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Company'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. The amounts presented are gross carrying amounts of the financial assets.

As at 31 March 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	77,672,771	77,672,771
Financial assets included in prepayments, deposits and other receivables					
- Normal**	150,671	-	-	-	150,671
Due from the ultimate holding company					
- Normal**	254,067	-	-	-	254,067
Due from the immediate holding company					
- Normal**	61,939,693	-	-	-	61,939,693
Due from fellow subsidiaries					
- Normal**	1,730,945	-	-	-	1,730,945
Due from a related company					
- Normal**	2,606,061	-	-	-	2,606,061
Cash and cash equivalents					
- Not yet past due	29,480,071	-	-	-	29,480,071
	96,161,508	-	-	77,672,771	173,834,279

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)
As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	200,242,647	200,242,647
Financial assets included in prepayments, deposits and other receivables					
- Normal**	160,635	-	-	-	160,635
Due from the immediate holding company					
- Normal**	39,104,681	-	-	-	39,104,681
Due from fellow subsidiaries					
- Normal**	11,537,682	-	-	-	11,537,682
Due from a related company					
- Normal**	599,816	-	-	-	599,816
Cash and cash equivalents					
- Not yet past due	17,330,977	-	-	-	17,330,977
	68,733,791	-	-	200,242,647	268,976,438

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 14 to the financial statements.

** The credit quality of amounts due from the immediate holding company, fellow subsidiaries and a related company and financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2023		
	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Trade payables	136,156,892	-	136,156,892
Financial liabilities included in other payables and accruals	3,561,253	-	3,561,253
Interest-bearing bank borrowings	14,107,423	-	14,107,423
Lease liabilities	622,805	293,502	916,307
Due to an intermediate holding company	150,628	-	150,628
Due to fellow subsidiaries	1,945,869	-	1,945,869
	156,544,870	293,502	156,838,372

	2022		
	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Trade payables	196,997,866	-	196,997,866
Financial liabilities included in other payables and accruals	4,875,529	-	4,875,529
Interest-bearing bank borrowings	7,169,390	-	7,169,390
Lease liabilities	407,155	48,053	455,208
Due to the ultimate holding company	601,200	-	601,200
Due to an intermediate holding company	247,139	-	247,139
Due to fellow subsidiaries	8,771,908	-	8,771,908
	219,070,187	48,053	219,118,240

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to its shareholders, return capital to the shareholders or issue new shares. The Company is not subject to any external imposed capital requirement. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 2022.

26. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 August 2023.

Report of the Directors and Audited Financial Statements

FAREAST VOGUE LIMITED

31 March 2023

CERTIFIED TRUE COPY

Ernst & Young

ERNST & YOUNG

FAREAST VOGUE LIMITED

CONTENTS

FAREAST VOGUE LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2023.

Principal activity
The Company was inactive during the year.

Results and dividends
The Company's result for the year ended 31 March 2023 and its financial position as at that date are set out in the financial statements on pages 5 to 35.

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

Directors
The directors of the Company during the year were:

Amandeep Kumar Bagga	
Sukhlina Minhas	
Raamann Ahuja	(appointed on 1 April 2022)
Mayank Vimal Agarwal	(appointed on 1 April 2022)
Abhishekh Kanoi	(appointed on 1 April 2022)
Ajai Singh	(resigned on 1 April 2022)
Deepak Kumar Seth	(resigned on 1 April 2022)
Pallak Seth	(resigned on 1 April 2022)

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies 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 or any of its holding companies or fellow subsidiaries was a party during the year.

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

ON BEHALF OF THE BOARD

....
Abhishekh Kanoi
Director

14 August 2023

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report
To the members of Fareast Vogue Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Fareast Vogue Limited (the "Company") set out on pages 5 to 35 which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

EY 安永

Independent auditor's report (continued)
To the members of Fareast Vogue Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the members of Fareast Vogue Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Certified Public Accountants
Hong Kong
14 August 2023

FAREAST VOGUE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
REVENUE	5	-	167,230
Cost of sales		-	(128,739)
Gross profit		-	38,491
Other income and gains	5	5,145,360	9,335,587
Selling and distribution expenses		(134,037)	(22,837)
Administrative expenses		(5,485,267)	(6,529,205)
Other operating expenses		(166,450)	(9,073)
Finance costs	7	(7,830)	-
PROFIT/(LOSS) BEFORE TAX	6	(648,224)	2,812,963
Income tax	9	-	-
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(648,224)	2,812,963

FAREAST VOGUE LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,401	7,582
Right-of-use asset	12(a)	238,690	-
Total non-current assets		241,091	7,582
CURRENT ASSETS			
Prepayments and deposits	13	148,909	377,814
Due from the immediate holding company	17(b)	1,147,332	2,401,902
Due from fellow subsidiaries	17(b)	2,293,758	1,197,304
Due from a director	17(b)	-	213,300
Cash and cash equivalents		493,398	906,631
Total current assets		4,083,397	5,096,951
CURRENT LIABILITIES			
Other payables and accruals	14	239,794	513,900
Due to fellow subsidiaries		-	4,224
Lease liability	12(b)	241,814	-
Total current liabilities		481,608	518,124
NET CURRENT ASSETS		3,601,789	4,578,827
Net assets		3,842,880	4,586,409
EQUITY			
Share capital	15	77,800	77,800
Reserves		3,765,080	4,508,609
Total equity		3,842,880	4,586,409

....	....
Pallak Seth	Abhishekh Kanoi
Director	Director

FAREAST VOGUE LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Notes	Share capital HK$	Contribution from the ultimate holding company HK$	Retained profits HK$	Total equity HK$
At 1 April 2021		77,800	-	5,225,821	5,303,621
Profit and total comprehensive income for the year		-	-	2,812,963	2,812,963
Final 2021 dividend declared	10	-	-	(3,625,480)	(3,625,480)
Equity-settled share-based payment arrangements	16	-	95,305	-	95,305
At 31 March 2022 and 1 April 2022		77,800	95,305*	4,413,304*	4,586,409
Loss and total comprehensive loss for the year		-	-	(648,224)	(648,224)
Equity-settled share-based payment reversals	16	-	(95,305)	-	(95,305)
At 31 March 2023		77,800	-*	3,765,080*	3,842,880

* These reserve accounts comprise the reserves of HK$3,765,080 (2022: HK$4,508,609) in the statement of financial position.

FAREAST VOGUE LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(648,224)	2,812,963
Adjustments for:			
Finance cost	7	7,830	-
Interest income	5	(843)	(227)
Depreciation of property, plant and equipment	6	5,181	7,631
Depreciation of right-of-use asset	6	238,690	-
Gain on termination of a lease	6	-	(6,475)
Equity-settled share-based expenses/(reversals)	6	(95,305)	95,305
		(492,671)	2,909,197
Decrease in prepayments and deposits		228,905	591,798
Changes in balances with fellow subsidiaries		(1,100,678)	1,018,774
Decrease/(increase) in an amount due from the immediate holding company		1,254,570	(2,447,164)
Decrease/(increase) in an amount due from a director		213,300	(213,300)
Decrease in other payables and accruals		(274,106)	(467,320)
Cash generated from/(used in) from operations		(170,680)	1,391,985
Interest received		843	227
Net cash flows from operating activities		(169,837)	1,392,212
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(3,625,480)
Principal portion of lease payments	12	(235,566)	-
Interest portion of lease payments	12	(7,830)	-
Net cash flows used in financing activities		(243,396)	(3,625,480)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(413,233)	(2,233,268)
Cash and cash equivalents at beginning of year		906,631	3,139,899
CASH AND CASH EQUIVALENTS AT END OF YEAR		493,398	906,631
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		493,398	906,631

1. CORPORATE INFORMATION

Fareast Vogue Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company was 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company was inactive during the year.

The Company is a non-wholly subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted *the Conceptual Framework for Financial Reporting 2018* and following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

The adoption of the above revised standards has had no significant financial effect on these financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non- current liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to HKFRS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKFRS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from A Single Transactions*[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this Amendment shall apply it on initial application of HKFRS 17

The Company is in the process of making an assessment of the impact of these new and revised HKFRSs upon their initial application. So far, the Company considers that these new and revised HKFRSs are unlikely to have a significant impact on the Company's financial statements in the period of initial application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
   (i) has control or joint control over the Company;
   (ii) has significant influence over the Company; or
   (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
   (i) the entity and the Company are members of the same group;
   (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
   (iii) the entity and the Company are joint ventures of the same third party;
   (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
   (vi) the entity is controlled or jointly controlled by a person identified in (a);
   (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
   (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Impairment of non-financial assets
Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation
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 Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rate used for office equipment is 33⅓%.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

(c) Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial asset (continued)

General approach (continued)

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs excepts for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Subsequent measurement of financial liabilities at amortised cost (continued)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, which are not restricted as to use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intends 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

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

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

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.

Commission income is recognised at the point in time when control of the asset is transferred to the customer, generally upon the completion of the services.

Marketing fee income is recognised over time when the relevant services has been rendered.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company's operations. Employees (including directors) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option-pricing model, further details of which are given in note 16 to the financial statements.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)
Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Contract liabilities
A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

Other employee benefits
Pension scheme
The Company operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. The Company's employer contributions vest fully with the employees when contributed into the MPF Scheme.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends

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

Foreign currency transactions

These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions 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 the profit or loss.

4. SIGNIFICANT ACCOUNTING ESTIMATES

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

Estimation uncertainty

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

Provision for income tax

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

An analysis of revenue is as follows:

	2023 HK$	2022 HK$
Revenue from contracts with customers		
Sale of goods	-	167,230

(i) Disaggregated revenue information
The Company's entire revenue from the sale of garments is recognised at a point in time.

(ii) Performance obligations
Information about the Company's performance obligations is summarised below:

Sale of home and garment products
The performance obligation is satisfied upon delivery of the home and garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of other income and gains are as follows:

	2023 HK$	2022 HK$
Other income and gains		
Recovery from suppliers	1,199,346	316,326
Marketing fee income	19,494	341,441
Commission income	3,872,228	8,671,118
Interest income	843	227
Gain from accrued commission reversal	53,449	-
Gain on termination of a lease	-	6,475
	5,145,360	9,335,587

6. PROFIT/(LOSS) BEFORE TAX

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

	Notes	2023 HK$	2022 HK$
Cost of inventories sold		-	128,739
Auditor's remuneration		25,500	23,500
Depreciation of property, plant and equipment	11	5,181	7,631
Depreciation of right-of-use asset	12	238,690	-
Gain on termination of a lease		-	(6,475)
Employee benefit expense (excluding directors' remuneration (note 8)):			
Salaries and allowances		747,103	348,198
Pension costs (defined contribution scheme)#		88,449	50,451
Equity-settled share-based expense		-	95,305
		835,552	493,954
Lease payments not included in the measurement of lease liability		-	243,120
Foreign exchange differences, net		53,797	941

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

7. FINANCE COSTS

	2023 HK$	2022 HK$
Interest on lease liability	7,830	-

8. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 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:

	2023 HK$	2022 HK$
Directors' fees	-	-
Other emoluments:		
Salaries and allowances	373,440	373,444
	373,440	373,444

9. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year (2022: Nil).

A reconciliation of the tax expense/(credit) applicable to profit before tax using the Hong Kong statutory rate of 16.5% (2022: 16.5%) to the tax amount at the effective tax rate is as follows:

	2023 HK$	2022 HK$
Profit/(loss) before tax	(743,529)	2,908,268
Tax expense/(credit) at the statutory tax rate	(122,682)	479,864
Income not taxable for tax	(848,985)	(1,546,723)
Expenses not deductible for tax	971,667	1,066,859
Tax at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2022: Nil).

10. DIVIDENDS

	2023 HK$	2022 HK$
Proposed final dividend – Nil (2022: US$46.6) per ordinary share	-	3,625,480

11. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$
At 31 March 2022 and 1 April 2022:	
Cost	22,893
Accumulated depreciation	(15,311)
Net carrying amount	7,582
At 1 April 2022, net of accumulated depreciation	7,582
Depreciation provided during the year	(5,181)
At 31 March 2023, net of accumulated depreciation	2,401
At 31 March 2023:	
Cost	22,893
Accumulated depreciation	(20,492)
Net carrying amount	2,401
At 31 March 2021 and 1 April 2021:	
Cost	22,893
Accumulated depreciation	(7,680)
Net carrying amount	15,213
At 1 April 2021, net of accumulated depreciation	15,213
Depreciation provided during the year	(7,631)
At 31 March 2022, net of accumulated depreciation	7,582
At 31 March 2022:	
Cost	22,893
Accumulated depreciation	(15,311)
Net carrying amount	7,582

12. LEASES

The Company as a lessee
The Company has a lease contract for an office premise which has a lease term of 2 years.

(a) Right-of-use asset

The carrying amount of the Company's right-of-use asset and the movements during the year are as follows:

	Office premises HK$
As at 1 April 2021	227,503
Termination of a lease	(227,503)
As at 31 March 2022 and 1 April 2022	-
Addition	477,380
Depreciation charge	(238,690)
As at 31 March 2023	238,690

(b) Lease liability

The carrying amount of lease liability and the movements during the year are as follows:

	2023 HK$	2022 HK$
Carrying amount at the beginning of the year	-	92,598
New lease	477,380	-
Payment	(243,396)	-
Accretion of interest recognised during the year	7,830	-
Refund	-	141,380
Termination of a lease	-	(233,978)
Carrying amount at the end of the year	241,814	-
Analysed into:		
Current portion	241,814	-
Non-current portion	-	-

The maturity analysis of lease liability is disclosed in note 21 to the financial statements.

12. LEASES (continued)

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

	2023 HK$	2022 HK$
Interest on lease liability	7,830	-
Depreciation charge of right-of-use asset	238,690	-
Gain on termination of a lease	-	(6,475)
Expense relating to short-term lease	-	243,120
Total amount recognised in profit or loss	246,520	236,645

13. PREPAYMENTS AND DEPOSITS

	2023 HK$	2022 HK$
Prepayments	108,898	330,404
Deposits	40,011	47,410
	148,909	377,814

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 March 2023 and 2022, the loss allowance was assessed to be minimal.

14. OTHER PAYABLES AND ACCRUALS

	Notes	2023 HK$	2022 HK$
Other payables	(a)	214,294	467,037
Contract liabilities	(b)	-	23,363
Accruals		25,500	23,500
		239,794	513,900

14. OTHER PAYABLES AND ACCRUALS (continued)

Notes:

(a) Other payables are non-interest-bearing and have an average term of three months.

(b) Details of contract liabilities are as follows:

	31 March 2023 HK$	31 March 2022 HK$	1 April 2021 HK$
Advances received from customers			
Sales of goods	-	23,363	23,363

Contract liabilities represent advances received from customers to deliver garment products. There was no movement in the contract liabilities in 2022. The decrease in contract liabilities in 2023 was mainly because there was no sales occurred during the year.

15. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid:		
10,000 (2022: 10,000) ordinary shares	77,800	77,800

16. SHARE OPTION SCHEME

The employees of the Company are covered under the share-based schemes of Employee Stock Option Plan 2021 – Plan A and Phantom Stock Units Plan 2021 (the ultimate holding company).

Employee Stock Option Plan (ESOP):
The employee stock option plan is offered to all eligible employees fixed numbers of share options. Under the plan, the option price per share is 100 percent of the fair market value on the grant date with a discount of 20 percent. The options have a four-year term plan and would be exercisable in four equal instalments.

Total share-based expense recognised in the statement of profit and loss as part of employee benefits expense is as follows:

	2023 HK$	2022 HK$
Equity-settled share-based expense	-	95,305

16. SHARE OPTION SCHEME (continued)

Computation methodology and assumptions

The Company accounts for all awards granted under the share based schemes and estimates the fair values for stock options using the Black-Scholes option-pricing model with the following weighted average assumptions as follows:

	22 October 2021 HK$	8 December 2021 HK$	30 December 2021 HK$
Weighted average grant date fair value, per share*	28.6	33.0	35.6
Weighted average exercise price, per share*	22.8	22.8	22.8
Weighted average assumptions used:			
Expected volatility	25%	25%	25%
Expected lives (in years)	4	4	4
Risk-free interest rates	5.50%	5.65%	5.85%
Expected dividend yields	1.12%	1%	0.88%

The Company determines expected volatility on all options granted using available implied volatility rates. The Company believes that market-based measures of implied volatility are currently the best available indicators of the expected volatility used in these estimates. The Company determines expected lives of options based on the weighted average life of the options. The Company believes that the weighted average life of the options is the best estimate currently available. The risk-free interest rates are determined using the implied yield currently available for zero-coupon U.S. government issues with a remaining term equal to the expected life of the options. The expected dividend yields are based on the annualised approved quarterly dividend rate and the current market price of the ultimate holding company's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term. Employee stock purchase plan is a discount-purchase plan and consequently the fair value per share under this plan equals the amount of the discount.

16. SHARE OPTION SCHEME (continued)

Summarised information about movement in the share based schemes:

The Options outstanding under the employee stock option plan as of 31 March 2023 had an exercise price equal to 80 percent of the fair market value of holding company's stock on the date of exercise.

The following share options were outstanding under the Scheme during the year:

	2023		2022	
	Weighted average exercise price HK$ per share*	Number of options*	Weighted average exercise price HK$ per share	Number of options
At 1 April	114	7,500	-	-
Granted during the year	-	-	114	7,500
At 31 March	28.15	7,500	114	7,500

*During the year, the ultimate holding company's stock has been split 1:5 from face value of HK$1.29 to HK$0.26.

17. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related parties based on mutually agreed terms during the year:

	2023 HK$	2022 HK$
Intermediate holding company:		
Management fees paid	-	195,589
Immediate holding company:		
Commissions received	19,494	341,441
Recharge expenses paid	31,120	-
Management fees paid	217,871	-
Fellow subsidiaries:		
Commissions received	3,872,228	8,671,118
Consulting fee paid	560,160	513,480
Sale of garment products	-	167,230

17. RELATED PARTY TRANSACTIONS (continued)

(b) The balances with the immediate holding company, fellow subsidiaries and a director are unsecured, interest-free and repayable on demand. As at 31 March 2023 and 2022, the loss allowance was assessed to be minimal.

(c) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 8 to the financial statements.

18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Company had non-cash additions to right-of-use asset and lease liability of HK$477,380 (2022: Nil) and HK$477,380 (2022: Nil), respectively, in respect of lease arrangements for office premise.

(b) Changes in liabilities arising from financing activities

	Lease liability HK$
At 1 April 2021	92,598
Refund*	141,380
Termination of a lease	(233,978)
At 31 March 2022	-
New leases	477,380
Change from financing cash flows	(243,396)
Interest expense	7,830
At 31 March 2023	241,814

* Non-cash transaction by the landlord to offset the payment of another short-term lease with the Company.

19. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise financial assets included in prepayments and deposits, amounts due from the immediate holding company, fellow subsidiaries and a director, and cash and cash equivalents, which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Company comprise financial liabilities included in other payables and accruals, lease liability, and amounts due to fellow subsidiaries which are categorised as financial liabilities at amortised cost. The carrying amount of financial liabilities included in other payables and accruals amounted to HK$49,035 (2022: HK$123,466). The carrying amounts of these financial liabilities other than financial liabilities included in other payables and accruals are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of deposits, cash and cash equivalents, financial liabilities included in other payables and accruals, balances with the immediate holding company, fellow subsidiaries and a director approximated to their carrying amounts largely due to the short term maturities/repayable on demand of these instruments or effect of discounting is not material.

The Company did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk
The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging
The tables below show the credit quality and the maximum exposure to credit risk based on the Company'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. The amounts presented are gross carrying amounts of the financial assets.

As at 31 March 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Financial assets included in prepayments and deposits					
- Normal*	108,898	-	-	-	108,898
Due from the immediate holding company					
- Normal*	1,147,332	-	-	-	1,147,332
Due from fellow subsidiaries					
- Normal*	2,293,758	-	-	-	2,293,758
Cash and cash equivalents					
- Not yet past due	493,398	-	-	-	493,398
	4,043,386	-	-	-	4,043,386

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Financial assets included in prepayments and deposits - Normal*	330,404	-	-	-	330,404
Due from the immediate holding company - Normal*	2,401,902	-	-	-	2,401,902
Due from fellow subsidiaries - Normal*	1,197,304	-	-	-	1,197,304
Due from a director - Normal*	213,300	-	-	-	213,300
Cash and cash equivalents - Not yet past due	906,631	-	-	-	906,631
	5,049,541	-	-	-	5,049,541

* The credit quality of the financial assets included in prepayments and deposits and amounts due from fellow subsidiaries, the immediate holding company and a director are 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".

Liquidity risk
In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk(continued)
As at 31 March 2023

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Financial liabilities included in other payables and accruals	49,035	-	49,035
Lease liability	243,397	-	243,397

As at 31 March 2022

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Financial liabilities included in other payables and accruals	123,466	-	123,466
Due to fellow subsidiaries	4,224	-	4,224
	127,690	-	127,690

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. The Company is not subjected to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

22. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 August 2023.

Spring Near East FZCO

Financial Statements
For the year ended March 31, 2023

Spring Near East FZCO
Financial Statements
For the year ended March 31, 2023

Table of contents

Director's report

The Director is pleased to submit his report together with the audited financial statements of Spring Near East FZCO (the "Company") for the year ended March 31, 2023.

1. Review of activities

Main business and operations

Spring Near East FZCO is engaged in the trading of garments accessories, handbags and leather products and readymade garments.

The operating results and financial position of the Company are fully set out in the attached financial statements. The Company incurred a net loss of GBP 55,845 for the year ended March 31, 2023 (2022: net profit of GBP 575,708).

2. Director

The Director of the Company during the year and to the date of this report is Mr. Vineet Mathur.

3. Auditors

Grant Thornton were appointed as auditors of the Company for the year ended March 31, 2023. The Director resolved to release Grant Thornton from any liabilities on auditing the financial statements for the year ended March 31, 2023. Grant Thornton being eligible, have offered themselves for re-appointment for the year ending March 31, 2024.

The financial statements for the year ended March 31, 2023 (including comparatives) were approved on October___, 2023 by:

SD/-

____

Mr. Vineet Mathur
Director
Dubai, United Arab Emirates

Independent Auditor’s Report
To the Shareholders of Spring Near East FZCO

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Spring Near East FZCO (the “Company”), which comprise the statement of financial position as at March 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with *International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Director’s report but does not include the financial statements and our auditor’s report thereon.

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

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

Independent Auditor's Report
To the Shareholders of Spring Near East FZCO

Report on the Audit of the Financial Statements (continued)

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of Dubai Airport Free Zone Implementing Regulations 2021, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 based on these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report
To the Shareholders of Spring Near East FZCO

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

As required by Dubai Airport Free Zone Implementing Regulations 2021, we also confirm that we have obtained all the information and explanations necessary for our audit, proper books of account have been kept by the Company and the contents of the Director's report which relate to the financial statements are in agreement with the books of account. To the best of our knowledge and belief no violations of the above-mentioned regulations or of the Memorandum of Association of the Company have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

SD/-

GRANT THORNTON
Farouk Mohamed
Registration No. 86

Dubai, XX

Statement of financial position
As at March 31, 2023

	Notes	2023 GBP	2022 GBP
ASSETS			
Non-current			
Property and equipment	5	**-**	15,363
		-	15,363
Current			
Trade and other receivables	7	**1,081,302**	1,203,134
Amounts due from related parties	8	**1,862,599**	2,118,212
Cash and cash equivalents	9	**409,110**	2,420,682
		3,353,011	5,742,028
TOTAL ASSETS		**3,353,011**	5,757,391
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	**20,000**	20,000
Retained earnings		**1,828,288**	1,880,582
Employee stock option reserve	10.1	**-**	3,551
TOTAL EQUITY		**1,848,288**	1,904,133
LIABILITIES			
Non-current			
Employees' end of service benefits	11	**-**	3,161
		-	3,161
Current			
Trade and other payables	12	**722,556**	3,458,469
Amounts due to related parties	8	**782,167**	354,900
Employees' end of service benefits	11	**-**	36,728
		1,504,723	3,850,097
TOTAL LIABILITIES		**1,504,723**	3,853,258
TOTAL EQUITY AND LIABILITIES		**3,353,011**	5,757,391

The financial statements for the year ended March 31, 2023 (including comparatives) were approved on XX by:

SD/-

Mr. Vineet Mathur
Director
Dubai, United Arab Emirates

The accompanying notes from 1 to 20 form an integral part of these financial statements.

Statement of comprehensive income
For the year ended March 31, 2023

	Notes	2023 GBP	2022 GBP
Revenue	13	**4,317,488**	31,663,099
Cost of sales	14	**(2,120,949)**	(29,213,492)
GROSS PROFIT		**2,196,539**	2,449,607
Administrative, selling and general expenses	15	**(2,408,840)**	(1,919,827)
Other income	16	**309,654**	182,531
Finance cost	17	**(153,198)**	(136,603)
NET (LOSS)/PROFIT FOR THE YEAR		**(55,845)**	575,708
Other comprehensive income for the year		**-**	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(55,845)**	575,708

The accompanying notes from 1 to 20 form an integral part of these financial statements

Statement of changes in equity
For the year ended March 31, 2023

	Share capital GBP	Retained earnings GBP	Employee stock option reserve GBP	Total equity GBP
Balance as at March 31, 2021	20,000	1,304,874	-	1,324,874
Net profit for the year	-	575,708	-	575,708
Employee stock option reserve (10.1)	-	-	3,551	3,551
Balance as at March 31, 2022	20,000	1,880,582	3,551	1,904,133
Employee stock option reserve (10.1)	-	3,551	(3,551)	-
Net loss for the year	-	(55,845)	-	(55,845)
Balance as at March 31, 2023	**20,000**	**1,828,288**	-	**1,848,288**

The accompanying notes from 1 to 20 form an integral part of these financial statements

Statement of cash flows
For the year ended March 31, 2023

	Notes	2023	2022
		GBP	GBP
OPERATING ACTIVITIES			
Net (loss)/profit for the year		**(55,845)**	575,708
Adjustments for:			
Depreciation on property and equipment	5	**15,363**	36,912
Depreciation on right-of-use assets	6	**-**	16,616
Provision for employees' end of service benefits	11	**25,768**	39,292
Share-based payment	10.1	**-**	3,551
Finance cost	17	**153,198**	136,603
		138,484	808,682
Net changes in working capital:			
Trade and other receivables		**121,832**	(410,250)
Amounts due from related parties		**255,613**	(1,516,856)
Trade and other payables		**(2,735,915)**	1,200,789
Amounts due to related parties		**427,269**	97,453
		(1,792,717)	179,818
Employees' end of service benefits paid	11	**(65,657)**	-
Net cash (used in)/from operating activities		**(1,858,374)**	179,818
FINANCING ACTIVITY			
Factoring charges paid		**(153,198)**	(136,603)
Net cash used in financing activity		**(153,198)**	(136,603)
Net change in cash and cash equivalents		**(2,011,572)**	43,215
Cash and cash equivalents, beginning of year		**2,420,682**	2,377,467
Cash and cash equivalents, end of year	9	**409,110**	2,420,682

The accompanying notes from 1 to 20 form an integral part of these financial statements.

1 Legal status and nature of operations

Spring Near East FZCO (the "Company") is a free zone company incorporated on January 17, 2019 in the Dubai Airport Free Zone pursuant to the Implementing Regulations issued thereunder by the Dubai Airport Free Zone Authority. The registered address of the Company is office no.301, 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates.

The Company is a subsidiary of Multinational Textiles Group Limited, Mauritius (the "Parent Company"). PDS Limited, India is the Ultimate Parent Company (the "Ultimate Parent Company").

The principal activities of the Company are trading in garments accessories, handbags and leather products and readymade garments.

On December 9, 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("Corporate Tax Law" or the "Law") to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from June 1, 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after June 1, 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

The Company will be subject to taxation commencing April 1, 2024.

2 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

3 Standards, interpretations and amendments to existing standards

3.1 Standards, interpretations and amendments to existing standards that are effective in 2022

Standards, interpretations and amendments that are effective for the first time in 2022 (for entities with a March 31, 2023, year-end) are:

- References to the Conceptual Framework (Amendments to IFRS 3)
- COVID-19 Related Rent Concessions beyond December 31, 2021 (Amendment to IFRS 16)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements (2018-2020 Cycle):
  - Subsidiary as a First-time Adopter (Amendments to IFRS 1)
  - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendments to IFRS 9)
  - Lease Incentives (Amendments IFRS 16)
  - Taxation in Fair Value Measurements (Amendments to IAS 41)

These standards, amendments and interpretations do not have a significant impact on the financial statements and therefore the disclosures have not been made.

3 Standards, interpretations and amendments to existing standards (continued)

3.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current period have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

4 Summary of significant accounting policies

4.1 Overall considerations

The significant accounting policies have been used in the preparation of the financial statements and which are consistent in previous years are summarised below.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

4.2 Foreign currency

Functional and presentation currency

The financial statements are presented in British Pound Sterling (GBP), which is the Company's functional currency.

Foreign currency transactions and balances

Foreign currency transactions are converted into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

4.3 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured subsequently as described in the subsequent pages.

4 Summary of significant accounting policies (continued)

4.3 Financial instruments (continued)

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified and measured at amortized cost if both of the following conditions are met:

- The asset is held in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest, if any, on the principal amount outstanding.

If the financial asset does not pass either of the above conditions, or only one of the above conditions, it is measured at fair value through profit or loss ('FVTPL'). Even if both conditions are met, management may designate a financial asset at FVTPL if doing so reduces or eliminates a measurement or recognition inconsistency.

All income and expenses relating to financial assets measured at amortised cost are recognised in profit or loss and presented within 'finance costs - net' or 'other income – net', except for impairment of trade receivables which is presented within 'administrative and general expenses'.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

4 Summary of significant accounting policies (continued)

4.3 Financial instruments (continued)

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables. The Company records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due. Refer to Note 18.2 (Credit risk analysis) for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and subsequent measurement of financial liabilities

Financial liabilities comprise of trade and other payables, finance lease liabilities and amounts due to related parties.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Discounting is omitted if the impact is immaterial.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.4 Cash and cash equivalents

Cash and cash equivalents are items, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the statement of financial position comprise cash on hand and balance in bank accounts.

For purpose of the statement of cash flows, all cash and bank balances are considered to be cash and cash equivalents.

4.5 Property and equipment

Property and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Property and equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write-down the cost less estimated residual value of property and equipment. The following estimated useful lives are applied:

• Machinery and equipment	3-5 years
• Electrical Installations	3 years
• Furniture and fixtures	3 years
• Leasehold improvements	3 years
• Computer and software	3 years

4 Summary of significant accounting policies (continued)

4.5 Property and equipment (continued)

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within 'other income - net'.

In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually.

4.6 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period profits and losses.

4.7 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

4.8 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable by the Company, excluding discounts, rebates, and duty.

Sale of goods is recognised when the Company has transferred to the buyer the significant risks and rewards of ownership of the services provided. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

IFRS 15 'Revenue from Contracts with Customers' outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It establishes a five-step model, explained in the following page, which will apply to revenue arising from contracts with customers.

4 Summary of significant accounting policies (continued)

4.8 Revenue (continued)

Step 1 Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company, and the Company has an enforceable right to payment for performance completed to date.
- For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.
- The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations. The Company estimates the total costs to complete the projects in order to determine the amount of revenue to be recognised.
- When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

The Company recognises revenue through sale of equipment, rendering of services, and rental income.

4.9 Leases

The Company as a lessee

The Company makes the use of leasing arrangements principally for the provision of the office premises and labor accommodations. The Company did not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as purchase options and escalation clauses.

4 Summary of significant accounting policies (continued)

4.9 Leases (continued)

The Company as a lessee (continued)

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease.

The incremental borrowing rate is the estimated rate that the Company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Company's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined.

The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognized in profit or loss. Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review.

The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates. To respond to business needs particularly in the demand for office space, the Company will enter into negotiations with landlords to either increase or decrease available office space or to renegotiate amounts payable under the respective leases.

4 Summary of significant accounting policies (continued)

4.9 Leases (continued)

In some instances, the Company is able to increase office capacity by taking additional floors available and therefore agrees with the landlord to pay an amount that is commensurate with the stand-alone pricing adjusted to reflect the particular contract terms. In these situations, the contractual agreement is treated as a new lease and accounted for accordingly. In other instances, the Company is able to negotiate a change to a lease such as reducing the amount of office space taken, reducing the lease term or by reducing the total amount payable under the lease. Both of which were not part of the original terms and conditions of the lease. In these situations, the Company does not account for the changes as though there is a new lease.

Instead, the revised contractual payments are discounted using a revised discount rate at the date that the lease is effectively modified.

For the reasons explained above, the discount rate used is the Company's incremental borrowing rate determined at the modification date, as the rate implicit in the lease is not readily determinable. The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

4.10 Administrative, selling and general expenses

Administrative, selling and general expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.11 Significant management judgment in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Impairment of financial and non-financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, impairment loss is recognized based on the difference between cost and fair value, less any impairment loss previously recognized in the statement of comprehensive income.

For non-financial assets impairment is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

Impairment of trade and other receivables

An estimate of the uncollectible amount on trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

4 Summary of significant accounting policies (continued)

4.11 Significant management judgment in applying accounting policies (continued)

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company.

Determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Determination of the appropriate discount rate to measure finance lease liabilities

The Company enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Company uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date.

The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over similar terms which requires estimations when no observable rates are available.

The Company consults with its main bankers to determine what interest rate they would expect to charge the Company to borrow money to purchase a similar asset to that which is being leased. These rates are, where necessary, then adjusted to reflect the credit worthiness of the entity entering into the lease and the specific condition of the underlying leased asset.

Notes to the financial statements (continued)
For the year ended March 31, 2023

5 Property and equipment

	Leasehold improvements	Furniture & fixtures	Electrical installations	Office equipment	IT equipment	Total
2023	**GBP**	**GBP**	**GBP**	**GBP**	**GBP**	**GBP**
Cost						
Balance at April 1, 2022	36,685	34,480	35,514	3,071	1,286	111,036
Balance at March 31, 2023	**36,685**	**34,480**	**35,514**	**3,071**	**1,286**	**111,036**
Accumulated depreciation						
Balance at April 1, 2022	31,589	29,667	30,581	2,768	1,068	95,673
Charge for the year (note 15)	5,096	4,813	4,933	303	218	15,363
Balance at March 31, 2023	**36,685**	**34,480**	**35,514**	**3,071**	**1,286**	**111,036**
Net carrying amount at March 31, 2023	**-**	**-**	**-**	**-**	**-**	**-**
2022						
Cost						
Balance at April 1, 2021	36,685	34,480	35,514	3,071	1,286	111,036
Balance at March 31, 2022	36,685	34,480	35,514	3,071	1,286	111,036
Accumulated depreciation						
Balance at April 1, 2021	19,361	18,174	18,743	1,856	627	58,761
Charge for the year (note 15)	12,228	11,493	11,838	1,024	441	36,912
Balance at March 31, 2022	31,589	29,667	30,581	2,768	1,068	95,673
Net carrying amount at March 31, 2022	5,095	4,813	4,932	304	218	15,363

6 Right-of-use asset

	2023	2022
Office premises	**GBP**	GBP
Cost		
Balance at April 1,	-	60,133
Lease termination*	-	(60,133)
Balance at March 31,	-	-
	-	-
Accumulated depreciation		
Balance at April 1,	-	43,517
Charge for the year (note 15)	-	16,616
Lease termination*	-	(60,133)
Balance at March 31,	-	-
Carrying amount as at March 31,	-	-

*During the previous year, lease contract for the office premises was terminated. Subsequent to the termination of the lease contract, the Company has shifted its office premises to a co-working office space whereby the rental expenses are paid on a usage basis.

7 Trade and other receivables

	2023	2022
	GBP	GBP
Financial assets		
Trade receivables	**444,061**	1,161,406
Accrued revenue	**626,000**	-
Other receivables	**3,488**	39,202
	1,073,549	1,200,608
Non-financial asset		
Prepayments	**7,753**	2,526
	1,081,302	1,203,134

8 Related parties

The Company in the normal course of business carries on transactions with other business enterprises that fall within the definition of a related party. Parties are considered to be related to the Company if the party has the ability, directly or indirectly, to exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or significant influence. The transactions are measured at amounts agreed to by both parties.

8 Related parties (continued)

Amounts due from related parties

	2023 GBP	2022 GBP
Entities under common control		
Spring Near East Mfg. Co. Ltd	**1,862,599**	2,070,161
PDS Multinational FZCO	**-**	48,051
	1,862,599	2,118,212

Amounts due to related parties

	2023 GBP	2022 GBP
Parent Company		
Multinational Textiles Group Limited	**-**	152,524
	-	152,524
Entities under common control		
PDS Multinational FZCO	**782,167**	-
Kleider Sourcing FZCO	**-**	202,376
	782,167	202,376
	782,167	354,900

Significant transaction carried out with related party is as follow:

	2023 GBP	2022 GBP
Business support charges (note 15)	**2,037,756**	1,430,740

Key management personnel compensation

Key management personnel include the Managing Director of the Company. The Company's key management personnel compensation is borne by a related party and not recharged to the Company.

9 Cash and cash equivalents

	2023 GBP	2022 GBP
Cash at banks	**409,110**	2,420,682
	409,110	2,420,682

10 Share capital

The share capital of the Company consists of 100 fully paid ordinary shares with a par value of GBP 200 (2022: GBP 200) each. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the Company.

	2023	2022
	GBP	GBP
Total shares issued and fully paid as at March 31,	**100**	100

		2023			2022	
	Holding %	**No. of Shares**	**Total GBP**	Holding %	No. of Shares	Total GBP
Multinational Textile Group Limited	**55%**	**55**	**11,000**	55%	55	11,000
Pallak Seth	**10%**	**10**	**2,000**	10%	10	2,000
Safak Kipik	**10%**	**10**	**2,000**	10%	10	2,000
Esra Ercan	**25%**	**25**	**5,000**	25%	25	5,000
	100%	**100**	**20,000**	100%	100	20,000

10.1 Employee stock option reserve

During the previous year, the Ultimate Parent Company offered one of the Company's employees the opportunity to participate in an employee stock option plan. Under the terms of the plan, the options vests for a period of 4 years from the grant date and the employee is entitled to purchase the vested shares at an exercise price of GBP 10.61 per share. Movement options granted is as follows:

	2023	2022
	Number of options	Number of options
Balance as at April 1,	**3,000**	-
Options granted during the year	**-**	3,000
Options lapsed during the year*	**(3,000)**	-
Balance as at March 31,	**-**	3,000

*During the year, the employee to whom the stock option plan was granted had resigned which was within the vesting period of 4 years and hence the options granted to the employee lapsed. Accordingly, the share based payment reserve amounting to GBP 3,551 as of March 31, 2022 was transferred to retained earnings in the current year. As of the reporting date, the Company did not have any employee to whom the employee stock option plan was granted.

Notes to the financial statements (continued)
For the year ended March 31, 2023

11 Employees' end of service benefits

	2023	2022
	GBP	GBP
Balance as at April 1,	**39,889**	597
Charge for the year	**25,768**	39,292
Payments during the year	**(65,657)**	-
Balance as at March 31,	**-**	39,889
Non-current	**-**	3,161
Current	**-**	36,728
	-	39,889

12 Trade and other payables

	2023	2022
	GBP	GBP
Financial liabilities		
Trade payables	**633,416**	3,324,424
Employee payables	**-**	14,480
Other payables	**89,140**	119,565
	722,556	3,458,469

13 Revenue

	2023	2022
	GBP	GBP
Sales - garments	**2,289,733**	31,772,249
Sales - others	**29,438**	24,139
Sourcing income*	**2,009,791**	-
Claims and penalties from customers	**(11,474)**	(133,289)
	4,317,488	31,663,099

*During the year, the Company has changed its business model from trading in goods to earning sourcing income @ 1% of value of goods sourced for customers.

14 Cost of sales

	2023	2022
	GBP	GBP
Cost of goods sold	**2,142,108**	29,252,381
Penalty on suppliers	**(21,159)**	(38,889)
	2,120,949	29,213,492

Notes to the financial statements (continued)
For the year ended March 31, 2023

15 Administrative, selling and general expenses

	2023 GBP	2022 GBP
Business support charges (note 8)	**2,037,756**	1,430,740
Salaries and other benefits	**284,099**	356,162
Legal and professional fees	**16,269**	27,684
Depreciation on property and equipment (note 5)	**15,363**	36,912
Travelling and conveyance	**9,949**	3,489
Courier charges	**4,225**	1,490
Communication charges	**3,826**	5,678
Depreciation on right-of-use assets (note 6)	**-**	16,616
Others	**37,353**	41,056
	2,408,840	1,919,827

16 Other income

	2023 GBP	2022 GBP
Early payment discount from suppliers	**302,636**	165,171
Quality control & inspection fees	**3,971**	10,600
Miscellaneous income	**3,047**	6,760
	309,654	182,531

17 Finance cost

	2023 GBP	2022 GBP
Factoring charges	**153,198**	136,603
	153,198	136,603

18 Financial instruments risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated by the management, in close cooperation with the Director, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure.

18.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, and price risks, which result from both its operating and investing activities.

18 Financial instrument risk (Continued)

18.1 Market risk (continued)

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Most of the Company's transactions are carried out in British Pound Sterling (GBP) and United Arab Emirates Dirham (AED). The Company does not enter into any foreign currency hedging contracts and is thus exposed to foreign exchange fluctuations on transactions denominated in AED. The Company had no significant exposure to foreign currency risk at the reporting date as there were no significant balances denominated in AED at the reporting date.

18.2 Credit risk analysis

	Notes	2023	2022
		GBP	GBP
Financial assets			
Trade receivables	7	**1,073,549**	1,200,608
Amounts due from related parties	8	**1,862,599**	2,118,212
Cash at banks	9	**409,110**	2,420,682
		3,345,258	5,739,502

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

Management considers that all the above financial assets are not impaired or past due at the reporting date and are of good credit quality. None of the Company's financial assets are secured by collateral or other credit enhancements. The credit risk of cash at banks is limited, since the counter parties are reputable banks with quality credit ratings.

Trade receivables

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information in relation to customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

Amounts due from related parties

The management of the Company is directly involved in the Company's operations and reviews and approves all transactions with related parties. The receivable balances are reconciled periodically with the related parties through intercompany reconciliations and confirmations.

Cash at bank

The Company seeks to limit its credit risk with respect to bank balances by only dealing with reputable banks and continuously monitoring outstanding balances.

18 Financial instrument risk (Continued)

18.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will be unable to meet its liabilities when they fall due. To limit this risk, liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any future commitments, and this minimizes the risks.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

As at March 31, 2023

	Less than 12 months	1 to 5 years	Total
	GBP	**GBP**	**GBP**
Trade and other payables (note 12)	**722,556**	**-**	**722,556**
Amount due to related parties (note 8)	**782,167**	**-**	**782,167**
	1,504,723	**-**	**1,504,723**

As at March 31, 2022

	Less than 12 months	1 to 5 years	Total
	GBP	GBP	GBP
Trade and other payables (note 12)	3,458,469	-	3,458,469
Amounts due to related parties (note 8)	354,900	-	354,900
	3,813,369	-	3,813,369

19 Fair value measurement

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e.derived from prices); and
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

None of the Company's financial instruments, non-financial assets and non-financial liabilities as at the reporting date are measured at fair value.

20 Capital management policies and procedures

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to Shareholders

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may request further funding from its Shareholders, return capital to Shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year.

Reports and Consolidated Financial Statements

Poeticgem International Limited

For the year ended 31 March 2023

Contents

Expressed in Hong Kong dollars ("HK$")

Directors' report for the year ended 31 March 2023

The directors present their annual report and the audited consolidated financial statements of Poeticgem International Limited (the "Company") and its subsidiary (the "Group") for the year ended 31 March 2023.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
The principal activity of the Company is trading of garment. The principal activity and other particulars of the subsidiary are set out in note 26 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

No business review is presented as the Group has been able to claim an exemption under section 388(3) of the Companies Ordinance (Cap. 622) since it falls under the "reporting exemption" in accordance with section 359, as at the reporting date.

RESULTS AND APPROPRIATIONS
The results of the Group for the year ended 31 March 2023 and the consolidated financial position of the Group are set out in the consolidated financial statement on pages 7 to 45.

The directors do not recommend the payment of any dividend in respect of year ended 31 March 2023 (2022: HK$15,287,700).

SHARE CAPITAL
There were no movements in the Company's share capital during the year.

DIRECTORS
The directors of the Company during the year and up to the date of this report were as follows:

Anuj BANAIK	
Ashish GUPTA	(appointed on 1 April 2022 and resigned on 10 April 2023)
Krishna KANODIA	(appointed on 1 April 2022)
Pallak SETH	(resigned on 1 April 2022)
Omprakash MAKAM SURYANARAYAN SETTY	(resigned on 1 April 2022)
Deepak Kumar SETH	(resigned on 1 April 2022)
Ajai SINGH	(resigned on 1 April 2022)

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

During the year and up to date of this report, Anuj BANAIK is also the director of the subsidiary of the Company.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS
Except for the related party transactions as disclosed in note 24 to the consolidated financial statements, no transactions, arrangements or contracts of significance to which the Company's holding companies, subsidiary, or fellow subsidiaries was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

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

MANAGEMENT CONTRACTS
The Company did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Company, by which a person undertakes the management and administration of the whole, or any substantial part of any business of the Company during the year.

PERMITTED INDEMNITY PROVISION
A permitted indemnity provision for the benefit of the directors was in force during the year and up to the date of this report.

AUDITOR
The Company's auditor, Grant Thornton Hong Kong Limited, retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

SD/-

Anuj Banaik
Director

[Date]

Independent auditor's report

To the member of Poeticgem International Limited
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Poeticgem International Limited (the "Company") and its subsidiary (together, the "Group") set out on pages 7 to 45, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 are responsible for the other information. The other information comprises the directors' 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.

Responsibilities of the Directors for the Consolidated Financial Statements
The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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.

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

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

SD/-

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong SAR

[Date]

Lam Yau Hing
Practising Certificate No.: P06622

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2023

	Notes	**2023 HK$**	2022 HK$
Revenue	5	**902,350,526**	1,031,145,539
Cost of sales		**(790,116,895)**	(901,856,505)
Gross profit		**112,233,631**	129,289,034
Other revenue and other income	6	**32,014,512**	26,130,540
Staff costs		**(14,768,801)**	(24,187,617)
Depreciation		**(7,240,727)**	(4,119,566)
Other operating expenses		**(99,838,972)**	(104,897,511)
Profit from operation		**22,399,643**	22,214,880
Finance costs	7	**(11,549,098)**	(4,688,769)
Profit before income tax	8	**10,850,545**	17,526,111
Income tax expenses	9	**-**	-
Profit and total comprehensive income for the year		**10,850,545**	17,526,111

The notes on pages 11 to 45 form an integral part of these consolidated financial statements.

Consolidated statement of financial position as at 31 March 2023

	Notes	2023 HK$	2022 HK$
Non-current assets			
Plant and equipment	11	**5,228,449**	3,217,359
Right-of-use assets	12	**14,090,605**	17,995,277
		19,319,054	21,212,636
Current assets			
Trade and other receivables	13	**46,971,231**	151,545,778
Amount due from shareholder	14	**44,082**	44,082
Amounts due from fellow subsidiaries	14	**63,236,954**	89,023,439
Amount due from then immediate holding company	14	**-**	739,886
Cash and cash equivalents		**13,600,737**	13,765,662
		123,853,004	255,118,847
Current liabilities			
Trade and other payables	15	**42,992,637**	132,134,463
Amounts due to fellow subsidiaries	14	**8,818,595**	51,876,904
Amount due to immediate holding company	14	**1,312,449**	-
Amount due to intermediate holding company	14	**145,198**	-
Secured bank borrowings	16	**58,347,241**	69,234,789
Lease liabilities	17	**3,876,225**	3,391,735
		115,492,345	256,637,891
Net current assets/(liabilities)		**8,360,659**	(1,519,044)
Total assets less current liabilities		**27,679,713**	19,693,592
Non-current liabilities			
Lease liabilities	17	**10,202,752**	13,273,074
Net assets		**17,476,961**	6,420,518
Equity			
Share capital	18	**337,107**	337,107
Reserves		**17,139,854**	6,083,411
Total equity		**17,476,961**	6,420,518

SD/-

Anuj Banaik
Director

SD/-

Krishna KANODIA
Director

The notes on pages 11 to 45 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 March 2023

	2023 HK$	2022 HK$
Cash flows from operating activities		
Profit before income tax	**10,850,545**	17,526,111
Adjustments for:		
(Reversal of)/Provision for ECL allowance on trade receivables	**(405,548)**	1,314,977
Interest income	**(3,421)**	(36)
Interest expenses	**11,549,098**	4,688,769
Depreciation	**7,240,727**	4,119,566
Loss on disposal of plant and equipment	**52,785**	-
Loss/(Gain) on early termination of right-of-use assets	**357,715**	(4,369)
Share-based payment expenses	**238,418**	134,049
Operating profit before working capital changes	**29,880,319**	27,779,067
Decrease/(Increase) in trade and other receivables	**104,980,095**	(27,305,669)
Net (payments to)/receipts from fellow subsidiaries	**(17,271,824)**	27,367,921
Net receipts from/(payments to) then immediate holding company	**739,886**	(897,400)
Net receipts from immediate holding company	**1,312,449**	-
Net receipts from intermediate holding company	**145,198**	-
(Decrease)/Increase in trade and other payables	**(89,174,346)**	49,918,951
Cash generated from operations	**30,611,777**	76,862,870
Interest income	**3,421**	36
Interest paid	**(11,142,005)**	(4,576,368)
Net cash generated from operating activities	**19,473,193**	72,286,538
Cash flows from investing activities		
Payments to acquire plant and equipment	**(5,053,779)**	(2,146,081)
Proceeds from disposal of property, plant and equipment	**122,618**	-
Net cash used in investing activities	**(4,931,161)**	(2,146,081)
Cash flows from financing activities		
Dividends paid	**-**	(15,287,700)
Capital element of lease liabilities paid	**(3,611,880)**	(3,685,820)
Interest element of lease liabilities paid	**(407,093)**	(112,401)
Net repayments from secured bank borrowings	**(10,887,548)**	(41,741,934)
Net cash used in financing activities	**(14,906,521)**	(60,827,855)
Net (decrease)/increase in cash and cash equivalents	**(364,489)**	9,312,602
Cash and cash equivalents at beginning of the year	**13,765,662**	4,453,060
Effect of foreign exchange rate changes	**199,564**	-
Cash and cash equivalents at end of the year	**13,600,737**	13,765,662

The notes on pages 11 to 45 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 March 2023

	Share capital HK$	Share option reserve (Note) HK$	Retained earnings (Note) HK$	Total HK$
At 1 April 2021	337,107	-	3,794,173	4,131,280
Equity settled share-based payments (note 21)	-	50,827	-	50,827
Profit and total comprehensive income for the year	-	-	17,526,111	17,526,111
Dividends paid (note 29)	-	-	(15,287,700)	(15,287,700)
At 31 March 2022 and 1 April 2022	337,107	50,827	6,032,584	6,420,518
Deemed contribution arising from exercise of cash settled share options	-	113,892	-	113,892
Exercise of employee share options		(113,892)	113,892	-
Equity settled share-based payments (note 21)	-	92,006	-	92,006
Profit and total comprehensive income for the year	-	-	10,850,545	10,850,545
Balance at 31 March 2023	**337,107**	**142,833**	**16,997,021**	**17,476,961**

Notes:

These reserve accounts comprise the reserves of HK$17,139,854 (2022: HK$6,083,411) in the statement of financial position.

The notes on pages 11 to 45 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements for the year ended 31 March 2023

1. GENERAL INFORMATION

Poeticgem International Limited (the “Company”) is a company incorporated in Hong Kong with limited liability. Its registered office and principal place of business are located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong.

The Company’s immediate holding company is PDS Sourcing Limited, which is incorporated in Mauritius, and the ultimate holding company of the Company is PDS Limited (formerly known as PDS Multinational Fashions Limited), which is incorporated in India and its shares are listed on the Bombay Stock Exchange (Stock Code: 538730) and National Stock Exchange in India (Stock Code: PDSMFL). As at 31 March 2022, the immediate holding company of the Company was Multinational Textile Group Limited, a company incorporated in Mauritius.

The principal activities of the Company and its subsidiary (together, the “Group”) are trading of garments and investment holding. Details of the principal activities and other particulars of its subsidiary are set out in note 26 to the consolidated financial statements. There were no significant changes in the nature of the Group’s principal activities during the year.

The consolidated financial statements for the year ended 31 March 2023 were approved for issue by the board of directors on [Date].

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The annual consolidated financial statements on pages 7 to 45 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the applicable requirements of the Companies Ordinance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared under the historical cost basis. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary made up to 31 March 2023. Subsidiary is an entity over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiary is consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balance and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiary have been changes where necessary to ensure consistency with the policies adopted by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the shareholders of the Company.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of the controlling and non-controlling interests within consolidated equity to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, the interest in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale. The results of subsidiary is accounted for by the Company on the basis of dividends received and receivable.

2.3 Plant and equipment

Plant and equipment (including right-of-use assets), are stated at acquisition cost less accumulated depreciation and impairment losses. The cost of an item of 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Plant and equipment (Continued)

Depreciation is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Computer equipment	3 years
Furniture and fixtures	4 years
Leasehold improvement	3 years
Office equipment	3 years
Right-of-use assets	Over the shorter of lease terms or useful live

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at each reporting date.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.4 Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Leases (Continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments. Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments (Continued)

Classification and measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("FVTPL"), plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets, other than those designated and effective as hedging instruments, are classified into the amortised cost.

The classification is determined by both:

- the entity's business model for managing the financial asset; and

- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, other income or other financial items, except for expected credit losses ("ECL") of trade receivables which is presented in other operating expenses.

Subsequent measurement of financial assets

Debt investments

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit or loss):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and other receivables, cash and bank balances and amounts due from shareholder, fellow subsidiaries and then immediate holding company fall into this category of financial instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments (Continued)

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables, lease liabilities, amounts due to fellow subsidiaries and holding companies and bank borrowings.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

Trade and other payables, lease liabilities, amounts due to fellow subsidiaries and holding companies

Trade and other payables, lease liabilities, amounts due to fellow subsidiaries and holding companies are recognised initially at fair values and subsequently measured at amortised costs, using the effective interest method.

Bank borrowings

Bank borrowings are recognised initially at fair values, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised costs. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Bank borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least twelve months after the reporting date.

2.6 Impairment of financial assets

HKFRS 9's impairment requirements use more forward-looking information to recognise ECL – the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade receivables.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of financial assets (Continued)

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

<u>Trade receivables</u>
For trade receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

<u>Other financial assets measured at amortised cost</u>
The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of financial assets (Continued)

Other financial assets measured at amortised cost (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk;
- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment of debtor that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of non-financial assets

Plant and equipment (including right-of-use assets) are subject to impairment test whenever there are indications that the assets' carrying amounts may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions, less costs of disposal and 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 assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows that are largely independent of the cash flows from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash generating unit). As a result, some assets are tested individually for impairment and some are tested at cash generating unit level.

Impairment loss recognised for cash generating unit is allocated to reduce the carrying amounts of the assets in the cash generating unit on pro rata basis. In allocating the impairment loss, the carrying amount of an asset will not be reduced below its fair value less costs of disposal, value in use or zero.

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior years.

2.9 Foreign currency translation

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Group.

Foreign currency transactions are translated into the functional currency of the Group using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Revenue recognition

Revenue arises mainly from the sales of garments.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Further details of the Group's revenue recognition policies are as follows:

<u>Sales of garment</u>
Revenue from the sale of garment is recognised when (or as) the Group transfers control of the assets to the customer. For stand-alone sales of garment that are neither customised by the Group nor subject to significant integration services, control transfers at the point in time the customer takes undisputed delivery of the goods.

<u>Interest income</u>
Interest income from bank deposit is accrued on a time proportion basis on the principal outstanding and at the rate applicable

<u>Service income</u>
Service income is recognised when the services are rendered as the criteria of recognising revenue over time is not met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Retirement benefit scheme

The Group's contributions to the mandatory provident fund scheme are charged to the consolidated statement of profit or loss as incurred.

The Group's employees who have completed the required number of years of service to the Group are eligible for long service payments in the event of the termination of their employment.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the end of reporting period.

2.12 Employee benefits

Employee benefits are all forms of considerations, including wages, salaries, allowances and contribution to retirement benefit scheme payable by the Group in exchange for services rendered by its employees and directors. The employee benefits are classified as staff costs and charged to the consolidated statement of profit or loss and other comprehensive income.

No provision on employees' entitlements to unconsumed annual leaves as of the end of reporting period is provided in the consolidated financial statement as such leaves are not permitted to be carried forward and utilised by the respective employees in the following year. Sick leave and maternity leave are recognised until the time of leave.

Share based payment/Cash-settled share based payments

PDS Limited ("PDS"), the Group's ultimate holding company, has equity-settled share-based remuneration plan for the employees of PDS and its subsidiaries. Where the Group's employees are rewarded using share-based payments, the fair value of the employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

For cash-settled share-based payments, the fair value of the amount payable to the Group's employees is recognised as employee benefits expense with a corresponding increase in liabilities, over the vesting period. The liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognised in other operating expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Borrowing costs

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

2.14 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements.

2.15 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting year, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising from investment in a subsidiary, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Accounting for income taxes (Continued)

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the year the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.16 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Related parties (Continued)

(b) the party is an entity and if any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. ADOPTION OF NEW OR AMENDED HKFRSs

3.1 Amended HKFRSs that are effective for annual periods beginning from 1 April 2022

In the current year, the Group has applied for the first time all amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning from 1 April 2022. The application of these amended HKFRSs do not have any material impact on the Group's results and consolidated financial positions for the current or prior periods have been prepared and presented.

3. ADOPTION OF NEW OR AMENDED HKFRSs (CONTINUED)

3.2 Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 7	Supplier Finance Arrangements[2]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] Effective date not yet determined

The directors anticipate that all pronouncements will be adopted in the Group's accounting policy for the first accounting period beginning after the effective dates of the pronouncements but are not expected to have a material impact on the Group's consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue from contracts with customers

The Group assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods and rendering of services, in order to determine if it is acting as a principal or as an agent. The Group has concluded that it is operating on a principal to principal basis in all its revenue arrangements.

The Group applies judgement to determine whether each product or service promised to a customer are capable of being distinct, and are distinct in the context of contract, if not the promised services are combined and accounted as a single performance obligation.

For performance obligation where control is transferred over the time, revenues are recognised by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgement and is based on the nature of the promised service to be rendered.

Estimation uncertainty

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

Provision for expected credit loss on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimation uncertainty (Continued)

Depreciation on plant and equipment

Depreciation on the Group's plant and equipment is calculated using the straight-line method to allocate cost up to residual values over the estimated useful lives of the assets. Management reviews the useful lives and residual values periodically to ensure that the method and rate of depreciation are consistent with the expected pattern of realisation of economic benefits rates of depreciation are consistent with the expected pattern of realisation of economic benefits from plant and equipment. The accounting estimate of the useful lives of plant and equipment is based on historical experience, taking into account anticipated technological changes.

5. REVENUE

Revenue represents the fair value of the consideration received and receivables for sales of goods during the year, net of rebates and discount.

6. OTHER REVENUE AND OTHER INCOME

	2023	2022
	HK$	HK$
Other revenue		
Bank interest income	**3,421**	36
Commission income	**13,998,715**	20,142,800
Testing fee income	**930,441**	257,432
Recharging income	**747,857**	337,650
	15,680,434	20,737,918
Other income		
Reversal of ECL on trade receivables	**405,548**	-
Gain on early termination of right-of-use assets	**-**	4,369
Claim and recovery	**15,059,596**	4,402,912
Sundry income	**868,934**	985,341
	16,334,078	5,392,622
	32,014,512	26,130,540

7. FINANCE COSTS

	2023	2022
	HK$	HK$
Interest on bank borrowings	**11,142,005**	4,576,368
Interest on lease liabilities	**407,093**	112,401
	11,549,098	4,688,769

8. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging/(crediting):

	2023 HK$	2022 HK$
Auditors' remuneration	**73,366**	73,366
Depreciation		
- Plants and equipment	**2,867,286**	1,760,301
- Right-of-use assets	**4,373,441**	2,359,265
(Reversal of)/Provision for ECL allowance on trade receivables	**(405,548)**	1,314,977
Exchange losses, net	**7,305,858**	501,973
Loss/(Gain) on early termination of right-of-use assets	**357,715**	(4,369)
Loss on disposal of plant and equipment	**52,785**	-
Staff costs (including directors' remuneration)		
- Salaries and allowance	**11,053,474**	21,035,763
- Share based payment expenses	**238,418**	134,049
- Staff welfare	**307,990**	51,251
- Other staff costs	**3,168,919**	2,966,554

9. INCOME TAX EXPENSES

No Hong Kong profits tax has been provided in these consolidated financial statements as the income of the Group neither arises in nor is derived from Hong Kong (2022: Nil). In the opinion of the directors, the Group was not subject to any taxation in any other jurisdictions that the Group operates.

Reconciliation between tax expense and accounting profit at applicable tax rate is as follow:

	2023 HK$	2022 HK$
Profit before income tax	**10,850,545**	17,526,111
Tax at the applicable tax rate of 16.5% (2022: 16.5%)	**1,790,340**	2,891,808
Tax effect of non-deductible expenses	**152,164,862**	171,558,745
Tax effect of non-taxable revenue	**(153,955,202)**	(174,450,553)
Income tax expense	**-**	-

No deferred tax has been recognised in the consolidated financial statements on the grounds that the deductible temporary differences of the Group for the current and previous years are negligible in comparison to the Group's overall consolidated financial position.

10. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance (Cap. 622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2023 HK$	2022 HK$
Fee	-	-
Other emoluments	-	-
Retirement scheme contributions	-	-
	-	-

11. PLANT AND EQUIPMENT

	Computer equipment HK$	**Furniture and fixtures HK$**	**Leasehold improvement HK$**	**Office equipment HK$**	**Total HK$**
Cost					
At 1 April 2021	2,172,275	3,321,453	670,417	1,399,337	7,563,482
Additions	924,446	453,939	-	767,696	2,146,081
At 31 March 2022 and 1 April 2022	3,096,721	3,775,392	670,417	2,167,033	9,709,563
Additions	498,411	1,244,386	2,733,706	577,276	5,053,779
Disposals	(178,800)	(797,682)	(662,489)	(517,054)	(2,156,025)
At 31 March 2023	**3,416,332**	**4,222,096**	**2,741,634**	**2,227,255**	**12,607,317**
Accumulated depreciation					
At 1 April 2020	1,587,784	1,437,541	658,895	1,047,683	4,731,903
Charge for the year	494,271	934,827	11,522	319,681	1,760,301
At 31 March 2022 and 1 April 2022	2,082,055	2,372,368	670,417	1,367,364	6,492,204
Charge for the year	582,226	1,045,495	822,623	416,942	2,867,286
Disposals	(162,703)	(728,345)	(662,488)	(427,086)	(1,980,622)
At 31 March 2023	**2,501,578**	**2,689,518**	**830,552**	**1,357,220**	**7,378,868**
Net carrying amount					
At 31 March 2023	**914,754**	**1,532,578**	**1,911,082**	**870,035**	**5,228,449**
At 31 March 2022	1,014,666	1,403,024	-	799,669	3,217,359

12. RIGHT-OF-USE ASSETS

	HK$
Cost	
At 31 March 2020	5,067,622
Addition	18,132,187
Early termination	(337,314)
At 31 March 2022 and April 2022	22,862,495
Addition	7,319,764
Early termination	(6,985,277)
Exchange realignment	(4,250,556)
At 31 March 2023	**18,946,426**
Accumulated depreciation	
At 1 April 2020	2,751,569
Charge for the year	2,359,265
Written back on early termination	(243,616)
At 31 March 2022 and 1 April 2022	4,867,218
Charge for the year	4,373,441
Written back on early termination	(2,833,503)
Exchange realignment	(1,551,335)
At 31 March 2023	**4,855,821**
Net carrying amount	
At 31 March 2023	**14,090,605**
At 31 March 2022	17,995,277

The lease terms of the leased offices range from 2 to 5 years (2022: 2 to 6 years). Depreciation is provided to write off the cost of items of right-of-use assets over their expected useful lives using straight line method. When there is no reasonable certainty that ownership will be obtained by the end of the lease term, the assets are depreciated over the lease term.

The Group does not have the option to purchase the right-of-use assets for a nominal amount at the end of the lease terms.

13. TRADE AND OTHER RECEIVABLES

	2023 HK$	2022 HK$
Trade receivables	**43,733,169**	133,726,146
Less: Provision for impairment of trade receivables, net	**(1,245,061)**	(1,650,609)
Trade receivables, net	**42,488,108**	132,075,537
Deposits and other receivable	**1,672,180**	1,712,309
Advance to vendors	**2,731,067**	17,337,977
Prepayment	**79,876**	419,955
	46,971,231	151,545,778

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

The movements in the ECL allowance of trade receivables during the year were as follows:

	2023	2022
	HK$	HK$
At the beginning of the year	**1,650,609**	335,632
ECL allowance recognised during the year	**-**	1,314,977
ECL allowance reversed during the year	**(405,548)**	-
At the end of the year	**1,245,061**	1,650,609

The aging analysis of trade receivables (net of impairment loss) that are past due at the reporting date but not individually considered to be impaired is included in the following analysis:

	2023	2022
	HK$	HK$
Current	**41,244,461**	128,133,392
Past due		
Less than 30 days	**1,243,647**	3,942,145
	42,488,108	132,075,537

14. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES/IMMEDIATE HOLDING COMPANY/INTERMEDIATE HOLDING COMPANY/SHAREHOLDER/THEN IMMEDIATE HOLDING COMPANY

The amounts due are unsecured, interest-free and have no fixed terms of repayment.

15. TRADE AND OTHER PAYABLES

	2023	2022
	HK$	HK$
Trade payables	**35,365,128**	121,084,935
Accrued expenses	**315,212**	2,168,660
Other payables	**7,312,297**	8,880,868
	42,992,637	132,134,463

16. SECURED BANK BORROWINGS

The carrying amount of the secured bank borrowings at the end of reporting period is analysed as follows:

	2023	2022
	HK$	HK$
Amount repayable within one year:		
Clean import loans	**14,084,874**	30,570,699
Trust receipt loans	**44,262,367**	38,664,090
	58,347,241	69,234,789

16. SECURED BANK BORROWINGS (CONTINUED)

As at 31 March 2023, the secured bank borrowings bears interest at ranged from LIBOR + 2% to 2.4% (2022: ranged from LIBOR + 2% to 2.4%) per annum. Details of the guarantees and securities are as set out in note 19 to the consolidated financial statements.

17. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities as at the reporting date:

	2023		2022	
	Present value of the minimum lease payments HK$	**Total minimum lease payments HK$**	Present value of the minimum lease payments HK$	Total minimum lease payments HK$
Within 1 year	**3,876,225**	**4,213,830**	3,391,735	3,732,687
After 1 year but within 2 years	**4,322,273**	**4,560,355**	2,877,395	3,141,327
After 2 year but within 5 years	**5,880,479**	**6,135,964**	10,395,679	10,719,282
	10,202,752	**10,696,319**	13,273,074	13,860,609
Total	**14,078,977**	**14,910,149**	16,664,809	17,593,296
Less: total future interest expenses	**-**	**(831,172)**	-	(928,487)
Present value of lease liabilities	**14,078,977**	**14,078,977**	16,664,809	16,664,809

18. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid:		
10,000 class "A" ordinary shares with voting right (note a)	**77,800**	77,800
100 class "B" ordinary shares with no voting right (note b)	**259,307**	259,307

Note:

a) The holders of class "A" ordinary shares with voting right are entitle to receive dividends till the date of issuance of Class "B" ordinary shares with no voting right. Upon winding up, the holder of class "A" ordinary shares with voting right are entitled the right to payment of all capital paid up on such shares and shall be entitled to participate in any surplus assets or value exist up to the date of issuance of class "B" ordinary shares with no voting right.

b) The holders of class "B" ordinary shares with no voting right are entitled to receive out of profit accrued after the date of issuance of class "B" ordinary shares with no voting right all dividends that are declared from time to time. Upon winding up, the holder of class "B" ordinary shares with no voting right are entitled to participate in any excess of surplus assets or value as at the date of winding up of the Company over the surplus assets as at the date of issuance of class "B" ordinary shares with no voting right.

19. BANKING FACILITIES

General banking facilities granted by various banks were secured by the fellow subsidiaries' corporate guarantee, ultimate holding and intermediate holding companies' corporate guarantee, directors' personal guarantee and fellow subsidiary's life insurance policy and properties.

20. CONTINGENT LIABILITIES

The Group had the following contingent liabilities not provided for in the consolidated financial statements at the end of reporting period:

	2023 HK$	2022 HK$
Irrevocable letters of credit	**3,349,290**	10,555,033

At the end of reporting period, there were mutual guarantees between the Group and its fellow subsidiaries.

21. SHARE BASE PAYMENTS

As at 31 March 2023, PDS has the following share-based payments arrangements:

(i) Equity-settled share option scheme

On 3 April 2021, PDS established the PDS – Employee Stock Option Plan 2021 – Plan A ("Plan A") which entitles key managerial personnel and senior employees to purchase shares of the Group. The plan is designed to provide incentives to the employees of the PDS and its subsidiaries to deliver long-term returns. As at 31 March 2023, PDS has granted a total of 20,000 (2022: 4,000) equity settled stock options under this plan to the Group's employees. Vesting of the options would be subject to continuous employment with PDS and its subsidiaries and hence the options would vest with passage of time. In addition to this, the nomination and remuneration committee of PDS may also specify certain performance parameters subject to which the options would vest. The options vest after 4 years from the date of grant and then exercisable within 4 years. Options granted under the plan are for no consideration and carry no dividend or voting rights. On exercise, each option is convertible into one equity share of PDS. The key terms and conditions related to the grants under these plans are as follows; all options are to be settled by the delivery of shares.

Movements of share options granted during the year are as follows:

	2023 Weight average exercise price after stock split HK$	**2023 Number of share options**	2022 Weighted average exercise price HK$	2022 Number of share options
Outstanding at 1 April	**113.89**	**4,000**	-	-
Stock split adjustment (note)	**(91.11)**	**16,000**	-	-
Granted during the year	**-**	**-**	113.89	4,000
Outstanding at 31 March	**22.78**	**20,000**	113.89	4,000
Exercisable at 31 March	**22.78**	**5,000**	-	-

21. SHARE BASE PAYMENTS (CONTINUED)

(i) Equity-settled share option scheme (Continued)

Note: Pursuant to the approval of the shareholders at the Annual General Meeting of PDS held on 29 July 2022, each equity share has been subdivided into five equity shares.

During the year ended 31 March 2023, the Group has charged HK$92,006 (2022: 50,827) to the statement of profit or loss in respect of options granted under Plan A.

The fair value of share options granted under Plan A have been measured using the Black-Scholes Option-Pricing Model using the following assumptions at the grant date:

Grant date fair value after stock split, per share (in HK$)	11.55
Exercise price after stock split, per share (in HK$)	22.78
Assumptions used:	
Volatility	34.73%
Expected lives (in years)	3.83
Risk-free interest rate	5.38%
Dividend yield rate	1.12%

Expected volatility during the expected term of the options is based on historical volatility of the observed market prices of PDS's publicly traded equity shares during 5 years before the date of Grant. PDS believes that such measure of volatility is currently the best available indicator of the expected volatility used in these estimates.

The expected life of the share options is estimated based on the vesting term and contractual term of the share options, as well as expected exercise behavior of the employee who receives the share options.

Risk-free interest rates are determined using the implied yield currently available for India government issues with a remaining term equal to the expected life of the options.

Expected dividend yields are based on the annualised approved dividend rate and the market price of PDS's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term.

The fair value per share of share options is determined based on the closing price of PDS's share on the date of grant.

21. SHARE BASE PAYMENTS (CONTINUED)

(ii) Cash-settled share based payment

On 22 October 2021, PDS established the PDS – Phantom Stock Units Plan 2021 ("Phantom Stock Plan"), which entitles a few senior employees of PDS and its subsidiaries to a cash payment on exercise. PDS has granted a total of 15,000 (2022: 4,000) Stock Units ("Phantom Stock Units/PSU") to the Group's employees as at 31 March 2023. These PSU's carry a vetting period of up to 4 years and an exercise period of 4 years from the date of vesting.

Movements of share options granted during the year are as follows:

	2023 Weighted average exercise price after stock split HK$	**2023 Number of share options**	2022 Weighted average exercise price HK$	2022 Number of share options
Outstanding at 1 April	**113.89**	**4,000**	-	-
Stock split adjustment (note)	**(91.11)**	**16,000**	-	-
Granted during the year	**-**	**-**	113.89	4,000
Exercised during the year	**22.78**	**(5,000)**	-	-
Outstanding at 31 March	**22.78**	**15,000**	113.89	4,000
Exercisable at 31 March	**-**	**-**	-	-

Note: Pursuant to the approval of the shareholders at the Annual General Meeting of PDS held on 29 July 2022, each equity share has been subdivided into five equity shares.

During the year ended 31 March 2023, the Group has charged HK$146,412 (2022: HK$83,222) to the statement of profit or loss in respect of PSUs granted under the Phantom Stock Plan.

The fair value of PSUs as at 31 March 2023 and 2022 have been measured using the Black-Scholes Option-Pricing Model using the following assumptions at the measurement date:

Grant date fair value after stock split, per share (in HK$)	18.64
Exercise price after stock split, per share (in HK$)	22.78
Assumptions used:	
Volatility	36.3%
Expected lives (in years)	4.60
Risk-free interest rate	6.14%
Dividend yield rate	0.86%

Expected volatility during the expected term of the options is based on historical volatility of the observed market prices of PDS's publicly traded equity shares during 5 years before the date of measurement. PDS believes that such measure of volatility is currently the best available indicator of the expected volatility used in these estimates.

21. SHARE BASE PAYMENTS (CONTINUED)

(ii) Cash-settled share based payment (Continued)

The expected life of the PSU is estimated based on the vesting term and contractual term of the share options, as well as expected exercise behavior of the employee who receives the PSU.

Risk-free interest rates are determined using the implied yield currently available for India government issues with a remaining term equal to the expected life of the options.

Expected dividend yields are based on the annualised approved dividend rate and the market price of PDS's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term.

The fair value per share of share options is determined based on the closing price of PDS's share on the date of grant.

(iii) During the years ended 31 March 2023 and 2022, share based payment expense recognised in the statement of profit or loss in respect of the above plans is as follows:

	2023 HK$	**2022 HK$**
Share based payment expenses	**238,418**	**134,049**

(iv) As at 31 March 2023 and 2022, share based payment reserve and share based payment liability recognised in the consolidated statement of financial position in respect of the above plans is as follows:

	2023 HK$	**2022 HK$**
Share based payment liability	**115,742**	**83,222**
Share based payment reserve	**142,833**	**50,827**

22. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;

(ii) To support the Group's stability and growth; and

(iii) To provide capital for the purpose of strengthening the Group's risk management capability.

22. CAPITAL MANAGEMENT (CONTINUED)

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. No changes in the objectives, policies or processes for managing capital were made during the years ended 31 March 2023 and 31 March 2022.

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include credit risk, foreign currency risk, liquidity risk and interest rate risk.

Policies for managing these risks are set by the Company's board of directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

It is not the Group's policy to actively engage in the trading of financial instruments for speculative purposes.

23.1 Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities.

	2023 HK$	2022 HK$
Financial assets		
Financial assets measured at amortised cost		
Trade and other receivables	**44,160,288**	133,787,846
Amount due from shareholder	**44,082**	44,082
Amounts due from fellow subsidiaries	**63,236,954**	89,023,439
Amount due from then immediate holding company	**-**	739,886
Cash and cash equivalents	**13,600,737**	13,765,662
	121,042,061	237,360,915
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	**42,992,637**	132,134,463
Amounts due to fellow subsidiaries	**8,818,595**	51,876,904
Amount due to immediate holding company	**1,312,449**	-
Amount due to intermediate holding company	**145,198**	-
Secured bank borrowings	**58,347,241**	69,234,789
Lease liabilities	**14,078,977**	16,664,809
	125,695,097	269,910,965

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

23.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group's maximum exposure to credit risk on recognised financial assets is limited to the carrying amount at the reporting date as summarised in note 23.1.

The Group manages its credit risk associated with exposure to the customers on outstanding trade receivables through the application of credit approvals, credit ratings and other monitoring procedures.

Trade receivables are non-interest bearing and are generally credit term of 30 to 90 days.

The Group applies the simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. At each reporting dates, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL. In addition, the Group assesses ECL under HKFRS 9 on trade receivables based on provision matrix, the expected loss rates are based on the historical credit losses. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

In respect of other financial assets, including other receivables and amount due from related parties, the management measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition. In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

23.3 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates internationally and is primarily exposed to foreign exchange risk arising from currency exposures of the United States dollars (“USD”), Euro (“EUR”), British Pound (“GBP”) and Bangladeshi Taka (“BDT”) with respect to the Hong Kong dollar. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Foreign currency denominated financial assets and liabilities, translated into HKD at the closing rates, are as follows:

	USD	EUR	GBP	BDT	Total
At 31 March 2023					
Trade and other receivables	**42,488,108**	**-**	**-**	**-**	**42,488,108**
Cash and cash equivalents	**8,402,940**	**112,725**	**868,057**	**4,186,146**	**13,569,868**
Trade and other payables	**(35,374,544)**	**-**	**-**	**(6,144)**	**(35,380,688)**
Secured bank borrowings	**(58,347,241)**	**-**	**-**	**-**	**(58,347,241)**
Overall net exposure	**(42,830,737)**	**112,725**	**868,057**	**4,180,002**	**(37,669,953)**
At 31 March 2022					
Trade and other receivables	115,314,048	-	7,044,798	-	122,358,846
Cash and cash equivalents	4,722,552	115,095	2,990,995	4,323,901	12,152,543
Trade and other payables	(121,095,401)	-	-	-	(121,095,401)
Secured bank borrowings	(69,234,789)	-	-	-	(69,234,789)
Overall net exposure	(70,293,590)	115,095	10,035,793	4,323,901	(55,818,801)

The following table indicates the approximate change in the Group’s profit after tax in response to reasonably possible changes (e.g. +10%) in the foreign exchange rates to which the Group has significant exposure at the end of reporting period.

	2023		2022	
	Increase HK$	**Decrease HK$**	Increase HK$	Decrease HK$
EUR	**11,273**	**(11,273)**	11,510	(11,510)
GBP	**86,806**	**(86,806)**	1,003,579	(1,003,579)
BDT	**418,000**	**(418,000)**	432,390	(432,390)
	516,079	**(516,079)**	1,447,479	(1,447,479)

The same % depreciation in the Group’s functional currency against the respective foreign currencies would have the same magnitude on the Group’s profit for the year and equity but of opposite effect.

The stated changes represent management’s assessment of reasonably possible change in foreign exchange rates over the period until the end of next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the United States dollar against other currencies.

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

23.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The following table summarises the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on undiscounted cash flows:

	Within one year HK$	In the second year HK$	In the third to fifth year HK$	Total undiscounted amount HK$	Carrying amount HK$
2023					
Amounts due to fellow subsidiaries	**8,818,595**	**-**	**-**	**8,818,595**	**8,818,595**
Amount due to immediate holding company	**1,312,449**	**-**	**-**	**1,312,449**	**1,312,449**
Amounts due to intermediate holding company	**145,198**	**-**	**-**	**145,198**	**145,198**
Trade and other payables	**42,992,637**	**-**	**-**	**42,992,637**	**42,992,637**
Secured bank borrowings	**58,347,241**	**-**	**-**	**58,347,241**	**58,347,241**
Lease liabilities	**4,213,830**	**4,560,355**	**6,135,964**	**14,910,149**	**14,078,977**
	115,829,950	**4,560,355**	**6,135,964**	**126,526,269**	**125,695,097**
2022					
Amounts due to fellow subsidiaries	51,876,904	-	-	51,876,904	51,876,904
Trade and other payables	132,134,463	-	-	132,134,463	132,134,463
Secured bank borrowings	69,234,789	-	-	69,234,789	69,234,789
Lease liabilities	3,732,687	3,141,327	10,719,282	17,593,296	16,664,809
	256,978,843	3,141,327	10,719,282	270,839,452	269,910,965

23.5 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Group's interest rate risk arises primarily from borrowings bears variable rates as set out in note 16.

If the interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2023 would increase/decrease by approximately HK$583,000 (2022: HK$692,000).

The sensitivity analysis is prepared assuming financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

24. RELATED PARTY TRANSACTIONS

During normal course of business, the Group had the following material transactions with the related parties below.

Name	Relationship	Nature of transactions	2023 HK$	2022 HK$
PDS Far East USA Inc.	Fellow subsidiary	- Sales	**-**	9,674,941
Poeticgem Limited	Fellow subsidiary	- Marketing fees	**59,708,730**	-
		- Commission paid	**-**	63,953,385
		- Commission received	**-**	732,518
PDS Sourcing Limited	Immediate holding company (2022: Fellow subsidiary)	- Corporate charge	**11,312,801**	12,615,059
Design Arc Asia Limited	Fellow subsidiary	- Commission received	**12,412,827**	14,273,368
		- Sample income	**1,397,833**	1,353,253
Norlanka Manufacturing Ltd.	Fellow subsidiary	- Purchase	**-**	645,297
Multinational Textile Group Limited	Intermediate holding company (2022: Immediate holding company)	- Corporate charge	**3,689,647**	6,885,440
PDS Limited (formerly known as PDS Multinational Fashions Limited)	Ultimate holding company	- Consultancy fee	**-**	915,224
Green Smart Shirts Limited	Fellow subsidiary	- Purchase	**38,072,640**	86,730,606
Progress Apparels (Bangladesh) Limited	Fellow subsidiary	- Purchase	**9,004,189**	10,151,278
DIZBI Private Limited	Fellow subsidiary	- SAP expense	**318,980**	342,320
		- Software expense	**670,760**	-
Poetic Brands Limited	Fellow subsidiary	- Commission received	**1,585,889**	2,749,531
Zamira Fashion Limited	Fellow subsidiary	- Commission received	**-**	135,041

The Group paid recharging expenses to group entities amounted to HK$747,857 for the year ended 31 March 2023 (receives recharging income from group entities amounted to HK$337,650 for the year ended 31 March 2022).

25. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities were as follows:

	Secured bank borrowings HK$	Lease liabilities HK$	Total HK$
As at 1 April 2020	110,976,723	2,316,509	113,293,232
Cash flows			
Payment of lease liabilities	-	(3,685,820)	(3,685,820)
Net repayments from bank borrowings	(41,741,934)	-	(41,741,934)
Payment of interests	(4,576,368)	(112,401)	(4,688,769)
Non-cash changes			
Interest charges	4,576,368	112,401	4,688,769
Recognition of right of use assets in respect of lease entered during the year	-	18,132,187	18,132,187
Derecognition of right of use assets in respect of lease terminated during the year	-	(98,067)	(98,067)
As at 31 March 2022 and 1 April 2022	69,234,789	16,664,809	85,899,598
Cash flows			
Payment of lease liabilities	-	(3,611,880)	(3,611,880)
Net repayments to bank borrowings	(10,887,548)	-	(10,887,548)
Payment of interests	(11,142,005)	(407,093)	(11,549,098)
Non-cash changes			
Interest charges	11,142,005	407,093	11,549,098
Recognition of right of use assets in respect of lease entered during the year	-	7,319,764	7,319,764
Derecognition of right of use assets in respect of lease terminated during the year	-	(3,794,059)	(3,794,059)
Exchange realignment	-	(2,499,657)	(2,499,657)
As at 31 March 2023	**58,347,241**	**14,078,977**	**72,426,218**

26. INTEREST IN SUBSIDIARY

	2023 HK$	2022 HK$
Unlisted shares, at cost	**58**	58
Less: Impairment loss	**(58)**	(58)
	-	-

Details of interest in subsidiary as at reporting date are as follows:

Name of subsidiary	Place of incorporation	Percentage of ownership and voting power 2023	2022	Name of business
Kindred Fashion Limited	Canada	**100%**	100%	Dormant

27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**2023 HK$**	2022 HK$
Non-current assets			
Plant and equipment		**5,228,449**	3,217,359
Right-of-use assets		**14,090,605**	17,995,277
Interest in subsidiary	26	**-**	-
		19,319,054	21,212,636
Current assets			
Trade and other receivables		**45,422,158**	149,695,168
Deposits and prepayment		**1,543,908**	1,850,610
Amount due from shareholder		**44,082**	44,082
Amounts due from fellow subsidiaries		**63,236,954**	89,023,439
Amount due from then immediate holding company		**-**	739,886
Cash and cash equivalents		**13,482,178**	13,636,128
		123,729,280	254,989,313
Current liabilities			
Trade and other payables		**42,977,078**	132,123,997
Amounts due to fellow subsidiaries		**8,817,570**	51,876,904
Amount due to immediate holding company		**1,312,449**	-
Amount due to intermediate holding company		**145,198**	-
Lease liabilities		**3,876,225**	3,391,735
Secured bank borrowings		**58,347,241**	69,234,789
		115,475,761	256,627,425
Net current assets/(liabilities)		**8,253,519**	(1,638,112)
Total assets less current liabilities		**27,572,573**	19,574,524
Non-current liabilities			
Lease liabilities		**10,202,752**	13,273,074
Net assets		**17,369,821**	6,301,450
Equity			
Share capital	18	**337,107**	337,107
Reserves	28	**17,032,714**	5,964,343
Total equity		**17,369,821**	6,301,450

SD/-

Anuj Banaik
Director

SD/-

Krishna KANODIA
Director

28. MOVEMENT OF RESERVES OF THE COMPANY

	Retained earnings HK$	Share option reserve HK$	Total HK$
At 1 April 2021	3,646,356	-	3,646,356
Equity settled share-based payments (note 21)	-	50,827	50,827
Profit for the year and total comprehensive income for the year	17,554,860	-	17,554,860
Dividends paid (note 29)	(15,287,700)	-	(15,287,700)
At 31 March 2022 and 1 April 2022	5,913,516	50,827	5,964,343
Deemed contribution arising from exercise of cash settled share options	-	113,892	113,892
Exercise of employee share options	113,892	(113,892)	-
Equity settled share-based payments (note 21)	-	92,006	92,006
Profit for the year and total comprehensive income for the year	10,862,473	-	10,862,473
At 31 March 2023	**16,889,881**	**142,833**	**17,032,714**

29. DIVIDENDS

The Company declared the payment of a dividend of HK$1,513.63 per share totalling HK$15,287,700 for the year ended 31 March 2022.

Reports and Financial Statements

Grupo Sourcing Limited

For the year ended 31 March 2023

Contents

Expressed in Hong Kong dollars ("HK$")

Directors' report for the year ended 31 March 2023

The directors present their annual report and the audited financial statements of Grupo Sourcing Limited (the "Company") for the year ended 31 March 2023.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
The principal activity of the Company is trading of garment. The principal activity and other particulars of the subsidiary are set out in the note 12 to the financial statements. There were no significant changes in the nature of the Company's principal activities during the year.

No business review is presented as the Company has been able to claim an exemption under section 388(3) of the Companies Ordinance (Cap. 622) since it falls under the "reporting exemption" in accordance with section 359, as at the reporting date.

RESULTS AND APPROPRIATIONS
The results of the Company for the year ended 31 March 2023 and the financial position of the Company are set out in the financial statement on pages 6 to 31.

The directors recommend the payment of interim dividend of HK$2.28 (2022: HK$15.48) per share totalling HK$227,881 (2022: HK$1,548,111) for the year ended 31 March 2023.

SHARE CAPITAL
There were no movements in the Company's share capital during the year.

DIRECTORS
The directors of the Company during the year and up to the date of this report were as follows:

Deepak Kumar SETH
Pallak SETH
Zamal Uddin AHMED

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except for the related party transactions as disclosed in note 23 to the financial statements, no transactions, arrangements or contracts of significance to which the Company's holding companies, subsidiary, or fellow subsidiaries was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

DIRECTORS' INTERESTS

Pursuant to the share option scheme of the Company's ultimate holding company, a director of the Company has been granted options to purchase ordinary shares of the ultimate holding company.

During the year, no share options granted to the director was exercised (2022: Nil). At 31 March 2023, the outstanding number of shares in respect of which options had been granted by the ultimate holding company to the Company's director was 18,750 (2022: 5,000). Details of the share options of the Company's ultimate holding company are set out in note 20 to the financial statements.

Apart from the foregoing, none of the directors of the Company has any interests in the shares or debentures of the Company or any other body corporate.

MANAGEMENT CONTRACTS

The Company did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Company, by which a person undertakes the management and administration of the whole, or any substantial part of any business of the Company during the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the directors was in force during the year and up to the date of this report.

AUDITOR

The Company's auditor, Grant Thornton Hong Kong Limited, retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

SD/-

____

Pallak SETH
Chairman

[Date]

Independent auditor’s report

To the members of Grupo Sourcing Limited
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Grupo Sourcing Limited (the “Company”) set out on pages 6 to 31, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are relevant to these financial statements and have been properly prepared in compliance with the Companies Ordinance..

Basis for opinion

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

Material Uncertainty Related to Going Concern

We draw attention to note 2.1 to the financial statements, which indicates that the Company incurred a net loss of HK$1,001,324 during the year ended 31 March 2023, and as of that date, the Company’s current liabilities exceeded its current assets and total assets by HK$64,804. As stated in note 2.1, these events or conditions, along with other matters as set forth in note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA that are relevant to these financial statements and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)
As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

SD/-

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong SAR

[Date]

Lam Yau Hing
Practising Certificate No.: P06622

Statement of profit or loss and other comprehensive income for the year ended 31 March 2023

	Notes	**2023** **HK$**	2022 HK$
Revenue	5	**6,344,826**	13,776,994
Cost of sales		**(6,088,342)**	(12,693,021)
Gross profit		**256,484**	1,083,973
Other revenue and other income	6	**1,873,555**	3,933,078
Staff cost		**(183,021)**	(104,026)
Other operating expenses		**(2,947,444)**	(2,731,926)
Impairment loss on investment in a subsidiary		**-**	(356,178)
Expected credit losses on amounts due from a subsidiary		**-**	(778,000)
(Loss)/Profit from operations		**(1,000,426)**	1,046,921
Finance costs	7	**(898)**	(21,072)
(Loss)/Profit before income tax	8	**(1,001,324)**	1,025,849
Income tax expenses	9	**-**	-
(Loss)/Profit and total comprehensive (expense)/ income for the year		**(1,001,324)**	1,025,849

The notes on pages 10 to 31 form an integral part of these financial statements.

Statement of financial position as at 31 March 2023

	Notes	**2023**	2022
		HK$	HK$
Non-current asset			
Investment in a subsidiary	12	**-**	-
Current assets			
Trade and other receivables	13	**964,625**	3,342,577
Amounts due from a fellow subsidiary	14	**-**	243,664
Amount due from intermediate holding company	14	**47,868**	-
Amount due from then immediate holding company	14	**-**	39,533
Loans to a subsidiary	15	**816,900**	-
Cash and cash equivalents		**189,370**	501,729
		2,018,763	4,127,503
Current liabilities			
Trade and other payables	16	**715,120**	2,936,314
Amount due to immediate holding company	14	**95,694**	-
Amount due to fellow subsidiaries	14	**1,272,753**	102,696
		2,083,567	3,039,010
Net current (liabilities)/assets		**(64,804)**	1,088,493
Net (liabilities)/assets		**(64,804)**	1,088,493
Equity			
Share capital	17	**778,000**	778,000
Reserves		**(842,804)**	310,493
(Capital deficiencies)/Total equity		**(64,804)**	1,088,493

SD/-

Pallak SETH
Director

SD/-

Deepak Kumar SETH
Director

The notes on pages 10 to 31 form an integral part of these financial statements.

Statement of cash flows for the year ended 31 March 2023

	2023 HK$	2022 HK$
Cash flows from operating activities		
(Loss)/Profit before income tax	**(1,001,324)**	1,025,849
Adjustments for:		
Share-based payment expenses	**183,021**	104,026
Impairment loss on investment in a subsidiary	**-**	356,178
Expected credit losses on trade receivables	**439,613**	-
Expected credit losses on amounts due from a subsidiary	**-**	778,000
Operating (loss)/profit before working Capital changes	**(378,690)**	2,160,027
Decrease/(Increase) in trade and other receivables	**1,938,339**	(1,410,644)
(Decrease)/Increase in trade and other payables	**(2,328,307)**	1,966,961
Net receipts from/(repayments to) fellow subsidiaries	**1,413,721**	(1,496,282)
Net cash generated from operating activities	**645,063**	1,324,088
Cash flows from investing activities		
Loans to a subsidiary	**(816,900)**	-
Net cash used in financing activities	**(816,900)**	-
Cash flows from financing activities		
Dividends paid	**(227,881)**	(1,548,111)
Net repayments to amount due from intermediate holding company	**(47,868)**	-
Net receipts from amount due from then immediate holding company	**39,533**	-
Net receipts from/(repayments to) amount due to immediate holding company	**95,694**	(137,257)
Net cash used in financing activities	**(140,522)**	(1,685,368)
Net decrease in cash and cash equivalents	**(312,359)**	(361,280)
Cash and cash equivalents at beginning of the year	**501,729**	863,009
Cash and cash equivalents at end of the year	**189,370**	501,729

The notes on pages 10 to 31 form an integral part of these financial statements.

Statement of changes in equity for the year ended 31 March 2023

	Share capital HK$	Share-based payment reserve HK$ (Note)	Retained earnings/ (Accumulated losses) HK$	Total HK$
At 1 April 2021	778,000	-	832,755	1,610,755
Profit and total comprehensive income for the year	-	-	1,025,849	1,025,849
Dividends paid (note 11)	-	-	(1,548,111)	(1,548,111)
At 31 March 2022 and 1 April 2022	778,000	-	310,493	1,088,493
Loss and total comprehensive expenses for the year	-	-	(1,001,324)	(1,001,324)
Deemed contribution arising from exercise of cash settled share options	-	75,908	-	75,908
Dividends paid (note 11)	-	-	(227,881)	(227,881)
At 31 March 2023	**778,000**	**75,908**	**(918,712)**	**(64,804)**

Note: Share-based payment reserve represents the deemed contribution from the Company's ultimate holding company with respect to share options granted by the Company's ultimate holding company and share options exercised by the director.

The notes on pages 10 to 31 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 March 2023

1. GENERAL

Grupo Sourcing Limited ("the Company") is a company incorporated in Hong Kong with limited liability. Its registered office and principal place of business are located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong.

The Company's immediate holding company is PDS Sourcing Limited (formerly known as Global Textiles Group Ltd.), which is incorporated in Mauritius, and the ultimate holding company of the Company is PDS Limited ("PDS") (formerly known as Multinational Fashions Limited.), which is incorporated in India and its shares are listed on the Bombay Stock Exchange (Stock Code: 538730) and National Stock Exchange in India (Stock Code: PDSMFL). As at 31 March 2022, the immediate holding company of the Company was Multinational Textile Group Limited, a company incorporated in Mauritius.

The principal activity of the Company is trading of garments and investment holding. Details of the principal activities and other particulars of the subsidiary are set out in note 12 to the financial statements.

The financial statements for the year ended 31 March 2023 were approved for issue by the board of directors on [date].

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

For the purposes of compliance with section 379 and 380 of the Companies Ordinance, these financial statements have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Consequently, the annual financial statements on pages 6 to 31 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong. The financial statements also comply with the applicable requirements of the Companies Ordinance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

As the Company is a partially owned subsidiary of another body corporate and the members agree that the Company will not prepare consolidated financial statements, it satisfies the exemption criteria set out in section 379(3)(c) of the Companies Ordinance, and is therefore not required to prepare consolidated financial statements.

Given the above, these financial statements are not prepared for the purposes of compliance with HKFRS 10, "Consolidated financial statements", so far as the preparation of consolidated financial statements is concerned. As a consequence, the financial statements do not give all the information required by HKFRS 10 about the economic activities of the group of which the Company is the parent. Furthermore, as these financial statements are prepared in respect of the Company only, disclosure required by HKFRS 12, "Disclosure of Interests in Other Entities", have not been made.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Company's financial statements, if any, are disclosed in note 3.

The financial statements have been prepared under the historical cost basis. The measurement bases are fully described in the accounting policies below.

During the year, the Company incurred a net loss of HK$1,001,324 and at the end of reporting period, its current liabilities exceeded its current assets and total assets by HK$64,804. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore, the Company may not be able to realise its assets and discharge its liabilities in the normal course of business. The intermediate holding company of the Company have confirmed that they would provide such financial assistance as is necessary to maintain the Company as a going-concern. Accordingly, the financial statements have been prepared on a going concern basis.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiary

Subsidiary is an entity controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Company has power over the entity, only substantive rights relating to the entity (held by the Company and others) are considered.

Investment in a subsidiary is carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group.

The result of a subsidiary is accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2.3 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

<u>Classification and measurement of financial assets</u>

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("FVTPL"), plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets, other than those designated and effective as hedging instruments, are classified into the amortised cost.

The classification is determined by both:

- the entity's business model for managing the financial asset; and

- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, other income or other financial items, except for expected credit losses ("ECL") of trade receivables which is presented in other operating expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial instruments (Continued)

Subsequent measurement of financial assets

Debt investments

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit or loss):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Company's trade and other receivables, cash and bank balances, loan to a subsidiary and amounts due from fellow subsidiaries, intermediate holding company and then immediate holding company fall into this category of financial instruments.

Classification and measurement of financial liabilities

The Company's financial liabilities include trade and other payables and amounts due to fellow subsidiaries and immediate holding company.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

Trade and other payables and amounts due to fellow subsidiaries and immediate holding company

Trade and other payables and amounts due to fellow subsidiaries and immediate holding company are recognised initially at fair values and subsequently measured at amortised costs, using the effective interest method.

2.4 Impairment of financial assets

HKFRS 9's impairment requirements use more forward-looking information to recognise ECL – the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade receivables.

The Company considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Impairment of financial assets (Continued)

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

<u>Trade receivables</u>
For trade receivables, the Company applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Company has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

<u>Other financial assets measured at amortised cost</u>
The Company measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Impairment of financial assets (Continued)

Other financial assets measured at amortised cost (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk;
- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment of debtor that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For internal credit risk management, the Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company , in full (without taking into account any collateral held by the Company).

2.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.6 Foreign currency translation

The financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation (Continued)

At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.7 Revenue recognition

Revenue arises mainly from the sales of garments.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Further details of the Company’s revenue recognition policies are as follows:

<u>Service income</u>
Service income, including marketing fee income and inspection income, is recognised when the services are rendered as the criteria of recognising revenue over time is not met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Revenue recognition (Continued)

Sales of garment

Revenue from the sale of garment is recognised when (or as) the Company transfers control of the assets to the customer. For stand-alone sales of garment that are neither customised by the Company nor subject to significant integration services, control transfers at the point in time the customer takes undisputed delivery of the goods.

Interest income

Interest income from bank deposit is accrued on a time proportion basis on the principal outstanding and at the rate applicable.

2.8 Retirement benefit scheme

The Company's contributions to the mandatory provident fund scheme are charged to the statement of profit or loss as incurred.

The Company's employees who have completed the required number of years of service to the Company are eligible for long service payments in the event of the termination of their employment.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Company to the end of reporting period.

2.9 Employee benefits

Employee benefits are all forms of considerations, including wages, salaries, allowances and contribution to retirement benefit scheme payable by the Company in exchange for services rendered by its employees and directors. The employee benefits are classified as staff costs and charged to the statement of profit or loss and other comprehensive income.

No provision on employees' entitlements to unconsumed annual leaves as of the end of reporting period is provided in the financial statement as such leaves are not permitted to be carried forward and utilised by the respective employees in the following year. Sick leave and maternity leave are recognised until the time of leave.

Cash-settled share based payments

PDS, the Company's ultimate holding company, has cash-settled share-based remuneration plan for the employees of PDS and its subsidiaries. Where the Company's employees are rewarded using share-based payments, the fair value of the employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Employee benefits (Continued)

The fair value of the amount payable to the Company's employees is recognised as employee benefits expense with a corresponding increase in liabilities, over the vesting period. The liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognised in other operating expenses.

2.10 Borrowing costs

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

2.11 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability is not recognised but is disclosed in the notes to the financial statements.

2.12 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting year, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising from investment in a subsidiary, except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the year the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Accounting for income taxes (Continued)

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Company has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.13 Related parties

For the purposes of these financial statements, a party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) the party is an entity and if any of the following conditions applies:

- (i) the entity and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) the entity and the Company are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Related parties (Continued)

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. ADOPTION OF NEW OR AMENDED HKFRSs

3.1 Amended HKFRSs that are effective for annual periods beginning from 1 April 2022

In the current year, the Company has applied for the first time all amended HKFRSs issued by the HKICPA, which are relevant to the Company's operations and effective for the Company's financial statements for the annual period beginning from 1 April 2022. The application of these amended HKFRSs do not have any material impact on the Company's results and financial positions for the current or prior periods have been prepared and presented.

3.2 Issued but not yet effective HKFRSs

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Company.

The directors anticipated that all pronouncements will be adopted in the Company's accounting policy for the first accounting period beginning after the effective dates of the pronouncements but are not expected to have a material impact on the Company's financial statements. Information on these new pronouncements that are expected to be relevant to the Company's financial statements is provided below.

HKFRS 17	*Insurance Contracts and related amendments*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5*[2]
Amendments to HKAS 1	*Non-current Liabilities with Covenants*[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]
Amendments to HKAS 12	*International Tax Reform - Pillar Two Model Rules*[1]

3. ADOPTION OF NEW OR AMENDED HKFRSs (CONTINUED)

3.2 Issued but not yet effective HKFRSs (Continued)

[1] Effective for annual periods beginning on or after 1 January 2023

[2] Effective for annual periods beginning on or after 1 January 2024

[3] Effective date not yet determined

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

<u>Judgements</u>

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Revenue from contracts with customers

The Company assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods and rendering of services, in order to determine if it is acting as a principal or as an agent. The Company has concluded that it is operating on a principal to principal basis in all its revenue arrangements.

The Company applies judgement to determine whether each product or service promised to a customer are capable of being distinct, and are distinct in the context of contract, if not the promised services are combined and accounted as a single performance obligation.

For performance obligation where control is transferred over the time, revenues are recognised by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgement and is based on the nature of the promised service to be rendered.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimation uncertainty

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

Provision for expected credit loss on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

5. REVENUE

Revenue represents the fair value of the consideration received and receivables for sales of goods during the year, net of rebates and discounts.

6. OTHER INCOME

	2023	2022
	HK$	HK$
Other revenue		
Marketing fee income	**1,743,696**	3,363,080
Claims and recovery	**73,865**	509,695
Recharge income from related parties	**-**	60,303
Commission income	**55,994**	-
	1,873,555	3,933,078

7. FINANCE COSTS

	2023	2022
	HK$	HK$
Bank finance charges	**898**	21,072

8. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/Profit before income tax is stated after charging/(crediting):

	2023	2022
	HK$	HK$
Auditors' remuneration	**73,600**	79,000
Exchange (gain)/loss, net	**-**	209,585
Written-off of trade receivables	**106,818**	92,702
Expected credit loss on trade receivables	**439,613**	-
Staff costs		
- Share-based payment expense	**183,021**	104,026

9. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been provided for the year as the revenue of the Company was sourced outside of Hong Kong and not subject to Hong Kong Profits Tax (2022: Nil).

Reconciliation between income tax expense and accounting (loss)/profit at applicable tax rates:

	2023 HK$	2022 HK$
(Loss)/Profit before income tax	**(1,001,324)**	1,025,849
Tax at the applicable tax rate of 16.5% (2022: 16.5%)	**(165,218)**	169,265
Tax effect of non-deductible expenses	**1,521,251**	2,752,897
Tax effect of non-taxable income	**(1,356,033)**	(2,922,162)
Income tax expense	**-**	-

10. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance (Cap. 622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2023 HK$	2022 HK$
Fee	**-**	-
Salaries and allowances	**-**	-
Share-based payment expenses	**183,021**	104,026
Other emoluments	**-**	-
	183,021	104,026

11. DIVIDENDS

During the year, the Company declared the payment of an interim dividend of HK$2.28 (2022: HK$15.48) per share totalling HK$227,881 (2022: HK$1,548,111) for the year ended 31 March 2023.

12. INVESTMENT IN A SUBSIDIARY

	2023	2022
	HK$	HK$
Unlisted shares, at cost	**2,890,270**	2,890,270
Less: Impairment loss	**(2,890,270)**	(2,890,270)
	-	-

During the year ended 31 March 2022, an impairment loss of HK$356,178 (2023: nil) is recognised.

Details of interest in subsidiary as at reporting date are as follows:

Name of subsidiary	Place of incorporation	Percentage of ownership and voting power		Name of business
		2023	2022	
Grupo Sourcing Limited	Bangladesh	**99.99%**	99.99%	Trading and supply of goods and services including garments related activities

13. TRADE AND OTHER RECEIVABLES

	2023	2022
	HK$	HK$
Trade receivables	**611,611**	2,956,449
Less: ECL allowance provision	**(439,613)**	-
	171,998	2,956,449
Other receivables	**41,299**	-
Advance to vendors	**751,328**	386,128
	964,625	3,342,577

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

The aging analysis of trade receivables (net of impairment loss) that are past due at the reporting date but not individually considered to be impaired is included in the following analysis:

	2023	2022
	HK$	HK$
Current	**-**	2,357,298
Past due		
Less than 30 days	**-**	490,777
Over 90 days	**171,998**	108,374
	171,998	2,956,449

14. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES/IMMEDIATE HOLDING COMPANY/INTERMEDIATE HOLDING COMPANY/THEN IMMEDIATE HOLDING COMPANY

The amounts due are unsecured, interest-free and have no fixed terms of repayment.

15. LOANS TO A SUBSIDIARY

Loans to a subsidiary of HK$816,900 (2022: nil) are interest-free and repayable on demand.

16. TRADE AND OTHER PAYABLES

	2023	2022
	HK$	HK$
Trade payables	**439,765**	2,721,963
Trade deposit received	**765**	69,119
Share-based payment liabilities	**211,139**	104,026
Other payables and accruals	**63,451**	41,025
	715,120	2,936,314

17. SHARE CAPITAL

	2023	2022
	HK$	HK$
Issued and fully paid		
100,000 ordinary shares		
At beginning and end of the year	**778,000**	778,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

18. BANKING FACILITIES

General banking facilities granted by various banks were secured by the fellow subsidiaries' corporate guarantee, ultimate holding and immediate holding companies' corporate guarantee, directors' personal guarantee, life insurance policy and fellow subsidiary's properties.

19. CONTINGENT LIABILITIES

The Company had the following contingent liabilities not provided for in the financial statements at the end of reporting period:

	2023	2022
	HK$	HK$
Irrevocable letters of credit	**10,543,359**	-

At the end of reporting period, there were mutual guarantees between the Company and its fellow subsidiaries.

20. SHARE-BASED PAYMENTS

As at 31 March 2023, PDS has the following share-based payments arrangements:

(i) Cash-settled share based payment

On 22 October 2021, PDS established the PDS – Phantom Stock Units Plan 2021 ("Phantom stock plan"), which entitles a few director of PDS and its subsidiaries to a cash payment on exercise. As at 31 March 2023, PDS has granted 18,750 (2022: 5,000) Stock Units ("Phantom Stock Units/PSU"). These PSUs carry a vesting period of up to 4 years and an exercise period of 4 years from the date of vesting.

Movements of share options granted to a director of the Company during the year are as follows:

	2023 Exercise price after stock split HK$	**2023 Number of share options**	2022 Weighted average exercise price HK$	2022 Number of share options
Outstanding at 1 April	**113.89**	**5,000**	-	-
Stock split adjustment (note)	**(91.11)**	**20,000**	-	-
Granted during the year	**-**	**-**	113.89	5,000
Exercised during the year	**22.78**	**(6,250)**	-	-
Outstanding at 31 March	**22.78**	**18,750**	113.89	5,000
Exercisable at 31 March	**-**	**-**	-	-

Note: Pursuant to the approval of the shareholders at the Annual General Meeting of PDS held on 29 July 2022, each equity share has been subdivided into five equity shares.

During the year ended 31 March 2023, the Company has charged HK$183,021 (2022: HK$104,026) to the statement of profit or loss in respect of PSUs granted under the Phantom Stock Plan.

The fair value of PSUs as at 31 March 2023 and 2022 have been measured using the Black-Scholes Option-Pricing model using the following assumptions at the measurement date:

Fair value, per share (in HK$)	**18.64**
Exercise price, per share (in HK$)	**22.78**
Assumptions used:	
Volatility	**36.3%**
Expected lives (in years)	**4.6**
Risk-free interest rate	**6.14%**
Dividend yield rate	**0.86%**

20. SHARE-BASED PAYMENTS (CONTINUED)

(i) Cash-settled share based payment

Expected volatility during the expected term of the options is based on historical volatility of the observed market prices of PDS's publicly traded equity shares during 5 years before the date of measurement. PDS believes that such measure of volatility is currently the best available indicator of the expected volatility used in these estimates.

The expected life of the PSU is estimated based on the vesting term and contractual term of the share options, as well as expected exercise behavior of the employee who receives the PSU.

Risk-free interest rates are determined using the implied yield currently available for India government issues with a remaining term equal to the expected life of the options.

Expected dividend yields are based on the annualised approved dividend rate and the market price of PDS's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term.

The fair value per share of PSUs is determined based on the closing price of PDS's share on the date of grant.

(ii) Share-based payment expense recognised in the statement of profit or loss in respect of the above plan is as follows:

	2023 HK$	2022 HK$
Share-based payment expense	**183,021**	104,026

(iii) At the end of reporting period, share based payment expense recognised in the statement of financial position in respect of the above plans is as follows:

	2023 HK$	2022 HK$
Share-based payment liability	**211,139**	104,026

21. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

(i) To safeguard the Company's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;

(ii) To support the Company's stability and growth; and

(iii) To provide capital for the purpose of strengthening the Company's risk management capability.

21. CAPITAL MANAGEMENT (CONTINUED)

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes in the objectives, policies or processes for managing capital were made during the years ended 31 March 2023 and 2022.

22. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Company is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include credit risk, foreign currency risk, liquidity risk and interest rate risk.

Policies for managing these risks are set by the Company's board of directors. The overall objectives in managing financial risks focus on securing the Company's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

It is not the Company's policy to actively engage in the trading of financial instruments for speculative purposes.

22.1 Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and financial liabilities.

	2023 HK$	2022 HK$
Financial assets		
Financial assets measured at amortised cost		
Trade and other receivables	**213,297**	2,956,449
Amount due from intermediate holding company	**47,868**	-
Amount due from then immediate holding company	**-**	39,533
Loans to a subsidiary	**816,900**	-
Amounts due from fellow subsidiaries	**-**	243,664
Cash and cash equivalents	**189,370**	501,729
	1,267,435	3,741,375
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	**714,355**	2,867,195
Amount due to immediate holding company	**95,694**	-
Amounts due to fellow subsidiaries	**1,272,753**	102,696
	2,082,802	2,969,891

22. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

22.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Company. The Company's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Company's maximum exposure to credit risk on recognised financial assets is limited to the carrying amount at the reporting date as summarised in note 22.1.

The Company manages its credit risk associated with exposure to the customers on outstanding trade receivables through the application of credit approvals, credit ratings and other monitoring procedures.

Trade receivables are non-interest bearing and are generally with credit term of 30 to 90 days.

The Company applies the simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. At each reporting dates, the Company applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL. In addition, the Company assesses ECL under HKFRS 9 on trade receivables based on provision matrix, the expected loss rates are based on the historical credit losses. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

In respect of other financial assets, including other receivables and amounts due from related parties, the management measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition. In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. An impairment loss of HK$439,613 (2022: nil) is recognised as at 31 March 2023.

22. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

22.3 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally and is primarily exposed to foreign exchange risk arising from currency exposures of the United States dollars ("USD") with respect to the Hong Kong dollar. As HK$ is linked to USD, the directors consider that the Company's exposure on currency risk in respect of USD is not significant. The Company will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

22.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

The following table summarises the remaining contractual maturities at the reporting date of the Company's financial liabilities, which are based on undiscounted cash flows:

	Within one year HK$	**Total undiscounted amount HK$**	**Carrying amount HK$**
2023			
Trade and other payables	**714,355**	**714,355**	**714,355**
Amount due to immediate holding company	**95,694**	**95,694**	**95,694**
Amount due to fellow subsidiaries	**1,272,753**	**1,272,753**	**1,272,753**
	2,082,802	**2,082,802**	**2,082,802**
2022			
Trade and other payables	2,867,195	2,867,195	2,867,195
Amount due to fellow subsidiaries	102,696	102,696	102,696
	2,969,891	2,969,891	2,969,891

23. RELATED PARTY TRANSACTIONS

During normal course of business, the Company had the following transactions with the related parties below.

Name of Company	Relationship	Nature of transactions	**2023 HK$**	2022 HK$
Multinational Textile Group Ltd.	Intermediate holding company (2022: immediate holding company)	Management and service fee	**431,790**	348,689
		SAP expenses	**15,560**	15,560
PDS Sourcing Limited	Immediate holding company (2022: fellow subsidiary)	Consulting fee	**382,776**	385,059
Norwest Industries Limited	Fellow subsidiary	Marketing fee income	**(1,743,696)**	(3,363,080)
		Net cost related to marketing fee income	**528,630**	334,952
Sourcing Solutions Limited	Fellow subsidiary	Testing charges	**7,301**	-
		Air freight charges	**44,902**	-
PDS Far East USA, Inc.	Fellow subsidiary	Sales	**(668,781)**	-

In addition, during the year, the Company receives recharging income from and paid recharging expenses to group entities amounted to nil (2022: HK$60,303) and HK$814,980 (2022: HK$950,757) respectively.

Reports and Consolidated Financial Statements

Zamira Fashion Limited

For the year ended 31 March 2023

Contents

Expressed in Hong Kong dollars ("HK$")

Directors' report for the year ended 31 March 2023

The directors present their annual report and the audited consolidated financial statements of Zamira Fashion Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2023.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is trading of garments. The principal activities and other particulars of the subsidiaries are set out in the note 27 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Business review has not been prepared as a special resolution was passed on 30 September 2014 to dispense the preparation of a business review for the year ended 31 March 2023 and subsequent financial years which is qualified for the reporting exemption under section 388(3) of the Companies Ordinance.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2023 and the consolidated financial position of the Group are set out in the consolidated financial statement on pages 8 to 47.

The directors recommend the payment of a dividend of HK$23.58 (2022: HK$64.31) per share totalling HK$5,893,941 (2022: HK$16,076,499) for the year ended 31 March 2023.

SHARE CAPITAL

There were no movements in the Company's share capital during the year.

DIRECTORS
The directors of the Company during the year and up to the date of this report were as follows:

Thomas MUELLER	
Abhishekh KANOI	(appointed on 1 April 2022)
Suresh Mahadev PUNJABI	(appointed on 1 April 2022)
Deepak Kumar SETH	(resigned on 1 April 2022)
Pallak SETH	(resigned on 1 April 2022)

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

During the year and up to date of this report, Thomas MUELLER is also the director of the the Company's subsidiary.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS
Except for the related party transactions as disclosed in note 25 to the consolidated financial statements, no transactions, arrangements or contracts of significance to which the Company's holding companies, subsidiaries or fellow subsidiaries was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

DIRECTORS' INTERESTS
Pursuant to the share option scheme of the Company's ultimate holding company, the directors of the Company have been granted options to purchase ordinary shares of ultimate holding company.

During the year, no share options granted to the director was exercised (2022: Nil). At 31 March 2023, the outstanding number of shares in respect of which options had been granted by the ultimate holding company to the Company's director was 75,000 (2022: 15,000). Details of the share options of the Company's ultimate holding company are set out in note 21 to the financial statements.

Apart from the foregoing, none of the directors of the Company has any interests in the shares or debentures of the Company or any other body corporate.

MANAGEMENT CONTRACTS
The Company did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Company, by which a person undertakes the management and administration of the whole, or any substantial part of any business of the Company during the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the directors was in force during the year and up to the date of this report.

AUDITOR

The Company's auditor, Grant Thornton Hong Kong Limited, retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

SD/-

Thomas MUELLER
Director

Independent auditor's report

To the member of Zamira Fashion Limited
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Zamira Fashion Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 8 to 47, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 are responsible for the other information. The other information comprises the directors' 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.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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.

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

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

SD/-

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong SAR

Lam Yau Hing
Practising Certificate No.: P06622

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2023

	Notes	**2023 HK$**	2022 HK$
Revenue	5	**316,365,551**	384,962,885
Costs of sales		**(282,372,924)**	(350,788,615)
Gross profit		**33,992,627**	34,174,270
Other revenue and other income	6	**9,803,762**	7,611,074
Staff costs		**(14,748,969)**	(12,889,611)
Depreciation		**(1,131,574)**	(1,606,899)
Other operating expenses		**(22,360,739)**	(18,018,774)
Profit from operation		**5,555,107**	9,270,060
Finance costs	7	**(4,505,881)**	(3,768,204)
Profit before income tax	8	**1,049,226**	5,501,856
Income tax expenses	9	**(197,962)**	(938,558)
Profit for the year		**851,264**	4,563,298
Other comprehensive income Item that may be reclassified to profit or loss:			
Exchange difference on translating foreign operations		**(108,909)**	47,427
Total comprehensive income for the year		**742,355**	4,610,725

The notes on pages 12 to 47 form an integral part of these consolidated financial statements.

Consolidated statement of financial position as at 31 March 2023

	Notes	**2023** **HK$**	2022 HK$
Non-current assets			
Plant and equipment	11	**3,952,062**	2,296,701
Right-of-use assets	12	**414,027**	693,602
		4,366,089	2,990,303
Current assets			
Inventories	13	**17,157,748**	15,846,491
Amounts due from fellow subsidiaries	14	**5,974,998**	27,916,252
Amount due from a director	15	**1,558,233**	426,243
Trade and other receivables	16	**27,764,199**	38,560,987
Cash and cash equivalents		**8,801,237**	17,982,957
		61,256,415	100,732,930
Current liabilities			
Amounts due to fellow subsidiaries	14	**343,042**	1,862,579
Amount due to immediate holding company	14	**119,785**	-
Amount due to then immediate holding company	14	**-**	1,570,665
Trade and other payables	17	**31,891,292**	52,808,898
Secured bank borrowings	18	**28,267,299**	37,338,083
Lease liabilities	19	**307,403**	274,115
Tax payables		**3,832**	373,472
		60,932,653	94,227,812
Net current assets		**323,762**	6,505,118
Total assets less current liabilities		**4,689,851**	9,495,421
Non-current liabilities			
Lease liabilities	19	**170,841**	483,251
Net assets		**4,519,010**	9,012,170
Equity			
Share capital	20	**1,945,000**	1,945,000
Reserves		**2,714,190**	7,098,441
Translation reserve		**(140,180)**	(31,271)
Total equity		**4,519,010**	9,012,170

SD/-

Thomas MUELLER
Director

SD/-

Abhishekh KANOI
Director

The notes on pages 12 to 47 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 March 2023

	2023 HK$	2022 HK$
Cash flows from operating activities		
Profit before taxation	**1,049,226**	5,501,856
Adjustments for:		
Interest income	**(6,611)**	(1,488)
Depreciation - plants and equipment	**859,453**	1,332,194
Depreciation - right-of-use assets	**272,121**	274,705
Loss/(Gain) on disposal of property, plant and equipment, net	**1,195**	(175)
Share-based payment expenses	**674,682**	378,349
Interest expenses	**3,962,050**	3,768,204
Reversal of provision for commission expenses	**-**	(341,756)
Operating profit before working capital changes	**6,812,116**	10,911,889
Increase in inventories	**(1,311,257)**	(6,820,318)
Decrease/(Increase) in trade and other receivables	**10,796,788**	(510,403)
Net receipts from/(payments to) fellow subsidiaries	**20,421,717**	(20,916,307)
Net receipts from immediate holding company	**119,785**	-
Net (payments to)/receipts from then immediate holding company	**(1,570,665)**	1,727,090
Net payments to a director	**(1,131,990)**	(394,712)
(Decrease)/Increase in trade and other payables	**(20,933,862)**	8,720,885
Cash generated from/(used in) operations	**13,202,632**	(7,281,876)
Interest received	**6,611**	1,488
Income tax paid	**(567,288)**	(1,515,549)
Interest paid	**(3,944,677)**	(3,743,340)
Net cash generated from/(used in) operating activities	**8,697,278**	(12,539,277)
Cash flows from investing activities		
Purchase of plant and equipment	**(2,633,429)**	(291,935)
Proceeds from disposal of property, plant and equipment	**-**	1,097
Net cash used in investing activities	**(2,633,429)**	(290,838)
Cash flows from financing activities		
Net (repayment of)/proceeds from secured bank borrowings	**(9,070,784)**	32,528,348
Capital element of lease liabilities paid	**(287,944)**	(240,367)
Interest element of lease liabilities paid	**(17,373)**	(24,864)
Dividends paid	**(5,893,941)**	(16,076,499)
Net cash (used in)/generated from financing activities	**(15,270,042)**	16,186,618
Net (decrease)/increase in cash and cash equivalents	**(9,206,193)**	3,356,503
Cash and cash equivalents at beginning of year	**17,982,957**	14,646,473
Effect of foreign exchange rate changes	**24,473**	(20,019)
Cash and cash equivalents at end of year	**8,801,237**	17,982,957

The notes on pages 12 to 47 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 March 2023

	Share capital	Translation reserve	Share option reserve (Note)	Retained earnings (Note)	Total
	HK$	HK$	HK$	HK$	HK$
At 1 April 2021	1,945,000	(78,698)	-	18,274,900	20,141,202
Profit for the year	-	-	-	4,563,298	4,563,298
Other comprehensive income for the year	-	47,427	-	-	47,427
Total comprehensive income for the year	-	47,427	-	4,563,298	4,610,725
Equity settled share-based payments (note 21)	-	-	336,742	-	336,742
Dividends paid (note 30)	-	-	-	(16,076,499)	(16,076,499)
At 31 March 2022 and 1 April 2022	1,945,000	(31,271)	336,742	6,761,699	9,012,170
Profit for the year	-	-		851,264	851,264
Other comprehensive income for the year	-	(108,909)	-	-	(108,909)
Total comprehensive income for the year	-	(108,909)	-	851,264	742,355
Deemed contribution arising from exercise of cash settled share options	-	-	56,946	-	56,946
Exercise of employee share options	-	-	(213,548)	213,548	-
Equity settled share-based payments (note 21)	-	-	601,480	-	601,480
Dividends paid (note 30)	-	-	-	(5,893,941)	(5,893,941)
At 31 March 2023	**1,945,000**	**(140,180)**	**781,620**	**1,932,570**	**4,519,010**

Notes:

These reserve accounts comprise the reserves of HK$2,714,190 (2022: HK$7,098,441) in the statement of financial position.

The notes on pages 12 to 47 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements for the year ended 31 March 2023

1. GENERAL INFORMATION

Zamira Fashion Limited (the "Company") is a company incorporated in Hong Kong with limited liability. Its registered office and principal place of business are located at 10/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company's immediate holding company is PDS Sourcing Limited, which is incorporated in Mauritius, and the ultimate holding company of the Company is PDS Limited (formerly known as PDS Multinational Fashions Limited), which is incorporated in India and its shares are listed on the Bombay Stock Exchange (Stock Code: 538730) and National Stock Exchange in India (Stock Code: PDSMFL). As at 31 March 2022, the immediate holding company of the Company was Multinational Textile Group Limited, a company incorporated in Mauritius.

The principal activities of the Company and its subsidiary (together, the "Group") are trading of garments. Details of the principal activities and other particulars of its subsidiary are set out in note 27 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

The consolidated financial statements for the year ended 31 March 2023 were approved for issue by the board of directors on

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The annual consolidated financial statements on pages 8 to 47 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the applicable requirements of the Companies Ordinance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared under the historical cost basis. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2023. Subsidiary is an entity over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiary is consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Intragroup transactions, balance and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiary have been changes where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the shareholders of the Company.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of the controlling and non-controlling interests within consolidated equity to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received recognised directly in equity and attributed to the owners of the Company

In the Company's statement of financial position, the interests in subsidiaries are stated at cost less impairment losses, unless the investment is classified as held for sale. The results of subsidiary is accounted for by the Company on the basis of dividends received and receivable.

2.3 Plant and equipment

Plant and equipment (including right-of-use assets), are stated at acquisition cost less accumulated depreciation and impairment losses. The cost of an item of 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Plant and equipment (Continued)

Depreciation is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold improvement	33%
Furniture and fixtures	33%
Office equipment	33%
Motor vehicle	33%
Plant and machinery	33%
Right-of-use assets	Over the shorter of lease terms or useful live

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at each reporting date.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.4 Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Leases (Continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments. Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments (Continued)

Classification and measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("FVTPL"), plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets, other than those designated and effective as hedging instruments, are classified into the amortised cost.

The classification is determined by both:

- the entity's business model for managing the financial asset; and

- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, other income or other financial items, except for expected credit losses ("ECL") of trade receivables which is presented in other operating expenses.

Subsequent measurement of financial assets

Debt investments

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit or loss):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and other receivables, cash and bank balances and amounts due from a director, fellow subsidiaries and immediate holding company fall into this category of financial instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments (Continued)

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables, lease liabilities, amounts due to fellow subsidiaries and holding companies and bank borrowings.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

Trade and other payables, lease liabilities, amounts due to fellow subsidiaries and holding companies

Trade and other payables, lease liabilities, amounts due to fellow subsidiaries and holding companies are recognised initially at fair values and subsequently measured at amortised costs, using the effective interest method.

Bank borrowings

Bank borrowings are recognised initially at fair values, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised costs. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Bank borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least twelve months after the reporting date.

2.6 Impairment of financial assets

HKFRS 9's impairment requirements use more forward-looking information to recognise ECL – the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade receivables.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of financial assets (Continued)

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

<u>Trade receivables</u>
For trade receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

<u>Other financial assets measured at amortised cost</u>
The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of financial assets (Continued)

Other financial assets measured at amortised cost (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk;

- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment of debtor that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

- an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Inventories

Inventories are assets which are held for sale in the ordinary course of business.

Inventories of the Group are goods in transit as at year end.

Inventories are carried at the lower of cost and net realisable value. Cost, which comprises all cost of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, and is determined using the FIFO method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

2.9 Impairment of non-financial assets

Plant and equipment (including right-of-use assets) are subject to impairment test whenever there are indications that the assets' carrying amounts may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions, less costs of disposal and 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 assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows that are largely independent of the cash flows from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash generating unit). As a result, some assets are tested individually for impairment and some are tested at cash generating unit level.

Impairment loss recognised for cash generating unit is allocated to reduce the carrying amounts of the assets in the cash generating unit on pro rata basis. In allocating the impairment loss, the carrying amount of an asset will not be reduced below its fair value less costs of disposal, value in use or zero.

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Foreign currency translation

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Group.

Foreign currency transactions are translated into the functional currency of the Group using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.11 Revenue recognition

Revenue arises mainly from the sales of garments.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Revenue recognition (Continued)

Further details of the Group's revenue recognition policies are as follows:

<u>Sales of garment</u>

Revenue from the sale of garment is recognised when (or as) the Group transfers control of the assets to the customer. For stand-alone sales of garment that are neither customised by the Group nor subject to significant integration services, control transfers at the point in time the customer takes undisputed delivery of the goods.

<u>Interest income</u>

Interest income from bank deposit is accrued on a time proportion basis on the principal outstanding and at the rate applicable.

2.12 Retirement benefit scheme

The Group's contributions to the mandatory provident fund scheme are charged to the consolidated statement of profit or loss as incurred.

The Group's employees who have completed the required number of years of service to the Group are eligible for long service payments in the event of the termination of their employment.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the end of reporting period.

2.13 Employee benefits

Employee benefits are all forms of considerations, including wages, salaries, allowances and contribution to retirement benefit scheme payable by the Group in exchange for services rendered by its employees and directors. The employee benefits are classified as staff costs and charged to the consolidated statement of profit or loss and other comprehensive income.

No provision on employees' entitlements to unconsumed annual leaves as of the end of reporting period is provided in the consolidated financial statement as such leaves are not permitted to be carried forward and utilised by the respective employees in the following year. Sick leave and maternity leave are recognised until the time of leave.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Employee benefits (Continued)

<u>Share based payment/Cash-settled share based payments</u>

PDS Limited ("PDS"), the Group's ultimate holding company, has equity-settled share-based remuneration plan for the employees of PDS and its subsidiaries. Where the Group's employees are rewarded using share-based payments, the fair value of the employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

For cash-settled share-based payments, the fair value of the amount payable to the Group's employees is recognised as employee benefits expense with a corresponding increase in liabilities, over the vesting period. The liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognised in other operating expenses.

2.14 Borrowing costs

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

2.15 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting year, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising from investment in a subsidiary, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the year the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity and if any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. ADOPTION OF NEW OR AMENDED HKFRSs

3.1 Amended HKFRSs that are effective for annual periods beginning from 1 April 2022

In the current year, the Group has applied for the first time all amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning from 1 April 2022. The application of these amended HKFRSs do not have any material impact on the Group's results and consolidated financial positions for the current or prior periods have been prepared and presented.

3.2 Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 7	Supplier Finance Arrangements[2]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] Effective date not yet determined

The directors anticipate that all pronouncements will be adopted in the Group's accounting policy for the first accounting period beginning after the effective dates of the pronouncements but are not expected to have a material impact on the Group's consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue from contracts with customers

The Group assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods and rendering of services, in order to determine if it is acting as a principal or as an agent. The Group has concluded that it is operating on a principal to principal basis in all its revenue arrangements.

The Group applies judgement to determine whether each product or service promised to a customer are capable of being distinct, and are distinct in the context of contract, if not the promised services are combined and accounted as a single performance obligation.

For performance obligation where control is transferred over the time, revenues are recognised by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgement and is based on the nature of the promised service to be rendered.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant 1isk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit loss on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

Depreciation on plant and equipment

Depreciation on the Group's plant and equipment is calculated using the straight-line method to allocate cost up to residual values over the estimated useful lives of the assets. Management reviews the useful lives and residual values periodically to ensure that the method and rate of depreciation are consistent with the expected pattern of realisation of economic benefits rates of depreciation are consistent with the expected pattern of realisation of economic benefits from plant and equipment. The accounting estimate of the useful lives of plant and equipment is based on historical experience, taking into account anticipated technological changes.

5. REVENUE

Revenue represents the fair value of the consideration received and receivables for sales of goods during the year, net of rebates and discounts.

6. OTHER REVENUE AND OTHER INCOME

	2023 **HK$**	2022 HK$
Other revenue		
Bank interest income	**6,611**	1,488
Other income		
Claims from suppliers	**4,216,825**	6,871,411
Exchange gains, net	**5,319,269**	-
Gain on disposal of property, plant and equipment, net	**-**	175
Reversal of provision for commission expenses	**-**	341,756
Miscellaneous income	**261,057**	396,244
	9,797,151	7,609,586
	9,803,762	7,611,074

7. FINANCE COSTS

	2023	2022
	HK$	HK$
Interest on bank borrowings	**4,488,508**	3,743,340
Interest on lease liabilities	**17,373**	24,864
	4,505,881	3,768,204

8. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging/(crediting):

	2023	2022
	HK$	HK$
Auditors' remuneration	**86,800**	86,800
Depreciation		
- Plants and equipment	**859,453**	1,332,194
- Right-of-use assets	**272,121**	274,705
Loss/(Gain) on disposal of property, plant and equipment	**1,195**	(175)
Short term lease with lease term less than 12 months in respect of office	**108,638**	286,223
Exchange (gains)/losses, net	**(5,319,269)**	782,815
Staff costs (including directors' remuneration)		
- Salaries and allowance	**13,030,290**	11,589,706
- Mandatory provident fund contribution	**84,480**	94,865
- Share based payment expenses	**674,682**	378,349
- Staff welfare	**272,071**	41,530
- Other staff costs	**687,446**	785,161

9. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the year.

	2023	2022
	HK$	HK$
Current - Hong Kong		
Tax charge for the year	**-**	1,166,588
Under/(Over)-provision in prior year	**197,962**	(228,030)
	197,962	938,558

Reconciliation between tax expense and accounting profit at applicable tax rate is as follow:

	2023	2022
	HK$	HK$
Profit before taxation	**1,049,226**	5,501,856
Tax at the domestic income tax rate (2022: 16.5%)	**173,122**	907,806
Tax effect of non-deductible expenses	**338,565**	341,620
Tax effect of non-taxable revenue	**(350,017)**	(208,136)
Tax effect of temporary difference not recognised	**(161,670)**	125,298
Under/(Over)-provision in prior year	**197,962**	(228,030)
Taxation charge for the year	**197,962**	938,558

9. INCOME TAX EXPENSES (CONTINUED)

No deferred tax has been recognised in the consolidated financial statements on the grounds that the deductible temporary differences of the Group for the current and previous years are negligible in comparison to the Group's overall financial position.

10. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance (Cap. 622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2023 HK$	2022 HK$
Fee	**-**	-
Other emoluments		
- Salaries, allowances and benefits in kinds	**700,000**	1,200,000
- Retirement scheme contributions	**18,000**	18,000
- Share based payment expenses	**340,460**	190,609
	1,058,460	1,408,609

11. PLANT AND EQUIPMENT

	Leasehold improvement HK$	**Furniture and fixtures HK$**	**Office equipment HK$**	**Motor vehicle HK$**	**Plant and machinery HK$**	**Total HK$**
Cost						
At 1 April 2021	3,860,554	1,518,196	3,290,873	1,065,009	3,317,955	13,052,587
Additions	-	34,256	257,679	-	-	291,935
Disposals	(532,163)	(266,146)	(576,168)	-	(279,788)	(1,654,265)
Exchange realignment	-	-	-	-	125,470	125,470
At 31 March 2022 and 1 April 2022	3,328,391	1,286,306	2,972,384	1,065,009	3,163,637	11,815,727
Additions	181,922	934	110,573	-	2,340,000	2,633,429
Disposals	(1,245,962)	(575,921)	(1,050,216)	(1,065,009)	-	(3,937,108)
Exchange realignment	-	-	-	-	(239,417)	(239,417)
At 31 March 2023	**2,264,351**	**711,319**	**2,032,741**	**-**	**5,264,220**	**10,272,631**
Accumulated depreciation						
At 1 April 2021	3,531,155	1,272,006	2,452,208	1,064,902	1,462,565	9,782,836
Charge for the year	275,601	188,277	526,442	-	341,874	1,332,194
Written back on disposals	(532,120)	(266,133)	(575,405)	-	(279,760)	(1,653,418)
Exchange realignment	-	-	501	-	56,913	57,414
At 31 March 2022 and 1 April 2022	3,274,636	1,194,150	2,403,746	1,064,902	1,581,592	9,519,026
Charge for the year	73,565	68,608	404,728	-	312,552	859,453
Written back on disposals	(1,245,917)	(575,851)	(1,049,243)	(1,064,902)	-	(3,935,913)
Exchange realignment	-	-	-	-	(121,997)	(121,997)
At 31 March 2023	**2,102,284**	**686,907**	**1,759,231**	**-**	**1,772,147**	**6,320,569**
Net carrying amount						
At 31 March 2023	**162,067**	**24,412**	**273,510**	**-**	**3,492,073**	**3,952,062**
At 31 March 2022	53,755	92,156	568,638	107	1,582,045	2,296,701

12. RIGHT-OF-USE ASSETS

	HK$
Cost	
At 1 April 2021	1,451,781
Disposals	(313,342)
Exchange realignment	8,983
At 31 March 2022 and 1 April 2022	1,147,422
Exchange realignment	(8,983)
At 31 March 2023	**1,138,439**
Accumulated depreciation	
At 1 April 2021	488,384
Charge for the year	274,705
Written back on disposal	(313,342)
Exchange realignment	4,073
At 31 March 2022 and 1 April 2022	453,820
Charge for the year	272,121
Exchange realignment	(1,529)
At 31 March 2023	**724,412**
Net carrying amount	
At 31 March 2023	**414,027**
At 31 March 2022	693,602

The lease terms of the leased offices range from 4 to 5 (2022: 4 to 5) years. Depreciation is provided to write off the cost of items of right-of-use assets over their expected useful lives using straight line method. When there is no reasonable certainty that ownership will be obtained by the end of the lease term, the assets are depreciated over the lease term.

The Group does not have the option to purchase the right-of-use assets for a nominal amount at the end of the lease terms.

13. INVENTORIES

	2023 **HK$**	2022 HK$
Goods in transit	**17,157,748**	15,846,491

14. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES/IMMEDIATE HOLDING COMPANY/THEN IMMEDIATE HOLDING COMPANY

The amounts due are interest free, unsecured and have no fixed repayment terms.

15. AMOUNT DUE FROM A DIRECTOR

The amount due is interest free, unsecured and have no fixed repayment terms.

Name of borrower	**Relationship**	**2023** **HK$**	2022 HK$	**Maximum outstanding** **HK$**
Thomas MUELLER	Director	**1,558,233**	426,243	**1,558,233**

16. TRADE AND OTHER RECEIVABLES

	2023 **HK$**	2022 HK$
Trade receivables	**23,012,850**	30,973,123
Prepayments, deposits and other receivables	**4,751,349**	7,587,864
	27,764,199	38,560,987

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

No ECL allowance of trade receivables was recognised during the year (2022: Nil).

The aging analysis of trade receivables (net of impairment loss) that are past due at the reporting date but not individually considered to be impaired is included in the following analysis:

	2023 **HK$**	2022 HK$
Neither past due nor impaired	**22,143,190**	29,542,932
Past due but not impaired		
Less than 30 days	**100,934**	713,385
31 to 90 days	**-**	490,408
91 to 180 days	**768,726**	226,398
	869,660	1,430,191
	23,012,850	30,973,123

17. TRADE AND OTHER PAYABLES

	2023 **HK$**	2022 HK$
Trade payables	**24,317,747**	45,876,869
Accrued expenses	**3,869,337**	4,701,837
Other payables	**3,704,208**	2,230,192
	31,891,292	52,808,898

18. SECURED BANK BORROWINGS

The carrying amount of the secured bank borrowings at the end of reporting period is analysed as follows:

	2023	2022
	HK$	HK$
Amount repayable within one year:		
Clean import loans	**28,267,299**	37,338,083

As at 31 March 2023, the secured bank borrowings bears interest at Bank Prime Rate + 1.5% (2022: Bank Prime Rate +1.5%) per annum. Details of the guarantees and securities are as set out in note 22 to the consolidated financial statements.

19. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities as at the reporting date:

	2023		2022	
	Present value of the minimum lease payments HK$	**Total minimum lease payments HK$**	Present value of the minimum lease payments HK$	Total minimum lease payments HK$
Within 1 year	**307,403**	**316,336**	274,115	291,817
After 1 year but within 2 years	**170,841**	**172,609**	311,604	320,999
After 2 year but within 5 years	**-**	**-**	171,647	173,033
	170,841	**172,609**	483,251	494,032
Total	**478,244**	**488,945**	757,366	785,849
Less: total future interest expenses	**-**	**(10,701)**	-	(28,483)
Present value of lease liabilities	**478,244**	**478,244**	757,366	757,366

20. SHARE CAPITAL

	2023	2022
	HK$	HK$
Issued and fully paid:		
250,000 ordinary shares	**1,945,000**	1,945,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Group's residual assets.

21. SHARE BASE PAYMENTS

As at 31 March 2023, PDS has the following share-based payments arrangements:

(i) Equity-settled share option scheme

On 3 April 2021, PDS established the PDS – Employee Stock Option Plan 2021 – Plan A ("Plan A") which entitles key managerial personnel and senior employees to purchase shares of the Group. The plan is designed to provide incentives to the employees of the PDS and its subsidiaries to deliver long-term returns. As at 31 March 2023, PDS has granted a total of 125,625 (2022: 26,500) equity settled stock options under this plan to the Group's employees. Vesting of the options would be subject to continuous employment with PDS and its subsidiaries and hence the options would vest with passage of time. In addition to this, the nomination and remuneration committee of PDS may also specify certain performance parameters subject to which the options would vest. The options vest after 4 years from the date of grant and then exercisable within 4 years. Options granted under the plan are for no consideration and carry no dividend or voting rights. On exercise, each option is convertible into one equity share of PDS. The key terms and conditions related to the grants under these plans are as follows; all options are to be settled by the delivery of shares.

Movements of share options granted to employees of the Group during the year are as follows:

	2023 Weight average exercise price after stock split HK$	**2023 Number of share options**	2022 Weighted average exercise price HK$	2022 Number of share options
Outstanding at 1 April	**113.89**	**26,500**	-	-
Stock split adjustment (note)	**(91.11)**	**106,000**	-	-
Granted during the year	**-**	**-**	113.89	26,500
Exercised during the year	**22.78**	**(6,875)**	-	-
Outstanding at 31 March	**22.78**	**125,625**	113.89	26,500
Exercisable at 31 March	**22.78**	**26,250**	-	-

Note: Pursuant to the approval of the shareholders at the Annual General Meeting of PDS held on 29 July 2022, each equity share has been subdivided into five equity shares.

During the year ended 31 March 2023, the Group has charged HK$601,480 (2022: HK$336,742) to the statement of profit or loss in respect of options granted under Plan A.

21. SHARE BASE PAYMENTS (CONTINUED)

(i) Equity-settled share option scheme (Continued)

The fair value of share options granted under Plan A have been measured using the Black-Scholes Option-Pricing Model using the following assumptions at the grant date:

Grant date fair value after stock split, per share (in HK$)	11.55
Exercise price after stock split, per share (in HK$)	22.78
Assumptions used:	
Volatility	34.73%
Expected lives (in years)	3.83
Risk-free interest rate	5.38%
Dividend yield rate	1.12%

Expected volatility during the expected term of the options is based on historical volatility of the observed market prices of PDS's publicly traded equity shares during 5 years before the date of Grant. PDS believes that such measure of volatility is currently the best available indicator of the expected volatility used in these estimates.

The expected life of the share options is estimated based on the vesting term and contractual term of the share options, as well as expected exercise behavior of the employee who receives the share options.

Risk-free interest rates are determined using the implied yield currently available for India government issues with a remaining term equal to the expected life of the options.

Expected dividend yields are based on the annualised approved dividend rate and the market price of PDS's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term.

The fair value per share of share options is determined based on the closing price of PDS's share on the date of grant.

21. SHARE BASE PAYMENTS (CONTINUED)

(ii) Cash-settled share based payment

On 22 October 2021, PDS established the PDS – Phantom Stock Units Plan 2021 ("Phantom Stock Plan"), which entitles a few senior employees of PDS and its subsidiaries to a cash payment on exercise. PDS has granted a total of 7,500 (2022: 2,000) Stock Units ("Phantom Stock Units/PSU") to the Group's employees as at 31 March 2023. These PSU's carry a vetting period of up to 4 years and an exercise period of 4 years from the date of vesting.

Movements of share options granted to employees of the Group during the year are as follows:

	2023 Weighted average exercise price after stock split HK$	**2023 Number of share options**	2022 Weighted average exercise price HK$	2022 Number of share options
Outstanding at 1 April	**113.89**	**2,000**	-	-
Stock split adjustment (note)	**(91.11)**	**10,000**	-	-
Granted during the year	**-**	**-**	113.89	2,000
Exercised during the year	**22.78**	**(2,500)**	-	-
Outstanding at 31 March	**22.78**	**7,500**	113.89	2,000
Exercisable at 31 March	**-**	**-**	-	-

Note: Pursuant to the approval of the shareholders at the Annual General Meeting of PDS held on 29 July 2022, each equity share has been subdivided into five equity shares.

During the year ended 31 March 2023, the Group has charged HK$73,202 (2022: HK$41,607) to the statement of profit or loss in respect of PSUs granted under the Phantom Stock Plan.

The fair value of PSUs as at 31 March 2023 and 2022 have been measured using the Black-Scholes Option-Pricing Model using the following assumptions at the measurement date:

Grant date fair value after stock split, per share (in HK$)	18.64
Exercise price after stock split, per share (in HK$)	22.78
Assumptions used:	
Volatility	36.3%
Expected lives (in years)	4.60
Risk-free interest rate	6.14%
Dividend yield rate	0.86%

Expected volatility during the expected term of the options is based on historical volatility of the observed market prices of PDS's publicly traded equity shares during 5 years before the date of measurement. PDS believes that such measure of volatility is currently the best available indicator of the expected volatility used in these estimates.

21. SHARE BASE PAYMENTS (CONTINUED)

(ii) Cash-settled share based payment (Continued)

The expected life of the PSU is estimated based on the vesting term and contractual term of the share options, as well as expected exercise behavior of the employee who receives the PSU.

Risk-free interest rates are determined using the implied yield currently available for India government issues with a remaining term equal to the expected life of the options.

Expected dividend yields are based on the annualised approved dividend rate and the market price of PDS's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term.

The fair value per share of PSUs is determined based on the closing price of PDS's share on the date of grant.

(iii) During the years ended 31 March 2023 and 2022, share based payment expense recognised in the statement of profit or loss in respect of the above plans is as follows:

	2023 HK$	2022 HK$
Share based payment expenses	**674,682**	378,349

(iv) As at 31 March 2023 and 2022, share based payment reserve and share based payment liability recognised in the consolidated statement of financial position in respect of the above plans is as follows:

	2023 HK$	2022 HK$
Share based payment liability	**57,863**	41,607
Share based payment reserve	**838,566**	336,742

22. BANKING FACILITIES

General banking facilities granted by various banks were secured by ultimate holding group's, intermediate holding company's, fellow subsidiaries', and related company's corporate guarantee, directors' personal guarantee, bank guarantee and fellow subsidiary's properties.

23. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;

(ii) To support the Group's stability and growth; and

(iii) To 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. No changes in the objectives, policies or processes for managing capital were made during the years ended 31 March 2023 and 31 March 2022.

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include credit risk, foreign currency risk, liquidity risk and interest rate risk.

Policies for managing these risks are set by the Company's board of directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

It is not the Group's policy to actively engage in the trading of financial instruments for speculative purposes.

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

24.1 Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities.

	2023	2022
	HK$	HK$
Financial assets		
Financial assets measured at amortised cost		
Amounts due from fellow subsidiaries	**5,974,998**	27,916,252
Amount due from a director	**1,558,233**	426,243
Trade and other receivables	**23,562,189**	33,356,983
Cash and cash equivalents	**8,801,237**	17,982,957
	39,896,657	79,682,435
Financial liabilities		
Financial liabilities measured at amortised cost		
Amounts due to fellow subsidiaries	**343,042**	1,862,579
Amount due to immediate holding company	**119,785**	-
Amount due to then immediate holding company	**-**	1,570,665
Trade and other payables	**31,891,292**	52,808,898
Secured bank borrowings	**28,267,299**	37,338,083
Lease liabilities	**478,244**	757,366
	61,099,662	94,337,591

24.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group's maximum exposure to credit risk on recognised financial assets is limited to the carrying amount at the reporting date as summarised in note 24.1.

The Group manages its credit risk associated with exposure to the customers on outstanding trade receivables through the application of credit approvals, credit ratings and other monitoring procedures.

Trade receivables are non-interest bearing and are generally credit term of 30 to 120 days.

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

24.2 Credit risk (Continued)

The Group applies the simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. At each reporting dates, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL. In addition, the Group assesses ECL under HKFRS 9 on trade receivables based on provision matrix, the expected loss rates are based on the historical credit losses. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

In respect of other financial assets, including other receivables and amounts due from related parties, the management measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition. In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

24.3 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates internationally and is primarily exposed to foreign exchange risk arising from currency exposures of the United States dollars ("USD"), Swiss Franc ("CHF"), Euro ("EUR"), British Pound ("GBP"), Chinese Yuan ("RMB") and Bangladeshi Taka ("BDT"), with respect to the Hong Kong dollar. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

24.3 Foreign currency risk (Continued)

Foreign currency denominated financial assets and liabilities, translated into HKD at the closing rates, are as follows:

	Trade and other receivables HK$	Cash and cash equivalents HK$	Trade and other payables HK$	Secured bank borrowings HK$	Overall net exposure HK$
At 31 March 2023					
USD	**23,037,698**	**6,677,938**	**(28,909,293)**	**(28,267,299)**	**(27,460,956)**
CHF	**-**	**909**	**-**	**-**	**909**
EUR	**88,498**	**447,164**	**(300,169)**	**-**	**235,493**
GBP	**8,344**	**12,948**	**-**	**-**	**21,292**
BDT	**-**	**702,058**	**-**	**-**	**702,058**
RMB	**427,649**	**445,487**	**-**	**-**	**873,136**
Total	**23,562,189**	**8,286,504**	**(29,209,462)**	**(28,267,299)**	**(25,628,068)**
At 31 March 2022					
USD	23,828,878	10,827,151	(43,233,843)	(37,338,083)	(45,915,897)
CHF	-	909	-	-	909
EUR	9,048,254	4,744,337	(274,868)	-	13,517,723
GBP	8,344	13,048	-	-	21,392
BDT	-	815,912	-	-	815,912
RMB	471,357	381,524	-	-	852,881
Total	33,356,833	16,782,881	(43,508,711)	(37,338,083)	(30,707,080)

The following table indicates the approximate change in the Group's profit after tax in response to reasonably possible changes (e.g. +10%) in the foreign exchange rates to which the Group has significant exposure at the end of reporting period.

	2023		2022	
	Increase HK$	**Decrease HK$**	Increase HK$	Decrease HK$
CHF	**91**	**(91)**	91	(91)
EUR	**23,549**	**(23,549)**	1,351,772	(1,351,772)
GBP	**2,129**	**(2,129)**	2,139	(2,139)
BDT	**70,206**	**(70,206)**	81,591	(81,591)
RMB	**87,314**	**(87,314)**	85,288	(85,288)
	183,289	**(183,289)**	1,520,881	(1,520,881)

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

24.3 Foreign currency risk (Continued)

The same % depreciation in the Group's functional currency against the respective foreign currencies would have the same magnitude on the Group's profit for the year and equity but of opposite effect.

The stated changes represent management's assessment of reasonably possible change in foreign exchange rates over the period until the end of next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the United States dollar against other currencies.

24.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The following table summarises the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on undiscounted cash flows:

	Within one year HK$	In the second year HK$	In the third to fifth year HK$	Total undiscounted amount HK$	Carrying amount HK$
2023					
Amounts due to fellow subsidiaries	**343,042**	**-**	**-**	**343,042**	**343,042**
Amount due to immediate holding company	**119,785**	**-**	**-**	**119,785**	**119,785**
Trade and other payables	**31,891,292**	**-**	**-**	**31,891,292**	**31,891,292**
Secured bank borrowings	**28,267,299**	**-**	**-**	**28,267,299**	**28,267,299**
Lease liabilities	**316,336**	**172,609**	**-**	**488,945**	**478,244**
	60,937,754	**172,609**	**-**	**61,110,363**	**61,099,662**
2022					
Amounts due to fellow subsidiaries	1,862,579	-	-	1,862,579	1,862,579
Amount due to then immediate holding company	1,570,665	-	-	1,570,665	1,570,665
Trade and other payables	52,808,898	-	-	52,808,898	52,808,898
Secured bank borrowings	37,338,083	-	-	37,338,083	37,338,083
Lease liabilities	291,817	320,999	173,033	785,849	757,366
	93,872,042	320,999	173,033	94,366,074	94,337,591

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

24.5 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Group's interest rate risk arises primarily from borrowings bears variable rates as set out in note 18.

If the interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2023 would increase/decrease by approximately HK$280,000 (2022: HK$370,000).

The sensitivity analysis is prepared assuming financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

25. RELATED PARTY TRANSACTIONS

During normal course of business, the Group had the following transactions with the related parties below:

Name of company	**Relationship**	**Nature of transactions**	**2023 HK$**	2022 HK$
SSY Asia Limited	Related company [(1)]	Consultancy fee	**-**	690,000
Multinational Textile Group Limited	Intermediate holding company (2022: Immediate holding company)	Management and service fee	**1,549,963**	1,114,695
PDS Far East USA, Inc.	Fellow subsidiary	Sales income	**5,758,984**	77,475,376
PDS Sourcing Limited	Immediate holding company (2022: Fellow subsidiary)	Consultancy fee	**2,223,254**	2,091,684
Poeticgem International Limited	Fellow subsidiary	Commission paid	**-**	135,041
Krayon Sourcing Limited	Fellow subsidiary	Sales income	**-**	3,018,718

(1) Thomas MUELLER is a director of the captioned company.

In addition, during the year, the Group paid recharging expenses to group entities amounted to HK$7,555,558 (2022: HK$8,988,650).

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities were as follows:

	Secured bank borrowings HK$	Lease liabilities HK$	Total HK$
As at 1 April 2021	4,809,735	992,304	5,802,039
Cash flows			
Payment of lease liabilities	-	(240,367)	(240,367)
Net proceeds from bank borrowings	32,528,348	-	32,528,348
Payment of interests	(3,743,340)	(24,864)	(3,768,204)
Non-cash changes			
Interest charges	3,743,340	24,864	3,768,204
Exchange realignment	-	5,429	5,429
As at 31 March 2022 and 1 April 2022	37,338,083	757,366	38,095,449
Cash flows			
Payment of lease liabilities	-	(287,944)	(287,944)
Net repayment of bank borrowings	(9,070,784)	-	(9,070,784)
Payment of interests	(3,944,677)	(17,373)	(3,962,050)
Non-cash changes			
Interest charges	3,944,677	17,373	3,962,050
Exchange realignment	-	8,822	8,822
As at 31 March 2023	**28,267,299**	**478,244**	**28,745,543**

27. INTEREST IN A SUBSIDIARY

	2023 HK$	2022 HK$
Unlisted shares, at cost	**3,518,600**	3,518,600
Less: Impairment loss	**(1,952,470)**	(1,952,470)
	1,566,130	1,566,130

Details of interest in a subsidiary as at reporting date are as follows:

Name of subsidiary	Place of incorporation	Percentage of ownership and voting power 2023	2022	Name of business
Zamira Fashion Limited Zhong Shan	People's Republic of China	**100%**	100%	Garment trading

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**2023 HK$**	2022 HK$
Non-current assets			
Plant and equipment		**2,780,115**	714,656
Right-of-use assets		**364,407**	594,559
Interest in a subsidiary	27	**1,566,130**	1,566,130
		4,710,652	2,875,345
Current assets			
Inventories		**17,157,748**	15,846,491
Trade and other receivables		**27,216,126**	38,495,624
Amounts due from a subsidiary		**218,885**	-
Amounts due from fellow subsidiaries		**5,974,998**	27,916,252
Amount due from a director		**1,558,233**	426,243
Cash and cash equivalent		**8,671,667**	17,965,276
		60,797,657	100,649,886
Current liabilities			
Trade and other payables		**31,531,555**	52,509,181
Amount due to immediate holding company		**119,785**	-
Amount due to then immediate holding company		**-**	1,570,665
Amount due to a subsidiary		**-**	19,904
Amounts due to fellow subsidiaries		**343,042**	1,862,579
Lease liabilities		**256,063**	226,239
Secured bank borrowings		**28,267,299**	37,338,083
Tax payables		**-**	369,327
		60,517,744	93,895,978
Net current assets		**279,913**	6,753,908
Total assets less current liabilities		**4,990,565**	9,629,253
Non-current liabilities			
Lease liabilities		**160,994**	417,057
Net assets		**4,829,571**	9,212,196
Equity			
Share capital	20	**1,945,000**	1,945,000
Reserves	29	**2,884,571**	7,267,196
Total equity		**4,829,571**	9,212,196

SD/-

Thomas MUELLER
Director

SD/-

Abhishekh KANOI
Director

29. MOVEMENT OF RESERVES OF THE COMPANY

	Retained earnings HK$	Share option reserve HK$	Total HK$
At 1 April 2021	18,257,204	-	18,257,204
Profit and total comprehensive income for the year	4,749,749	-	4,749,749
Equity settled share-based payments	-	336,742	336,742
Dividends paid (note 30)	(16,076,499)	-	(16,076,499)
At 31 March 2022 and 1 April 2022	6,930,454	336,742	7,267,196
Profit and total comprehensive income for the year	852,890	-	852,890
Equity settled share-based payments	-	601,480	601,480
Deemed contribution arising from exercise of cash settled share options	-	56,946	56,946
Exercise of employee share options	213,548	(213,548)	-
Dividends paid (note 30)	(5,893,941)	-	(5,893,941)
At 31 March 2023	**2,102,951**	**781,620**	**2,884,571**

30. DIVIDENDS

During the year, the Company declared the payment of a dividend of HK$23.58 (2022: HK$64.31) per share totalling HK$5,893,941 (2022: HK$16,076,499) for the year ended 31 March 2023.

Reports and Consolidated Financial Statements

Simple Approach Limited

For the year ended 31 March 2023

Contents

Expressed in Hong Kong dollars ("HK$")

Directors' report for the year ended 31 March 2023

The directors present their annual report and the audited consolidated financial statements of Simple Approach Limited (the "Company") and its subsidiary (the "Group") for the year ended 31 March 2023.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is trading of garment. The principal activity and other particulars of its subsidiaries are set out in note 28 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

By a special resolution passed on 30 September 2014, the Group resolved to dispense the preparation of a business review for the financial year ended 31 March 2023 and every subsequent financial year. Accordingly, the Group is exempted from preparing a business review for this financial year.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2023 and the consolidated financial position of the Group are set out in the consolidated financial statement on pages 7 to 48.

The directors recommend the payment of an interim dividend of HK$108.92 (2022: HK$134.13) per share totalling HK$27,230,000 (2022: HK$33,531,800) for the year ended 31 March 2023.

SHARE CAPITAL

There were no movements in the Company's share capital during the year.

DIRECTORS
The directors of the Company during the year and up to date of this report were as follows:

Sandeep Malhotra	
Deepak Burman	
Ashok Kumar Sanghi	
Ashish Gupta	(appointed on 15 December 2022)
Rohit Girotra	(resigned on 15 December 2022)

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

During the year ended 31 March 2023, Rohit Girotra, Deepak Kumar Seth, Ajay Kaul, Suresh Mahadev Punjabi, Mohammad Abul Hasnat Khan and Sandeep Malhotra are the directors of the subsidiaries of the Company. Up to the date of this report, Deepak Kumar Seth, Ajay Kaul, Suresh Mahadev Punjabi, Mohammad Abul Hasnat Khan and Sandeep Malhotra are the directors of the subsidiaries of the Company.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS
Except for the related party transactions as disclosed in note 26 to the consolidated financial statements, no transactions, arrangements or contracts of significance to which the Company's holding companies, subsidiary, or fellow subsidiaries was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

DIRECTORS' INTERESTS
Pursuant to the share option scheme of the Company's ultimate holding company, a director of the Company has been granted options to purchase ordinary shares of the ultimate holding company.

During the year, no share options granted to the director was exercised (2022: Nil). At 31 March 2023, the outstanding number of shares in respect of which options had been granted by the ultimate holding company to the Company's director was 650,000 (2022: 130,000). Details of the share options of the Company's ultimate holding company are set out in note 23 to the consolidated financial statements.

Apart from the foregoing, none of the directors of the Company has any interests in the shares or debentures of the Company or any other body corporate.

MANAGEMENT CONTRACTS

The Company did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Company, by which a person undertakes the management and administration of the whole, or any substantial part of any business of the Company during the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the directors was in force during the year and up to the date of this report.

AUDITOR

The Company's auditor, Grant Thornton Hong Kong Limited, retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

SD/-

____

Sandeep Malhotra
Chairman

[Date]

Independent auditor's report

To the members of Simple Approach Limited
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Simple Approach Limited (the "Company") and its subsidiary (together, the "Group") set out on pages 8 to 48, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 are responsible for the other information. The other information comprises the directors' 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.

Responsibilities of the Directors for the Consolidated Financial Statements
The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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.

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

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

SD/-

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong SAR

[Date]

Lam Yau Hing
Practising Certificate No.: P06622

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2023

	Notes	**2023** **HK$**	2022 HK$
Revenue	5	**1,286,451,634**	967,827,713
Cost of goods sold		**(1,167,452,447)**	(865,255,008)
Gross profit		**118,999,187**	102,572,705
Other revenue and other income	6	**24,414,703**	25,093,504
Selling and distribution costs		**(7,862,729)**	(31,842,662)
Depreciation		**(2,912,074)**	(2,241,182)
Staff costs		**(64,386,863)**	(53,450,184)
Other operating expenses		**(29,378,057)**	(27,812,304)
Profit from operation		**38,874,167**	12,319,877
Finance costs	7	**(9,193,000)**	(2,441,371)
Profit before income tax	8	**29,681,167**	9,878,506
Income tax expenses	9	**(4,895,321)**	(1,630,043)
Profit for the year		**24,785,846**	8,248,463
Other comprehensive (expenses)/income			
Item that may be reclassified to profit or loss			
- Exchanged difference on translating foreign operation		**(329,154)**	219,918
Total comprehensive income for the year		**24,456,692**	8,468,381

The notes on pages 12 to 49 form an integral part of these consolidated financial statements.

Consolidated statement of financial position as at 31 March 2023

	Notes	**2023 HK$**	2022 HK$
Non-current assets			
Plant and equipment	11	**3,510,447**	4,503,827
Right-of-use assets	12	**3,692,794**	4,576,835
		7,203,241	9,080,662
Current assets			
Inventories	13	**280,515**	608,061
Trade and other receivables	14	**74,543,581**	90,752,541
Amount due form then immediate holding Company	15	**-**	485,230
Amount due from fellow subsidiaries	15	**138,492,158**	98,320,707
Amount due from directors	16	**1,254,616**	11,448,492
Cash and cash equivalents		**75,359,216**	40,569,147
		289,930,086	242,184,178
Current liabilities			
Trade and other payables	17	**110,038,957**	126,665,451
Amounts due to fellow subsidiaries	15	**8,826,173**	7,847,096
Amount due to immediate holding company	15	**288,350**	-
Amount due to intermediate holding company	15	**1,091,127**	-
Secured bank borrowings	18	**129,278,858**	73,183,401
Lease liabilities	19	**795,422**	889,625
Tax payables		**4,124,622**	426,199
		254,443,509	209,011,772
Net current assets		**35,486,577**	33,172,406
Total assets less current liabilities		**42,689,818**	42,253,068
Non-current liabilities			
Lease liabilities	19	**2,980,782**	3,703,006
Net assets		**39,709,036**	38,550,062
Equity			
Share capital	20	**26,763,200**	26,763,200
Reserves		**12,945,836**	11,786,862
Total equity		**39,709,036**	38,550,062

SD/-

Sandeep Malhotra
Director

SD/-

Deepak Burman
Director

The notes on pages 12 to 49 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 March 2023

	2023 HK$	2022 HK$
Cash flows from operating activities		
Profit before income tax	**29,681,167**	9,878,506
Adjustment for:		
Depreciation - plants and equipments	**2,028,033**	1,351,265
Depreciation - right-of-use assets	**884,041**	889,917
Share-based payment expenses	**4,073,969**	3,744,856
Interest income	**(37,169)**	(1,002)
Interest expenses	**5,491,795**	1,488,606
Interest on lease liabilities	**83,393**	28,942
Operating profit before working Capital changes	**42,205,229**	17,381,090
Decrease/(Increase) in inventories	**327,546**	(275,428)
Decrease in trade and other receivables	**16,208,960**	9,399,080
(Decrease)/Increase in trade and other payables	**(16,768,181)**	64,095,278
Net receipts from/(payments to) then immediate holding company	**485,230**	(453,378)
Net receipts from intermediate holding company	**1,091,127**	-
Net receipts from immediate holding company	**288,350**	-
Net payments to fellow subsidiaries	**(38,904,024)**	(70,254,602)
Net receipts from directors	**10,193,876**	2,506,123
Cash generated from operations	**14,839,763**	22,398,163
Interest received	**37,169**	1,002
Interest paid	**(5,491,795)**	(1,488,606)
Income tax paid	**(1,196,898)**	(3,753,639)
Net cash generated from operating activities	**8,188,239**	17,156,920
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,035,335)**	(4,894,055)
Net cash used in investing activities	**(1,035,335)**	(4,894,055)
Cash flows from financing activities		
Capital element of lease liabilities paid	**(816,427)**	(911,213)
Interest paid on lease liabilities	**(83,393)**	(28,942)
Net receipts of secured bank borrowings	**56,095,457**	33,112,120
Dividends paid	**(27,230,000)**	(33,531,800)
Net cash generated from/(used in) financing activities	**27,965,637**	(1,359,835)
Net increase in cash and cash equivalents	**35,118,541**	10,903,030
Cash and cash equivalents at beginning of year	**40,569,147**	29,446,306
Effect of foreign exchange rate changes	**(328,472)**	219,811
Cash and cash equivalents at end of year	**75,359,216**	40,569,147

The notes on pages 12 to 49 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 March 2023

	Share capital HK$	Translation reserve HK$ (Note 2)	Share-based payment reserve HK$ (Note 1,2)	Retained earnings HK$ (Note 2)	Total HK$
At 1 April 2021	26,763,200	(873,131)	-	34,113,788	60,003,857
Profit for the year	-	-	-	8,248,463	8,248,463
Other comprehensive income for the year	-	219,918	-	-	219,918
Total comprehensive income for the year	-	219,918	-	8,248,463	8,468,381
Equity settled share-based payments	-	-	3,609,624	-	3,609,624
Dividends paid (note 31)	-	-	-	(33,531,800)	(33,531,800)
At 31 March 2022 and 1 April 2022	26,763,200	(653,213)	3,609,624	8,830,451	38,550,062
Profit for the year	-	-	-	24,785,846	24,785,846
Other comprehensive income for the year	-	(329,154)	-	-	(329,154)
Total comprehensive income for the year	-	(329,154)	-	24,785,846	24,456,692
Equity settled share-based payments (note 23)	-	-	3,831,381	-	3,831,381
Deemed contribution arising from exercise of cash settled share options	-	-	100,901	-	100,901
Dividends paid (note 31)	-	-	-	(27,230,000)	(27,230,000)
Balance at 31 March 2023	**26,763,200**	**(982,367)**	**7,541,906**	**6,386,297**	**39,709,036**

Notes:

1 Share-based payment reserve represents the deemed contribution from the Group's ultimate holding company with respect to share options granted by the Group's ultimate holding company and share options exercised by the employees.

2 These reserve accounts comprise the reserves of HK$12,945,836 (2022: HK$11,786,862) in the consolidated statement of financial position.

The notes on pages 12 to 49 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements for the year ended 31 March 2023

1. GENERAL

Simple Approach Limited (the "Company") is a company incorporated in Hong Kong with limited liability. Its registered office and principal place of business are located at 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company's immediate holding company is PDS Sourcing Limited, which is incorporated in Mauritius, and the ultimate holding company of the Company is PDS Limited (formerly known as PDS Multinational Fashions Limited.) ("PDS"), which is incorporated in India and its shares are listed on the Bombay Stock Exchange (Stock Code: 538730) and National Stock Exchange in India (Stock Code: PDSMFL). As at 31 March 2022, the immediate holding company of the Company was Multinational Textile Group Limited, a company incorporated in Mauritius.

The principal activities of the Company and its subsidiaries (together, the "Group") are trading of garments and investment holding. Details of the principal activities and other particulars of its subsidiaries are set out in note 28 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

The consolidated financial statements for the year ended 31 March 2023 were approved for issue by the board of directors on [date].

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The annual consolidated financial statements on pages 7 to 48 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the applicable requirements of the Companies Ordinance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared under the historical cost basis. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2023. Subsidiary is an entity over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiary is consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balance and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiary have been changes where necessary to ensure consistency with the policies adopted by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the shareholders of the Company.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of the controlling and non-controlling interests within consolidated equity to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received recognised directly in equity and attributed to the owners of the Company

In the Company's statement of financial position the interest in a subsidiary is stated at cost less provision for impairment losses. The result of subsidiary is accounted by the Company on the basis of dividend received and receivable.

2.3 Plant and equipment

Plant and equipment (including right-of-use assets), are stated at acquisition cost less accumulated depreciation and impairment losses. The cost of an item of 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Plant and equipment (Continued)

Depreciation is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Office equipment	20%- 33%
Furniture and fixtures	33%
Computer equipment	30%- 33%
Leasehold improvement	33%
Motor vehicle	33%
Plant and machinery	33%
Right-of-use assets	Over the shorter of lease terms or useful live

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at each reporting date.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.4 Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Leases (Continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments. Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments (Continued)

Classification and measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss (“FVTPL”), plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets, other than those designated and effective as hedging instruments, are classified into the amortised cost.

The classification is determined by both:

- the entity’s business model for managing the financial asset; and

- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, other income or other financial items, except for expected credit losses (“ECL”) of trade receivables which is presented in other operating expenses.

Subsequent measurement of financial assets

Debt investments

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit or loss):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group’s trade and other receivables, cash and bank balances and amount due from directors, then immediate holding company and fellow subsidiaries fall into this category of financial instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments (Continued)

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables, lease liabilities, amounts due to fellow subsidiaries, immediate holding company and intermediate holding company and bank borrowings.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

Trade and other payables, lease liabilities and amounts due to fellow subsidiaries

Trade and other payables, lease liabilities and amounts due to fellow subsidiaries, immediate holding company and intermediate holding company are recognised initially at fair values and subsequently measured at amortised costs, using the effective interest method.

Bank borrowings

Bank borrowings are recognised initially at fair values, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised costs. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Bank borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least twelve months after the reporting date.

2.6 Impairment of financial assets

HKFRS 9's impairment requirements use more forward-looking information to recognise ECL – the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade receivables.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of financial assets (Continued)

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables
For trade receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Other financial assets measured at amortised cost
The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of financial assets (Continued)

Other financial assets measured at amortised cost (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk;

- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment of debtor that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

- an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

2.7 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Inventories

Inventories are assets which are held for sale in the ordinary course of business.

Inventories are carried at the lower of cost and net realisable value, after making due allowance for any obsolete or slow moving items.

The cost of inventories is based on the First-In, First Out (FIFO) principle and include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is based on estimated selling prices less any further costs expected to be incurred. When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

2.9 Impairment of non-financial assets

Plant and equipment (including right-of-use assets) are subject to impairment test whenever there are indications that the assets' carrying amounts may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions, less costs of disposal and 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 assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows that are largely independent of the cash flows from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash generating unit). As a result, some assets are tested individually for impairment and some are tested at cash generating unit level.

Impairment loss recognised for cash generating unit is allocated to reduce the carrying amounts of the assets in the cash generating unit on pro rata basis. In allocating the impairment loss, the carrying amount of an asset will not be reduced below its fair value less costs of disposal, value in use or zero.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (Continued)

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior years.

2.10 Foreign currency translation

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Group.

Foreign currency transactions are translated into the functional currency of the Group using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.11 Revenue recognition

Revenue arises mainly from the sales of garments.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Revenue recognition (Continued)

Further details of the Group's revenue recognition policies are as follows:

Sales of garment

Revenue from the sale of garment is recognised when (or as) the Group transfers control of the assets to the customer. For stand-alone sales of garment that are neither customised by the Group nor subject to significant integration services, control transfers at the point in time the customer takes undisputed delivery of the goods.

Interest income

Interest income from bank deposit is accrued on a time proportion basis on the principal outstanding and at the rate applicable

Commission income

Commission income is recognised in the year when services are rendered.

2.12 Retirement benefit scheme

The Group's contributions to the mandatory provident fund scheme are charged to the consolidated statement of profit or loss as incurred.

The Group's employees who have completed the required number of years of service to the Group are eligible for long service payments in the event of the termination of their employment.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the end of reporting period.

2.13 Employee benefits

Employee benefits are all forms of considerations, including wages, salaries, allowances and contribution to retirement benefit scheme payable by the Group in exchange for services rendered by its employees and directors. The employee benefits are classified as staff costs and charged to the consolidated statement of profit or loss and other comprehensive income.

No provision on employees' entitlements to unconsumed annual leaves as of the end of reporting period is provided in the consolidated financial statement as such leaves are not permitted to be carried forward and utilised by the respective employees in the following year. Sick leave and maternity leave are recognised until the time of leave.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Employee benefits (Continued)

Share-based payment/Cash-settled share based payments

PDS, the Group's ultimate holding company, has equity-settled share-based remuneration plan for the employees of PDS and its subsidiaries. Where the Group's employees are rewarded using share-based payments, the fair value of the employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All equity-settled share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

For cash-settled share-based payments, the fair value of the amount payable to the Company's employees is recognised as employee benefits expense with a corresponding increase in liabilities, over the vesting period. The liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognised in other operating expenses.

2.14 Borrowing costs

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

2.15 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting year, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising from investment in a subsidiary, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the year the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity and if any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate.

Government grants relating to income is presented in gross under “other income” in the consolidated statement of profit or loss and other comprehensive income.

3. ADOPTION OF NEW OR AMENDED HKFRSs

3.1 Amended HKFRSs that are effective for annual periods beginning from 1 April 2022

In the current year, the Group has applied for the first time all amended HKFRSs issued by the HKICPA, which are relevant to the Group’s operations and effective for the Group’s consolidated financial statements for the annual period beginning from 1 April 2022. The application of these amended HKFRSs do not have any material impact on the Group’s results and consolidated financial positions for the current or prior periods have been prepared and presented.

3.2 Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors anticipated that all pronouncements will be adopted in the Group’s accounting policy for the first accounting period beginning after the effective dates of the pronouncements but are not expected to have a material impact on the Group’s consolidated financial statements. Information on these new pronouncements that are expected to be relevant to the Group’s consolidated financial statements is provided below.

3. ADOPTION OF NEW OR AMENDED HKFRSs (CONTINUED)

3.2 Issued but not yet effective HKFRSs (Continued)

HKFRS 17	*Insurance Contracts and related amendments*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5*[2]
Amendments to HKAS 1	*Non-current Liabilities with Covenants*[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]
Amendments to HKAS 12	*International Tax Reform - Pillar Two Model Rules*[1]

[1] Effective for annual periods beginning on or after 1 January 2023

[2] Effective for annual periods beginning on or after 1 January 2024

[3] Effective date not yet determined

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue from contracts with customers

The Group assesses its revenue arrangements against specific criteria, i.e., whether it has exposure to the significant risks and rewards associated with the sale of goods and rendering of services, in order to determine if it is acting as a principal or as an agent. The Group has concluded that it is operating on a principal to principal basis in all its revenue arrangements.

The Group applies judgement to determine whether each product or service promised to a customer are capable of being distinct, and are distinct in the context of contract, if not the promised services are combined and accounted as a single performance obligation.

For performance obligation where control is transferred over the time, revenues are recognised by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgement and is based on the nature of the promised service to be rendered.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant 1isk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit loss on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimation uncertainty (Continued)

Depreciation on plant and equipment

Depreciation on the Group's plant and equipment is calculated using the straight-line method to allocate cost up to residual values over the estimated useful lives of the assets. Management reviews the useful lives and residual values periodically to ensure that the method and rate of depreciation are consistent with the expected pattern of realisation of economic benefits rates of depreciation are consistent with the expected pattern of realisation of economic benefits from plant and equipment. The accounting estimate of the useful lives of plant and equipment is based on historical experience, taking into account anticipated technological changes.

5. REVENUE

Revenue represents the fair value of the consideration received and receivables for sales of goods during the year, net of rebates and discounts.

6. OTHER REVENUE AND OTHER INCOME

	2023	2022
	HK$	HK$
Other revenue		
Bank interest income	**37,169**	1,002
Commission income	**-**	16,541,665
	37,169	16,542,667
Other income		
Bank charge recovery	**4,361,109**	-
Claim and recovery	**8,744,316**	2,869,837
Product development cost recovery	**7,112,397**	5,205,561
Net exchange gain	**4,108,226**	-
Sundry income	**51,486**	475,439
	24,377,534	8,550,837
	24,414,703	25,093,504

7. FINANCE COSTS

	2023 HK$	2022 HK$
Interest on bank borrowings	**5,491,795**	1,488,606
Interest on lease liabilities	**83,383**	28,942
Bank finance charges	**3,617,822**	923,823
	9,193,000	2,441,371

8. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging/(crediting):

	2023 HK$	2022 HK$
Auditors' remuneration	**205,007**	157,597
Depreciation		
- plants and equipment	**2,028,033**	1,351,265
- right-of-use assets	**884,041**	889,917
Exchange (gain)/losses, net	**(4,168,226)**	1,577,595
Short term leases expenses	**498,367**	500,764
Staff costs (including directors' remuneration)		
- Salaries and allowances	**59,802,508**	49,184,262
- MPF contribution	**510,386**	521,066
- Share-based payment expenses	**4,073,969**	3,744,856

9. INCOME TAX EXPENSES

During the year ended 31 March 2023 and 2022, Hong Kong profits tax has been provided at a reduced rate of 8.25% on the first HK$2 million of estimated assessable profits for the year, and the remaining amount will be subject to the rate of 16.5%. No provision for profit tax has been provided on the subsidiaries as the subsidiaries did not generate assessable profit for the year ended 31 March 2023 and 2022.

	2023 HK$	2022 HK$
Current - Hong Kong:		
- Tax charge for the year	**4,945,000**	1,645,987
Current - Overseas:		
- Overprovision in prior years	**(49,679)**	(15,944)
Total income tax for the year	**4,895,321**	1,630,043

9. INCOME TAX EXPENSES (CONTINUED)

Reconciliation between tax expense and accounting profit at applicable tax rate is as follow:

	2023 HK$	2022 HK$
Profit before taxation	**29,681,167**	9,878,506
Tax at the tax rate of 16.5% (2022: 16.5%)	**4,897,393**	1,629,954
Tax effect on non- taxable income	**(683,990)**	(367,268)
Tax effect on non-deductible expenses	**716,266**	619,673
Tax effect of unrecognised temporary difference	**167,271**	(105,998)
Tax effect of tax losses not recognised	**13,060**	34,626
Over-provision for previous year	**(49,679)**	(15,944)
Effect on two-tiered profits tax rates regime	**(165,000)**	(165,000)
Tax charge for the year	**4,895,321**	1,630,043

No deferred tax has been recognised in the consolidated financial statements on the grounds that the deductible temporary differences of the Group for the current and previous years are negligible in comparison to the Group's overall consolidated financial position.

10. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance (Cap. 622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2023 HK$	2022 HK$
Fee	**-**	-
Salaries and allowances	**4,206,586**	4,680,591
Share-based payment expenses	**3,619,808**	3,462,371
Other emoluments	**-**	-
	7,826,394	8,142,962

11. PLANT AND EQUIPMENT

	Office equipment HK$	Furniture and fixtures HK$	Computer equipment HK$	Leasehold improvement HK$	Motor vehicles HK$	Plant and machinery HK$	Total HK$
Cost							
At 1 April 2021	1,184,528	1,313,856	1,924,529	3,204,782	340,000	6,568	7,974,263
Additions	327,551	75,870	524,829	2,497,800	1,468,005	-	4,894,055
Written-off	-	-	-	-	(340,000)	-	(340,000)
Exchange realignment	753	-	3,052	-	-	-	3,805
At 31 March 2022 and 1 April 2022	1,512,832	1,389,726	2,452,410	5,702,582	1,468,005	6,568	12,532,123
Additions	157,126	242,693	628,565	-	4,001	2,950	1,035,335
Exchange realignment	(4,578)	-	(18,714)	-	-	-	(23,292)
At 31 March 2023	**1,665,380**	**1,632,419**	**3,062,261**	**5,702,582**	**1,472,006**	**9,518**	**13,544,166**
Accumulated depreciation							
At 1 April 2021	950,832	1,149,103	1,542,639	3,024,191	340,000	6,568	7,013,333
Charge for the year	184,485	162,401	330,380	388,582	285,417	-	1,351,265
Written-off	-	-	-	-	(340,000)	-	(340,000)
Exchange realignment	738	-	2,960	-	-	-	3,698
At 31 ,arch 2022 and 1 April 2022	1,136,055	1,311,504	1,875,979	3,412,773	285,417	6,568	8,028,296
Charge for the year	204,437	118,887	381,975	832,517	489,397	820	2,028,033
Exchange realignment	(4,500)	-	(18,110)	-	-	-	(22,610)
At 31 ,arch 2023	**1,335,992**	**1,430,391**	**2,239,844**	**4,245,290**	**774,814**	**7,388**	**10,033,719**
Net carrying amount							
At 31 March 2023	**329,388**	**202,028**	**822,417**	**1,457,292**	**697,192**	**2,130**	**3,510,447**
At 31 March 2022	376,777	78,222	576,431	2,289,809	1,182,588	-	4,503,827

12. RIGHT-OF-USE ASSETS

	HK$
Cost	
At 1 April 2021	3,927,814
Addition	4,777,896
Written-off	(1,585,704)
At 31 March 2022, 1 April 2022 and 31 March 2023	**7,120,006**
Accumulated depreciation	
At 1 April 2021	3,238,958
Charge for the year	889,917
Written-off	(1,585,704)
At 31 March 2022 and 1 April 2022	2,543,171
Charge for the year	884,041
At 31 March 2023	**3,427,212**
Net carrying amount	
At 31 March 2023	**3,692,794**
At 31 March 2022	4,576,835

The lease terms of the leased premises are 5 years (2022: range from 3 to 5 years). Depreciation is provided to write off the cost of items of right-of-use assets over their expected useful lives using straight line method. When there is no reasonable certainty that ownership will be obtained by the end of the lease term, the assets are depreciated over the lease term.

The Group does not have the option to purchase the right-of-use assets for a nominal amount at the end of the lease terms.

13. INVENTORIES

	2023 HK$	2022 HK$
Finished goods	**280,515**	608,061

14. TRADE AND OTHER RECEIVABLES

	2023 HK$	2022 HK$
Trade receivables	**56,026,016**	75,125,316
Prepayments, deposits and other receivables	**18,517,565**	15,627,225
	74,543,581	90,752,541

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days for both years.

No ECL allowance of trade receivables was provided during the year (2022: Nil)

The aging analysis of trade receivables (net of impairment loss) that are past due at the reporting date but not individually considered to be impaired is included in the following analysis:

	2023 HK$	2022 HK$
Neither past due nor impaired	**43,767,138**	51,537,291
Past due but not impaired		
Less than 30 days	**10,272,294**	22,280,155
31 to 90 days	**1,960,404**	1,214,354
Over 90 days	**26,180**	93,516
	12,258,878	23,588,025
	56,026,016	75,125,316

15. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES/IMMEDIATE HOLDING COMPANY/THEN IMMEDIATE HOLDING COMPANY/INTERMEDIATE HOLDING COMPANY

The amounts due are interest free, unsecured and have no fixed repayment terms.

16. AMOUNT DUE FROM DIRECTORS

The amount due is interest free, unsecured and have no fixed repayment terms.

Name of borrower	Relationship	2023 HK$	2022 HK$	Maximum outstanding HK$
Sandeep Malhotra	Director	**1,251,800**	11,423,878	**29,944,400**
Rohit Girotra	Director	**2,816**	24,614	**24,614**
		1,254,616	11,448,492	

17. TRADE AND OTHER PAYABLES

	2023 HK$	2022 HK$
Trade payables	**96,734,223**	113,333,395
Other payables and accruals	**13,304,734**	13,332,056
	110,038,957	126,665,451

18. SECURED BANK BORROWINGS

The carrying amount of the secured bank borrowings at the end of the reporting period is analysed as follows:

	2023 HK$	2022 HK$
Amount repayable within one year:		
Trust receipts loans	**129,278,858**	73,183,401
	129,278,858	73,183,401

As at 31 March 2023, the trust receipts loans bears interest at Bank Prime Rate + 1.5% (2022: Bank Prime Rate +1.5%) per annum. Details of relevant guarantees and securities were set out in note 21 to the consolidated financial statements.

19. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities as at the reporting date:

	Present value of the minimum lease payments		Total minimum lease payments	
	2023 HK$	2022 HK$	**2023 HK$**	2022 HK$
Within 1 year	**795,422**	889,625	**972,624**	972,624
After 1 year but within 5 years	**2,980,782**	3,703,006	**2,958,022**	3,865,826
Total	**3,776,204**	4,592,631	**3,930,646**	4,838,450
Less: total future interest expenses	**-**	-	**(154,442)**	(245,819)
Present value of lease liabilities	**3,776,204**	4,592,631	**3,776,204**	4,592,631
Less: Portion due within one year included under current liabilities	**(795,422)**	(889,625)		
Portion due after one year included under non-current liabilities	**2,980,782**	3,703,006		

20. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid		
250,000 ordinary shares	**1,945,000**	1,945,000
1,990,000 9% redeemable preference shares	**24,818,200**	24,818,200
	26,763,200	26,763,200

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

21. BANKING FACILITIES

General banking facilities granted by various banks were secured by a fellow subsidiary's fixed deposit, fellow subsidiaries' corporate guarantee, ultimate holding and immediate holding companies' corporate guarantee, directors' personal guarantee, life insurance policy and fellow subsidiary's properties.

22. CONTINGENT LIABILITIES

The Group had the following contingent liabilities not provided for in the consolidated financial statements at the end of reporting period:

	2023 **HK$**	2022 HK$
Irrevocable letters of credit	**97,401,815**	170,207,703

At the end of reporting period, there were mutual guarantees between the Group and its fellow subsidiaries.

23. SHARE-BASED PAYMENTS

As at 31 March 2023, PDS has the following share-based payments arrangements:

(i) Equity-settled share option scheme

On 3 April 2021, PDS established the PDS – Employee Stock Option Plan 2021 – Plan A ("Plan A") which entitles key managerial personnel and senior employees to purchase shares of PDS. The plan is designed to provide incentives to the director and employees of PDS and its subsidiaries to deliver long-term returns. As at 31 March 2023, PDS has granted a total of 707,500 (2022: 141,500) equity settled stock options under the plan to the Group's director and employee. Vesting of the options would be subject to continuous employment with PDS and its subsidiaries and hence the options would vest with passage of time. In addition to this, the nomination and remuneration committee of PDS may also specify certain performance parameters subject to which the options would vest. The options vest after three or four years from the date of grant and then exercisable within a period of three to four years. Options granted under the plan are for no consideration and carry no dividend or voting rights. On exercise, each option is convertible into one equity share of PDS. The key terms and conditions related to the grants under these plans are as follows; all options are to be settled by the delivery of shares.

23. SHARE-BASED PAYMENTS (CONTINUED)

(i) Equity-settled share option scheme (Continued)

Movements of share options granted to a director and employees of the Group during the year are as follows:

	2023 Exercise price after stock split HK$	**2023 Number of share options**	2022 Weighted average exercise price HK$	2022 Number of share options
Director				
Outstanding at 1 April	**83.81**	**130,000**	-	-
Stock split adjustment (note)	**(67.05)**	**520,000**	-	-
Granted during the year	**-**	**-**	83.81	130,000
Outstanding at 31 March	**16.76**	**650,000**	83.81	130,000
Exercisable at 31 March	**16.76**	**195,000**	-	-
Employee				
Outstanding at 1 April	**113.89**	**11,500**	-	-
Stock split adjustment (note)	**(91.11)**	**46,000**	-	-
Granted during the year	**-**	**-**	113.89	11,500
Outstanding at 31 March	**22.78**	**57,500**	113.89	11,500
Exercisable at 31 March	**22.78**	**14,375**	-	-

Note: Pursuant to the approval of the shareholders at the Annual General Meeting of PDS held on 29 July 2022, each equity share has been subdivided into five equity shares.

During the year ended 31 March 2023, the Group has charged HK$3,831,381 (2022: HK$3,609,624) to the consolidated statement of profit or loss in respect of options granted under Plan A.

The fair value of share options granted under Plan A have been measured using the Black-Scholes option-pricing model using the following assumptions at the grant date:

	Director	**Employee**
Grant date fair value after stock split, per share (in HK$)	14.37	11.55
Exercise price after stock split, per share (in HK$)	16.76	22.78
Assumptions used:		
Volatility	34.04%	34.73%
Expected lives (in years)	3.83	3.83
Risk-free interest rate	5.32%	5.38%
Dividend yield rate	1.1%	1.12%

23. SHARE-BASED PAYMENTS (CONTINUED)

(i) Equity-settled share option scheme (Continued)

Expected volatility during the expected term of the options is based on historical volatility of the observed market prices of PDS's publicly traded equity shares during 5 years before the date of Grant. PDS believes that such measure of volatility is currently the best available indicator of the expected volatility used in these estimates.

The expected life of the share options is estimated based on the vesting term and contractual term of the share options, as well as expected exercise behavior of the employee who receives the share options.

Risk-free interest rates are determined using the implied yield currently available for India government issues with a remaining term equal to the expected life of the options.

Expected dividend yields are based on the annualised approved dividend rate and the market price of PDS's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term.

The fair value per share of share options is determined based on the closing price of PDS's share on the date of grant.

(ii) Cash-settled share based payment

On 22 October 2021, PDS established the PDS – Phantom Stock Units Plan 2021 ("Phantom stock plan"), which entitles a few senior employees of PDS and its subsidiaries to a cash payment on exercise. As at 31 March 2023, PDS has granted a total of 24,375 (2022: 6,500) Stock Units ("Phantom Stock Units/PSU"). These PSUs carry a vesting period of up to 4 years and an exercise period of 4 years from the date of vesting.

Movements of share options granted to the employees of the Group during the year are as follows:

	2023 Exercise price after stock split HK$	**2023 Number of share options**	2022 Weighted average exercise price HK$	2022 Number of share options
Outstanding at 1 April	**113.89**	**6,500**	-	-
Stock split adjustment (note)	**(91.11)**	**26,000**	-	-
Granted during the year	**-**	**-**	113.89	6,500
Exercised during the year	**22.78**	**(8,125)**	-	-
Outstanding at 31 March	**22.78**	**24,375**	113.89	6,500
Exercisable at 31 March	**-**	**-**	-	-

23. SHARE-BASED PAYMENTS (CONTINUED)

(ii) Cash-settled share based payment (Continued)

Note: Pursuant to the approval of the shareholders at the Annual General Meeting of PDS held on 29 July 2022, each equity share has been subdivided into five equity shares.

During the year ended 31 March 2023, the Company has charged HK$242,588 (2022: HK$135,232) to the consolidated statement of profit or loss in respect of PSUs granted under the Phantom Stock Plan.

The fair value of PSUs as at 31 March 2023 and 2022 have been measured using the Black-Scholes Option-Pricing model using the following assumptions at the measurement date:

Fair value after stock split, per share (in HK$)	18.64
Exercise price after stock split, per share (in HK$)	22.78
Assumptions used:	
Volatility	36.3%
Expected lives (in years)	4.6
Risk-free interest rate	6.14%
Dividend yield rate	0.86%

Expected volatility during the expected term of the options is based on historical volatility of the observed market prices of PDS's publicly traded equity shares during 5 years before the date of measurement. PDS believes that such measure of volatility is currently the best available indicator of the expected volatility used in these estimates.

The expected life of the PSU is estimated based on the vesting term and contractual term of the share options, as well as expected exercise behavior of the employee who receives the PSU.

Risk-free interest rates are determined using the implied yield currently available for India government issues with a remaining term equal to the expected life of the options.

Expected dividend yields are based on the annualised approved dividend rate and the market price of PDS's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term.

The fair value per share of PSUs is determined based on the closing price of PDS's share on the date of grant.

23. SHARE-BASED PAYMENTS (CONTINUED)

(iii) Share-based payment expense recognised in the consolidated statement of profit or loss in respect of the above plans is as follows:

	2023 **HK$**	2022 HK$
Share-based payment expense	**4,073,969**	3,744,856

(iv) At the end of the reporting period, share based payment expense recognised in the consolidated statement of financial position in respect of the above plans is as follows:

	2023 **HK$**	2022 HK$
Share-based payment liability	**276,919**	135,232
Share-based payment reserve	**7,541,906**	3,609,624

24. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;

(ii) To support the Group's stability and growth; and

(iii) To 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. No changes in the objectives, policies or processes for managing capital were made during the years ended 31 March 2023 and 2022.

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include credit risk, foreign currency risk, liquidity risk and interest rate risk.

Policies for managing these risks are set by the Company's board of directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

It is not the Group's policy to actively engage in the trading of financial instruments for speculative purposes.

25.1 Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities.

	2023 HK$	2022 HK$
Financial assets		
Financial assets measured at amortised cost		
Trade and other receivables	**61,707,714**	80,938,796
Amounts due from then immediate holding company	**-**	485,230
Amounts due from fellow subsidiaries	**138,492,158**	98,320,707
Amount due from directors	**1,254,616**	11,448,492
Cash and cash equivalents	**75,359,216**	40,569,147
	276,813,704	231,762,372
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	**110,038,957**	126,665,451
Amount due to intermediate holding company	**1,091,127**	-
Amount due to immediate holding company	**288,350**	-
Amounts due to fellow subsidiaries	**8,826,173**	7,847,096
Secured bank borrowings	**129,278,858**	73,183,401
Lease liabilities	**3,776,204**	4,592,631
	253,299,669	212,288,579

25.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group's maximum exposure to credit risk on recognised financial assets is limited to the carrying amount at the reporting date as summarised in note 25.1.

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

25.2 Credit risk (Continued)

The Group manages its credit risk associated with exposure to the customers on outstanding trade receivables through the application of credit approvals, credit ratings and other monitoring procedures.

Trade receivables are non-interest bearing and are generally credit term of 30 to 90 days.

The Group applies the simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. At each reporting dates, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL. In addition, the Group assesses ECL under HKFRS 9 on trade receivables based on provision matrix, the expected loss rates are based on the historical credit losses. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

In respect of other financial assets, including other receivables and amounts due from related companies, the management measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition. In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

25.3 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates internationally and is primarily exposed to foreign exchange risk arising from currency exposures of the United States dollars ("USD"), British Pound ("GBP"), Euro ("EUR"), Bangladeshi Taka ("BDT") and Candian Dollars ("CAD"), with respect to the Hong Kong dollar. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

25.3 Foreign currency risk (Continued)

Foreign currency denominated financial assets and liabilities, translated into HKD at the closing rates, are as follows:

	Trade and other receivables HK$	Cash and cash equivalents HK$	Trade and other payables HK$	Secured bank borrowings HK$	Overall net exposure HK$
At 31 March 2023					
USD	**59,386,696**	**66,229,098**	**(106,181,911)**	**(129,278,858)**	**(109,844,975)**
GBP	**-**	**2,905,387**	**-**	**-**	**2,905,387**
EUR	**-**	**45,767**	**-**	**-**	**45,767**
BDT	**1,866,654**	**3,152,479**	**(3,603,450)**	**-**	**1,415,683**
CAD	**18,285**	**472,584**	**(253,596)**	**-**	**237,273**
Total	**61,271,635**	**72,805,315**	**(110,038,957)**	**(129,278,858)**	**(105,240,865)**
At 31 March 2022					
USD	79,265,955	32,176,257	(123,472,936)	(73,183,401)	(85,214,125)
GBP	509,268	3,013,647	-	-	3,522,915
EUR	8,521	1,600,878	-	-	1,609,399
BDT	227,855	1,194,218	(2,925,090)	-	(1,503,017)
CAD	25,119	591,482	(267,425)	-	349,176
Total	80,036,718	38,576,482	(126,665,451)	(73,183,401)	(81,235,652)

The following table indicates the approximate change in the Group's profit after tax in response to reasonably possible changes (e.g. +10%) in the foreign exchange rates to which the Group has significant exposure at the end of reporting period.

	2023		2022	
	Increase HK$	**Decrease HK$**	Increase HK$	Decrease HK$
GBP	**242,600**	**(242,600)**	294,164	(294,164)
EUR	**3,822**	**(3,822)**	134,385	(134,385)
BDT	**118,209**	**(118,209)**	(125,502)	125,502
CAD	**19,812**	**(19,812)**	29,157	(29,157)
	384,443	**(384,443)**	332,203	(332,203)

The stated changes represent management's assessment of reasonably possible change in foreign exchange rates over the period until the end of next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the United States dollar against other currencies.

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

25.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The following table summarises the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on undiscounted cash flows:

	Repayable on demand/within one year HK$	**Over 1 year but within 5 year HK$**	**Total undiscounted amount HK$**	**Carrying amount HK$**
2023				
Trade and other payables	**110,038,957**	**-**	**110,038,957**	**110,038,957**
Amount due to intermediate holding company	**1,091,127**	**-**	**1,091,127**	**1,091,127**
Amount due to immediate holding company	**288,350**	**-**	**288,350**	**288,350**
Amounts due to fellow subsidiaries	**8,826,173**	**-**	**8,826,173**	**8,826,173**
Secured bank borrowings	**129,278,858**	**-**	**129,278,858**	**129,278,858**
Lease liabilities	**972,624**	**2,958,222**	**3,930,846**	**3,776,204**
	250,496,089	**2,958,222**	**253,454,311**	**253,299,669**
2022				
Trade and other payables	126,665,451	-	126,665,451	126,665,451
Amounts due to fellow subsidiaries	7,847,096	-	7,847,096	7,847,096
Secured bank borrowings	73,183,401	-	73,183,401	73,183,401
Lease liabilities	972,624	3,865,826	4,838,450	4,592,631
	208,668,572	3,865,826	212,534,398	212,288,579

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

25.5 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Group's interest rate risk arises primarily from borrowings bears variable rates as set out in note 18.

If the interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2023 would increase/decrease by approximately HK$1,079,000 (2022: HK$611,000).

The sensitivity analysis is prepared assuming financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

26. RELATED PARTY TRANSACTIONS

During normal course of business, the Group had the following material transactions with its related parties:

Name of company	Relationship	Nature of transaction	2023 HK$	2022 HK$
Multinational Textile Group Limited, Mauritius	Intermediate holding company (2022: immediate holding company)	Management fee	**2,739,836**	2,044,615
		SAP expenses	**233,400**	-
Norwest Industries Limited	Fellow subsidiary	Infrastructure expense	**944,990**	1,259,986
		Commission income	**-**	16,541,665
		Commission expenses	**-**	27,085,717
		Accommodation expenses	**-**	2,000
Poetic Brands Ltd	Fellow subsidiary	Sales	**-**	5,011,413
Fareast Vogue Limited	Fellow subsidiary	Purchase	**-**	167,230
Green Smart Shirt Limited, Bangladesh	Fellow subsidiary	Purchase	**19,894,588**	12,329,116
		Sales	**197,656**	566,917
		PD recovery income	**67,641**	-
Progress Apparels (Bangladesh) Limited	Fellow subsidiary	Purchase	**85,148,025**	33,628,403
		Cost of sales	**741,515**	-
		Product development cost recovery	**211,911**	-
Nor Lanka Manufacturing Limited	Fellow subsidiary	Purchase	**1,766,979**	2,176,340
DIZBI Pvt Ltd	Fellow subsidiary	SAP Expenses	**-**	256,740
PDS Sourcing Ltd	Immediate holding company (2022: fellow subsidiary)	Consultancy fee	**5,304,181**	5,104,293
Green Apparel Industries Limited	Fellow subsidiary	Purchase	**981,525**	--

26. RELATED PARTY TRANSACTIONS (CONTINUED)

In addition, during the year, the Group paid net recharging expenses to group entities amounted to HK$17,569,072 (2022: HK$15,237,119).

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities were as follows:

	Secured bank borrowings HK$	**Lease liabilities HK$**	**Total HK$**
As at 1 April 2021	40,071,281	725,948	40,797,229
Cash flows			
Payment of lease liabilities	-	(911,213)	(911,213)
Net receipts of bank borrowings	33,112,120	-	33,112,120
Payment of interests	(1,488,606)	(28,942)	(1,517,548)
Non-cash changes			
Interest charges	1,488,606	28,942	1,517,548
Entering into new leases	-	4,777,896	4,777,896
As at 31 March 2022 and 1 April 2022	73,183,401	4,592,631	77,776,032
Cash flows			
Payment of lease liabilities	**-**	**(816,427)**	**(816,427)**
Net receipts of bank borrowings	**56,095,457**	**-**	**56,095,457**
Payment of interests	**(5,491,795)**	**(83,383)**	**(5,575,178)**
Non-cash changes			
Interest charges	**5,491,795**	**83,383**	**5,575,178**
As at 31 March 2023	**129,278,858**	**3,776,204**	**133,055,062**

28. INTEREST IN SUBSIDIARIES

	2023 HK$	2022 HK$
Unlisted shares, at cost	**4,474,021**	1,704,341

Details of interest in subsidiaries as at reporting date are as follows:

Name of subsidiary	**Place of incorporation**	**Percentage of ownership and voting power 2023**	2022	**Name of business**
Simple Approach (Canada) Limited	Canada	**100%**	100%	Garment trading and procures sales orders on behalf of a foreign affiliated for a marketing fee
Simple Approach Bangladesh Pvt. Ltd.	Bangladesh	**100%**	-	Product development and sample services

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2023 HK$	2022 HK$
Non-current assets			
Plant and equipment		**3,498,151**	4,495,753
Right-of-use assets		**3,692,794**	4,576,835
Interests in subsidiaries		**4,474,021**	1,704,341
		11,664,966	10,776,929
Current assets			
Inventories		**280,515**	608,061
Trade and other receivables		**73,103,526**	90,727,422
Amount due from then immediate holding company		**-**	485,230
Amount due from fellow subsidiaries		**138,492,158**	98,320,707
Amount due from a director		**1,251,800**	11,423,878
Cash and cash equivalents		**73,347,954**	39,414,210
		286,475,953	240,979,508
Current liabilities			
Trade and other payables		**109,643,013**	126,398,026
Amount due to subsidiary		**1,214,557**	927,669
Amount due to intermediate holding company		**1,091,127**	-
Amount due to immediate holding company		**288,350**	-
Amount due to fellow subsidiaries		**8,826,173**	7,847,096
Lease liabilities		**795,422**	889,625
Secured bank borrowings		**129,278,858**	73,183,401
Tax payable		**4,124,622**	426,199
		255,261,122	209,672,016
Net current assets		**31,214,831**	31,307,492
Total assets less current liabilities		**42,879,797**	42,084,421
Non-current liabilities			
Lease liabilities		**2,980,782**	3,703,006
Net assets		**39,899,015**	38,381,415
Equity			
Share capital		**26,763,200**	26,763,200
Reserves	30	**13,135,815**	11,618,215
Total equity		**39,899,015**	38,381,415

SD/- SD/-

Sandeep Malhotra
Director

Deepak Burman
Director

30. MOVEMENT IN THE RESERVES OF THE COMPANY

	Share-based payments Reserve HK$	Retained earnings HK$	Total HK$
At 31 March 2021 and 1 April 2021	-	33,034,588	33,034,588
Equity settled share-based payments	3,609,624	-	3,609,624
Profit and total comprehensive income for the year	-	8,505,803	8,505,803
Dividends paid (note 31)	-	(33,531,800)	(33,531,800)
At 31 March 2022 and 1 April 2022	3,609,624	8,008,591	11,618,215
Equity settled share-based payments	**3,831,381**	**-**	**3,831,381**
Deemed contribution arising from exercise of cash settled share options	**100,901**	**-**	**100,901**
Profit and total comprehensive income for the year	**-**	**24,815,318**	**24,815,318**
Dividends paid (note 31)	**-**	**(27,230,000)**	**(27,230,000)**
At 31 March 2023	**7,541,906**	**5,593,909**	**13,135,815**

31. DIVIDENDS

During the year, the Company declared the payment of a dividend of HK$108.92 (2022: HK$134.13) per share totalling HK$27,230,000 (2022: HK$33,531,800) for the year ended 31 March 2023.

32. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year’s presentation.

Reports and Financial Statements

Progress Manufacturing Group Limited

For the year ended 31 March 2023

Contents

Expressed in Hong Kong dollars ("HK$")

Directors' report for the year ended 31 March 2023

The directors present their annual report and the audited financial statements of Progress Manufacturing Group Limited (the "Company") for the year ended 31 March 2023.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW
The principal activity of the Company is garment trading. There were no significant changes in the nature of the Company's principal activities during the year.

No business review is presented as the Company has been able to claim an exemption under section 388(3) of the Companies Ordinance (Cap. 622) since it falls under the "reporting exemption" in accordance with section 359, as at the reporting date.

RESULTS AND APPROPRIATIONS
The results of the Company for the year ended 31 March 2023 and the financial position of the Company at that date are set out in the financial statements on pages 6 to 39.

The directors do not recommend the payment of a dividend (2022: Nil).

SHARE CAPITAL
Details of the movements in the share capital of the Company during the year are set out in note 17 to the financial statements.

DIRECTORS
The directors of the Company during the year and up to the date of this report were as follows:

Pallak SETH	
Deepak Kumar SETH	
Abhishekh KANOI	(appointed on 1 April 2022)
Ajai SINGH	(resigned on 1 April 2022)

In accordance with Article 23 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except for the related party transactions as disclosed in note 21 to the financial statements, no transactions, arrangements or contracts of significance to which the Company's holding companies, subsidiary, or fellow subsidiaries was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

DIRECTORS' INTERESTS

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

MANAGEMENT CONTRACTS

The Company did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Company, by which a person undertakes the management and administration of the whole, or any substantial part of any business of the Company during the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the directors was in force during the year and up to the date of this report.

AUDITOR

The Company's auditor, Grant Thornton Hong Kong Limited, retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

SD/-

Abhishekh KANOI
Director

Independent auditor's report

To the member of Progress Manufacturing Group Limited
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Progress Manufacturing Group Limited (the "Company") set out on pages 6 to 39, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to these financial statements and have been properly prepared in compliance with the Companies Ordinance.

Basis for opinion

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

Other Information

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with applicable HKFRSs issued by the HKICPA that are relevant to these financial statements and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

SD/-

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong SAR

Lam Yau Hing
Practising Certificate No.: P06622

Statement of profit or loss and other comprehensive income for the year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
Revenue	5	**259,641,168**	194,820,550
Purchase and related costs		**(248,662,055)**	(187,983,695)
Gross profit		**10,979,113**	6,836,855
Other revenue and other income	6	**1,824**	2,202,723
Staff costs		**(310,141)**	(667,609)
Depreciation		**(57,012)**	(1,825)
Other operating expenses		**(7,360,124)**	(5,130,867)
Profit from operation		**3,253,660**	3,239,277
Finance costs	7	**(3,616,337)**	(5,676,603)
Loss before income tax	8	**(362,677)**	(2,437,326)
Income tax expenses	9	**-**	-
Loss and total comprehensive expenses for the year		**(362,677)**	(2,437,326)

The notes on pages 10 to 39 form part of these financial statements.

Statement of financial position as at 31 March 2023

	Notes	2023 HK$	2022 HK$
Non-current assets			
Interest in a subsidiary	11	**233,010,188**	11,348,542
Plant and equipment	12	**970,694**	4,260
		233,980,882	11,352,802
Current assets			
Trade and other receivables	13	**30,638,447**	49,112,174
Amount due from subsidiary	14	**20,293,671**	257,030,015
Amounts due from fellow subsidiaries	14	**452,207**	-
Amount due from then immediate holding company	14	**-**	156,332
Cash and bank balances		**1,427,380**	2,324,926
		52,811,705	308,623,447
Current liabilities			
Trade and other payables	15	**1,049,428**	6,341,711
Amounts due to fellow subsidiaries	14	**187,050,276**	363,760,332
Amount due to intermediate holding company	14	**87,012**	-
Secured bank borrowings	16	**2,355,479**	9,212,885
		190,542,195	379,314,928
Net current liabilities		**(137,730,490)**	(70,691,481)
Net assets/(liabilities)		**96,250,392**	(59,338,679)
Equity			
Share capital	17	**155,677,808**	77,808
Reserves		**(59,427,416)**	(59,416,487)
Total equity/Capital deficiencies		**96,250,392**	(59,338,679)

SD/-

Abhishekh KANOI
Director

SD/-

Pallak SETH
Director

The notes on pages 10 to 39 form part of these financial statements.

Statement of cash flows for the year ended 31 March 2023

	2023 HK$	2022 HK$
Cash flows from operating activities		
Loss before income tax	**(362,677)**	(2,437,326)
Adjustments for:		
Interest income	**(1,529)**	(19)
Share-based payment expenses, net	**310,141**	435,034
Loss on disposal on plant and equipment	**3,514**	-
Interest expenses	**3,210,575**	5,592,556
Depreciation	**57,012**	1,825
Operating profit before working capital changes	**3,217,036**	3,592,070
Decrease/(Increase) in trade and other receivable	**18,473,727**	(26,681,025)
Net receipts from/(payments to) subsidiary	**15,074,698**	(6,553,667)
Net (payments to)/receipts from fellow subsidiaries	**(177,162,263)**	54,230,558
Net receipts from/(payments to) intermediate holding company/then immediate holding company	**243,344**	(639,281)
Decrease in trade and other payables	**(5,250,676)**	(3,458,770)
Cash (used in)/generated from operations	**(145,404,134)**	20,489,885
Interest received	**1,529**	19
Interest paid	**(3,210,575)**	(5,592,556)
Net cash (used in)/generated from operating activities	**(148,613,180)**	14,897,348
Cash flows from investing activities		
Purchase of plant and equipment	**(1,026,960)**	-
Net cash used in investing activities	**(1,026,960)**	-
Cash flows from financing activities		
Proceeds from issue of share capital	**155,600,000**	-
Net repayment of secured bank borrowings	**(6,857,406)**	(12,797,714)
Net cash generated from/(used in) financing activities	**148,742,594**	(12,797,714)
Net (decrease)/increase in cash and cash equivalents	**(897,546)**	2,099,634
Cash and cash equivalents at beginning of year	**2,324,926**	225,292
Cash and cash equivalents at end of year	**1,427,380**	2,324,926

The notes on pages 10 to 39 form part of these financial statements.

Statement of changes in equity for the year ended 31 March 2023

	Share capital HK$	Share option reserve (Note) HK$	Accumulated losses (Note) HK$	Total HK$
At 1 April 2021	77,808	-	(57,372,588)	(57,294,780)
Loss and total comprehensive expenses for the year	-	-	(2,437,326)	(2,437,326)
Equity settled share-based payments (note 19)	-	393,427	-	393,427
At 31 March 2022	77,808	393,427	(59,809,914)	(59,338,679)
Issue of share capital (note 17)	155,600,000	-	-	155,600,000
Loss and total comprehensive expenses for the year	-	-	(362,677)	(362,677)
Exercise of employee share options	-	(213,548)	213,548	-
Equity settled share-based payments (note 19)	-	351,748	-	351,748
At 31 March 2023	**155,677,808**	**531,627**	**(59,959,043)**	**96,250,392**

Notes:
These reserve accounts comprise the reserves of HK$59,427,416 (2022: HK$59,416,487) in the statement of financial position.

The notes on pages 10 to 39 form part of these financial statements.

Notes to the financial statements for the year ended 31 March 2023

1. GENERAL INFORMATION

Progress Manufacturing Group Limited (the "Company") is a company incorporated in Hong Kong with limited liability. Its registered office and principal place of business are located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon.

The Company's immediate holding company is PDS Manufacturing Limited, which is incorporated in Mauritius, and the ultimate holding company of the Company is PDS Limited (formerly known as PDS Multinational Fashions Limited), which is incorporated in India and its shares are listed on the Bombay Stock Exchange (Stock Code: 538730) and National Stock Exchange in India (Stock Code: PDSMFL). As at 31 March 2022, the immediate holding company of the Company was Multinational Textile Group Limited, a company incorporated in Mauritius.

The principal activities of the Company is trading of garments and investment holding. Details of the principal activities and other particulars of its subsidiary are set out in note 11 to the financial statements.

The financial statements for the year ended 31 March 2023 were approved for issue by the board of directors on

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

For the purposes of compliance with section 379 and 380 of the Companies Ordinance, these financial statements have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Consequently, they have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which term collectively includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Companies Ordinance that are relevant to the preparation of company level financial statements by an intermediate parent company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

As the Company is a holding company that is a partially owned subsidiary of another body corporate at the end of the reporting period and has satisfied the exemption criteria set out in section 379(3)(c) of the Companies Ordinance (Cap 622), it is not required to prepare consolidated financial statements.

Given the above, these financial statements are not prepared for the purposes of compliance with HKFRS 10 "Consolidated Financial Statements", so far as the preparation of consolidated financial statements is concerned. As a consequence, the financial statements do not give all the information required by HKFRS 10 about the economic activities of the group of which the Company is the holding company. Furthermore, as these financial statements are prepared in respect of the Company only, disclosure required by HKFRS 12 "Disclosures of Interests in Other Entities" have not been made.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and their impact on the Company's financial statements, if any, are disclosed in note 3. The measurement basis used in the preparation of the financial statements is the historical cost basis except financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are measured at fair value.

It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The Company has incurred a loss of HK$362,677 for the year ended 31 March 2023 and, as of that date, the Company had net current liabilities of HK$137,730,490. Notwithstanding these conditions, the going concern basis has been adopted because the shareholder has agreed to provide adequate funds for the Company to meet its liabilities as they fall due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Company's financial statements, if any, are disclosed in note 3.

The financial statements have been prepared under the historical cost basis. The measurement bases are fully described in the accounting policies below. It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.2 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionally of the related equipment is capitalised as part of that equipment.

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionally of the related equipment is capitalised as part of that equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

Depreciation of property, plant and equipment is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Computer equipment	33%

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at each reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Plant and equipment (Continued)

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.3 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("FVTPL"), plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets, other than those designated and effective as hedging instruments, are classified into the amortised cost.

The classification is determined by both:

- the entity's business model for managing the financial asset; and

- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, other income or other financial items, except for expected credit losses ("ECL") of trade receivables which is presented in other operating expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial instruments (Continued)

Subsequent measurement of financial assets

Debt investments

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit or loss):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Company's trade and other receivables, cash and bank balances and amounts due from subsidiary, fellow subsidiaries and then immediate holding company fall into this category of financial instruments.

Classification and measurement of financial liabilities

The Company's financial liabilities include trade and other payables, amounts due to fellow subsidiaries and intermediate holding company and bank borrowings.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

Trade and other payables and amounts due to fellow subsidiaries and intermediate holding company

Trade and other payables and amounts due to fellow subsidiaries and intermediate holding company are recognised initially at fair values and subsequently measured at amortised costs, using the effective interest method.

Bank borrowings

Bank borrowings are recognised initially at fair values, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised costs. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Bank borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liabilities for at least twelve months after the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Impairment of financial assets

HKFRS 9's impairment requirements use more forward-looking information to recognise ECL – the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade receivables.

The Company considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables

For trade receivables, the Company applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Company has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Impairment of financial assets (Continued)

Other financial assets measured at amortised cost

The Company measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk;

- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment of debtor that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

- an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Impairment of financial assets (Continued)

For internal credit risk management, the Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

2.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, other short-term highly liquid investments with original maturities of three months or less.

2.6 Impairment of non-financial assets

Plant and equipment and interest in subsidiaries are subject to impairment test whenever there are indications that the assets' carrying amounts may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions, less costs of disposal and 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 assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows that are largely independent of the cash flows from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash generating unit). As a result, some assets are tested individually for impairment and some are tested at cash generating unit level.

Impairment loss recognised for cash generating unit is allocated to reduce the carrying amounts of the assets in the cash generating unit on pro rata basis. In allocating the impairment loss, the carrying amount of an asset will not be reduced below its fair value less costs of disposal, value in use or zero.

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Foreign currency translation

The financial statements are presented in Hong Kong Dollars (“HK$”), which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

2.8 Revenue recognition

Revenue arises mainly from the sales of garments.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Revenue recognition

Further details of the Company 's revenue recognition policies are as follows:

Sales of garment

Revenue from the sale of garment is recognised when (or as) the Company transfers control of the assets to the customer. For stand-alone sales of garment that are neither customised by the Company nor subject to significant integration services, control transfers at the point in time the customer takes undisputed delivery of the goods.

Interest income

Interest income from bank deposit is accrued on a time proportion basis on the principal outstanding and at the rate applicable

Commission income

Commission income is recognised in the year when services are rendered.

2.9 Borrowing costs

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

2.10 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability is not recognised but is disclosed in the notes to the financial statements.

2.11 Retirement benefit scheme

The Company's contributions to the mandatory provident fund scheme are charged to the statement of profit or loss as incurred.

The Company's employees who have completed the required number of years of service to the Company are eligible for long service payments in the event of the termination of their employment.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Company to the end of reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Employee benefits

Share based payment/Cash-settled share based payments

PDS Limited ("PDS"), the Company's ultimate holding company, has equity-settled share-based remuneration plan for the employees of PDS and its subsidiaries. Where the Company's employees are rewarded using share-based payments, the fair value of the employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

For cash-settled share-based payments, the fair value of the amount payable to the Company's employees is recognised as employee benefits expense with a corresponding increase in liabilities, over the vesting period. The liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognised in other operating expenses.

2.13 Subsidiaries

Subsidiaries are entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Company has power, only substantive rights (held by the Company and other parties) are considered.

Investment in subsidiaries is carried at cost less any impairment losses unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting year, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising from investment in a subsidiary, except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the year the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Company has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Related parties

For the purpose of these financial statements, a party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and if that party:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) the party is an entity and if any of the following conditions applies:

(i) the entity and the Company are members of the same group;

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) the entity and the Company are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. ADOPTION OF NEW OR AMENDED HKFRSs

3.1 Amended HKFRSs that are effective for annual periods beginning from 1 April 2022

In the current year, the Company has applied for the first time all amended HKFRSs issued by the HKICPA, which are relevant to the Company's operations and effective for the Company's financial statements for the annual period beginning from 1 April 2022. The application of these amended HKFRSs do not have any material impact on the Company's results and financial positions for the current or prior periods have been prepared and presented.

3.2 Issued but not yet effective HKFRSs

At the date of authorisation of these financial statements, certain new and amended HKFRSs as set out below have been published but are not yet effective, and have not been adopted early by the Company.

HKFRS 17	Insurance Contracts and related amendments[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 7	Supplier Finance Arrangements[2]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. The new and amended HKFRSs are not expected to have a material impact on the Company's financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant 1isk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit loss on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision matrix calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

Depreciation on plant and equipment

Depreciation on the Company's plant and equipment is calculated using the straight-line method to allocate cost up to residual values over the estimated useful lives of the assets. Management reviews the useful lives and residual values periodically to ensure that the method and rate of depreciation are consistent with the expected pattern of realisation of economic benefits rates of depreciation are consistent with the expected pattern of realisation of economic benefits from plant and equipment. The accounting estimate of the useful lives of plant and equipment is based on historical experience, taking into account anticipated technological changes

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Critical accounting judgements

Revenue from contracts with customers

The Company assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods and rendering of services, in order to determine if it is acting as a principal or as an agent. The Company has concluded that it is operating on a principal to principal basis in all its revenue arrangements.

The Company applies judgement to determine whether each product or service promised to a customer are capable of being distinct, and are distinct in the context of contract, if not the promised services are combined and accounted as a single performance obligation.

For performance obligation where control is transferred over the time, revenues are recognised by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgement and is based on the nature of the promised service to be rendered.

5. REVENUE

Revenue represents the fair value of the consideration received and receivables for sales of goods during the year, net of rebates and discounts.

6. OTHER REVENUE AND OTHER INCOME

	2023 HK$	2022 HK$
Other revenue		
Bank interest income	**1,529**	19
Commission income	**-**	2,202,704
	1,529	2,202,723
Other income		
Exchange gains, net	**295**	-
	1,824	2,202,723

7. FINANCE COSTS

	2023 HK$	2022 HK$
Interest on bank borrowings	**3,210,575**	5,592,556
Bank finance charges	**405,762**	84,047
	3,616,337	5,676,603

8. LOSS BEFORE INCOME TAX

Loss before income tax is stated after (crediting)/charging:

	2023 HK$	2022 HK$
Auditors' remuneration	**66,800**	66,800
Depreciation	**57,012**	1,825
Exchange (gains)/losses, net	**(295)**	129
Loss on disposals of plant and equipment	**3,514**	-
Staff costs (including directors' remuneration)		
- Salaries and allowance	**-**	227,995
- Share based payment expenses, net	**310,141**	435,034
- MPF contribution	**-**	4,580

9. INCOME TAX EXPENSES

No Hong Kong profits tax has been provided in these financial statements as the income of the Company neither arises in nor is derived from Hong Kong (2022: Nil). In the opinion of the directors, the Company was not subject to any taxation in any other jurisdictions that the Company operates.

Reconciliation between tax expense and accounting loss at applicable tax rate is as follow:

	2023 HK$	2022 HK$
Loss before income tax	**(362,677)**	(2,437,326)
Tax at the applicable tax rate of 16.5%	**(59,842)**	(402,159)
Tax effect of non-deductible expenses	**42,900,936**	32,910,999
Tax effect of non-taxable revenue	**(42,841,094)**	(32,508,840)
Income tax expense	**-**	-

No deferred tax has been recognised in the financial statements on the grounds that the deductible temporary differences of the Company for the current and previous years are negligible in comparison to the Company's overall financial position.

10. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance (Cap. 622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2023 HK$	2022 HK$
Fee	**-**	-
Retirement scheme contributions	**-**	-
Other emoluments	**-**	-
	-	-

11. INTEREST IN A SUBSIDIARY

	2023 HK$	2022 HK$
Unlisted shares, at cost	**233,010,188**	11,348,542

Details of interest in a subsidiary as at reporting date is as follows:

Name of subsidiary	**Place of incorporation**	**Percentage of ownership and voting power 2023**	2022	**Name of business**
Progress Apparel (Bangladesh) Limited	Bangladesh	100%	100%	Garment trading

23,145,247 redeemable preference shares were allotted at Bangladesh Taka 100 (equivalent to HK$9.58) each during the year ended 31 March 2023 (2022: Nil).

12. PLANT AND EQUIPMENT

	Computer equipment HK$
Cost	
At 1 April 2021, 31 Match 2022 and 1 April 2022	9,940
Additions	1,026,960
Disposal	(9,940)
At 31 March 2023	**1,026,960**
Accumulated depreciation	
At 1 April 2021	3,855
Charge for the year	1,825
At 31 March 2022 and 1 April 2022	5,680
Charge for the year	57,012
Written back on disposal	(6,426)
At 31 March 2023	**56,266**
Net carrying amount	
At 31 March 2023	**970,694**
At 31 March 2022	4,260

13. TRADE AND OTHER RECEIVABLES

	2023 HK$	2022 HK$
Trade receivables	**29,929,532**	47,967,440
Prepayment and advance to vendors	**708,915**	1,144,734
	30,638,447	49,112,174

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

No ECL allowance of trade receivables was recognised during the year (2022: Nil).

The aging analysis of trade receivables (net of impairment loss) that are past due at the reporting date but not individually considered to be impaired is included in the following analysis:

	2023 HK$	2022 HK$
Current	**27,412,621**	44,768,428
Past due		
Less than 30 days	**2,516,911**	2,502,432
31 to 90 days	**-**	661,569
Over 90 days	**-**	35,011
	29,929,532	47,967,440

14. AMOUNTS DUE FROM/TO SUBSIDIARY/ FELLOW SUBSIDIARIES/ THEN IMMEDIATE HOLDING COMPANY/ INTERMEDIATE HOLDING COMPANY

The amounts due are interest free, unsecured and have no fixed repayment terms.

15. TRADE AND OTHER PAYABLES

	2023 HK$	2022 HK$
Trade payables	**-**	3,158,422
Accrued expenses	**1,040,014**	1,086,501
Other payables	**9,414**	2,096,788
	1,049,428	6,341,711

16. SECURED BANK BORROWINGS

The carrying amount of the secured bank borrowings at the end of reporting period is analysed as follows:

	2023	2022
	HK$	HK$
Amount repayable on demand:		
Term loans	**2,355,479**	9,212,885

As at 31 March 2023, the secured bank borrowings bears interest at LIBOR + 2.75% (2022: LIBOR + 2.75%) per annum. Details of the guarantees and securities are as set out in note 23 to the financial statements.

17. SHARE CAPITAL

	2023		2022	
	Number of shares	**HK$**	Number of shares	HK$
Class "A" ordinary shares with voting right issued and fully paid:				
At 1 January and at 31 March (note a)	**10,000**	**77,800**	10,100	77,808
Class "B" ordinary shares with no voting right issued and fully paid:				
At 1 January and at 31 March (note b)	**100**	**8**	10,100	77,808
0.1% cumulative redeemable preference shares issued and fully paid:				
Issue of share capital (note c)				
At 31 March	**20,000,000**	**155,600,000**	-	-
	20,010,100	**155,677,808**	10,100	77,808

17. SHARE CAPITAL (CONTINUED)

Note:

a) The holders of class "A" ordinary shares with voting right have the sole right to attend and vote at the general meeting of the Company and are not entitled to distribution or dividend out of reserves and surpluses in the Company. Upon winding up of the Company the holders are entitled to participate in any excess of surplus assets or value as at the of winding up of the Company. Upon winding up of the Company, the holders are entitled the right to payment of all capital paid up on such shares.

b) The holders of class "B" ordinary shares with no voting right have no right to attend the meetings of shareholders and are entitled to receive out of the profit accrued all dividends as declared and paid from time to time. Upon winding up of the Company, the holders are entitled to participate in any excess of surplus assets or value as at the of winding up of the Company. Upon the sale of the Company, the holders are entitled to receive profit on sale in the proportion to its shareholding in the Company after the distribution to the holder of class "A" ordinary shares with voting right of their equity value.

c) The Company issued 11,100,000 and 8,900,000 0.1% cumulative redeemable ordinary shares on 30 August 2022 and 19 October 2022 to the PDS Manufacturing Limited at HK$86,358,000 (equivalent to US$11,100,000) and HK$69,242,000 (equivalent to US$8,900,000) as part of the consideration of investment in a subsidiary (note 11), respectively. The holder of 0.1% cumulative redeemable preference shares are entitled to receive 0.1% dividends subject to the declaration by the Board of Directors and are not entitled to attend general meetings and bear no voting rights. The Company has option for redeeming the 0.1% cumulative redeemable preference shares anytime within the period of seven years from the date of issuance of the shares. Upon winding up of the Company, the holders are entitled the right to payment of all capital paid up on such shares in priority before the holders of the ordinary shares but shall not be entitled to participate in any surplus assets of the Company.

18. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

(i) To safeguard the Company's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;

(ii) To support the Company's stability and growth; and

(iii) To provide capital for the purpose of strengthening the Company's risk management capability.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes in the objectives, policies or processes for managing capital were made during the years ended 31 March 2023 and 31 March 2022.

19. SHARE BASE PAYMENTS

As at 31 March 2023, PDS has the following share-based payments arrangements:

(i) Equity-settled share option scheme

On 3 April 2021, PDS established the PDS – Employee Stock Option Plan 2021 – Plan A ("Plan A") which entitles key managerial personnel and senior employees to purchase shares of the Company. The plan is designed to provide incentives to the employees of the PDS and its subsidiaries to deliver long-term returns. As at 31 March 2023, PDS has granted a total of 108,125 (2022: 23,500) equity settled stock options under this plan to the Company's employees. Vesting of the options would be subject to continuous employment with PDS and its subsidiaries and hence the options would vest with passage of time. In addition to this, the nomination and remuneration committee of PDS may also specify certain performance parameters subject to which the options would vest. The options vest after 4 years from the date of grant and then exercisable within 4 years. Options granted under the plan are for no consideration and carry no dividend or voting rights. On exercise, each option is convertible into one equity share of PDS. The key terms and conditions related to the grants under these plans are as follows; all options are to be settled by the delivery of shares.

Movements of share options granted to employees of the Company during the year are as follows:

Date of grant - 22 October 2021	**2023 Weighted average exercise price after Stock split HK$**	**2023 Number of share options**	2022 Weighted average exercise price HK$	2022 Number of share options
Outstanding at 1 April	**113.89**	**19,250**	-	-
Stock split adjustment (note)	**(91.11)**	**77,000**	-	-
Granted during the year	**-**	**-**	113.89	19,250
Exercised during the year	**22.78**	**(9,375)**	-	-
Outstanding at 31 March	**22.78**	**86,875**	113.89	19,250
Exercisable at 31 March	**22.78**	**14,688**	-	-
Date of grant - 7 February 2022				
Outstanding at 1 April	**140.83**	**4,250**	-	-
Stock split adjustment (note)	**(112.66)**	**17,000**	-	-
Granted during the year	**-**	**-**	140.83	4,250
Outstanding at 31 March	**28.17**	**21,250**	140.83	4,250
Exercisable at 31 March	**28.17**	**5,313**	-	-

Note: Pursuant to the approval of the shareholders at the Annual General Meeting of PDS held on 29 July 2022, each equity share has been subdivided into five equity shares.

19. SHARE BASE PAYMENTS

(i) Equity-settled share option scheme

During the year ended 31 March 2023, the Company has charged HK$351,748 (2022: HK$393,427) to the statement of profit or loss in respect of options granted under Plan A.

The fair value of share options granted under Plan A have been measured using the Black-Scholes option-pricing model using the following assumptions at the grant date:

Date of grant	22 October 2021	7 February 2022
Grant date fair value after stock split, per share (in HK$)	11.55	18.95
Exercise price after stock split, per share (in HK$)	22.78	28.17
Assumptions used:		
Volatility	34.73%	39.64%
Expected lives (in years)	3.83	3.00
Risk-free interest rate	5.38%	6.10%
Dividend yield rate	1.12%	1.12%

Expected volatility during the expected term of the options is based on historical volatility of the observed market prices of PDS's publicly traded equity shares during 5 years before the date of Grant. PDS believes that such measure of volatility is currently the best available indicator of the expected volatility used in these estimates.

The expected life of the share options is estimated based on the vesting term and contractual term of the share options, as well as expected exercise behavior of the employee who receives the share options.

Risk-free interest rates are determined using the implied yield currently available for India government issues with a remaining term equal to the expected life of the options.

Expected dividend yields are based on the annualised approved dividend rate and the market price of PDS's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term.

The fair value per share of share options is determined based on the closing price of PDS's share on the date of grant.

19. SHARE BASE PAYMENTS (CONTINUED)

(ii) Cash-settled share option scheme

On 22 October 2021, PDS established the PDS – Phantom Stock Units Plan 2021 ("Phantom Stock Plan"), which entitles a few senior employees of PDS and its subsidiaries to a cash payment on exercise. PDS has not granted (2022: a total of 2,000) Stock Units ("Phantom Stock Units/PSU") as at 31 March 2023, which have been fully cancelled due to resignation of the employee during the year. These PSU's carry a vesting period of up to 4 years and an exercise period of 4 years from the date of vesting.

Movements of share options granted during the year are as follows:

Date of grant - 22 October 2021	**2023 Weighted average exercise price after stock split HK$**	**2023 Number of share options**	2022 Weighted average exercise price HK$	2022 Number of share options
Outstanding at 1 April	**113.89**	**2000**	-	-
Stock split adjustment (note)	**(91.11)**	**8,000**	-	-
Granted during the year	**-**	**-**	113.89	2,000
Cancelled during the year	**(22.78)**	**(10,000)**	-	-
Outstanding at 31 March	**-**	**-**	113.89	2,000
Exercisable at 31 March	**-**	**-**	-	-

Note: Pursuant to the approval of the shareholders at the Annual General Meeting of PDS held on 29 July 2022, each equity share has been subdivided into five equity shares.

During the year ended 31 March 2023, the Company has reversed HK$41,607 in the statement of profit or loss in respect of PSUs granted under the Phantom Stock Plan due to resignation of the employee. (2022: HK$41,607 charged to the statement of profit or loss).

(iii) During the years ended 31 March 2023 and 2022, share based payment expense recognised in the statement of profit or loss in respect of the above plans is as follows:

	2023 HK$	2022 HK$
Share based payment expenses, net	**310,141**	435,034

19. SHARE BASE PAYMENTS (CONTINUED)

(iv) As at 31 March 2023 and 2022, share based payment reserve and share based payment liability recognised in the statement of financial position in respect of the above plans is as follows:

	2023 HK$	2022 HK$
Share based payment liability	**-**	41,607
Share based payment reserve	**531,627**	393,427

20. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Company is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include credit risk, foreign currency risk, liquidity risk and interest rate risk.

Policies for managing these risks are set by the Company's board of directors. The overall objectives in managing financial risks focus on securing the Company's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

It is not the Company's policy to actively engage in the trading of financial instruments for speculative purposes.

20.1 Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and financial liabilities.

	2023 HK$	2022 HK$
Financial assets		
Financial assets measured at amortised cost		
Trade and other receivables	**29,929,532**	47,967,440
Amount due from subsidiary	**20,293,671**	257,030,015
Amounts due from fellow subsidiaries	**452,207**	-
Amount due from then immediate holding company	**-**	156,332
Cash and cash equivalents	**1,427,380**	2,324,926
	52,102,790	307,478,713
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	**1,049,428**	6,341,711
Amounts due to fellow subsidiaries	**187,050,276**	363,760,332
Amount due to intermediate holding company	**87,012**	-
Secured bank borrowings	**2,355,479**	9,212,885
	190,542,195	379,314,928

20. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

20.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Company. The Company's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Company's maximum exposure to credit risk on recognised financial assets is limited to the carrying amount at the reporting date as summarised in note 20.1.

The Company manages its credit risk associated with exposure to the customers on outstanding trade receivables through the application of credit approvals, credit ratings and other monitoring procedures.

Trade receivables are non-interest bearing and are generally credit term of 30 to 90 days.

The Company applies the simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. At each reporting dates, the Company applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL. In addition, the Company assesses ECL under HKFRS 9 on trade receivables based on provision matrix, the expected loss rates are based on the historical credit losses. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

In respect of other financial assets, including other receivables and amounts due from related parties, the management measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition. In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

20. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

20.3 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally and is primarily exposed to foreign exchange risk arising from currency exposures of the United States dollars United States dollars (“USD”), Euro (“EUR”), British Pound (“GBP”) and Chinese Yuan (“RMB”), with respect to the Hong Kong dollar. The Company will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Foreign currency denominated financial assets and liabilities, translated into HKD at the closing rates, are as follows:

	EUR	**US$**	**GBP**	**RMB**	**Total**
At 31 March 2023					
Trade and other receivables	**-**	**29,929,532**	**-**	**-**	**29,929,532**
Amounts due from fellow subsidiaries	**-**	**452,207**	**-**	**-**	**452,207**
Amount due from subsidiary	**-**	**20,293,671**	**-**	**-**	**20,293,671**
Cash and cash equivalents	**3,066**	**1,403,733**	**7,948**	**5,784**	**1,420,531**
Amounts due to fellow subsidiaries	**-**	**(187,050,276)**	**-**	**-**	**(187,050,276)**
Amount due to intermediate holding company	**-**	**(87,012)**	**-**	**-**	**(87,012)**
Secured bank borrowings	**-**	**(2,355,479)**	**-**	**-**	**(2,355,479)**
Overall net exposure	**3,066**	**(137,413,624)**	**7,948**	**5,784**	**(137,396,826)**
At 31 March 2022					
Trade and other receivables	-	47,967,440	-	-	47,967,440
Amount due from subsidiary	-	257,030,015	-	-	257,030,015
Amount due from then immediate holding company	-	156,332	-	-	156,332
Cash and cash equivalents	6,175	2,280,288	19,201	5,780	2,311,444
Trade and other payables	-	(3,158,422)	-	-	(3,158,422)
Amounts due to fellow subsidiaries	-	(363,760,332)	-	-	(363,760,332)
Secured bank borrowings	-	(9,212,885)	-	-	(9,212,885)
Overall net exposure	6,175	(68,697,564)	19,201	5,780	(68,666,408)

The following table indicates the approximate change in the Company’s profit after tax in response to reasonably possible changes (e.g. $\pm$10%) in the foreign exchange rates to which the Company has significant exposure at the end of reporting period.

	2023		2022	
	Increase HK$	**Decrease HK$**	Increase HK$	Decrease HK$
EUR	**307**	**(307)**	618	(618)
GBP	**795**	**(795)**	1,920	(1,920)
RMB	**578**	**(578)**	578	(578)
	1,680	**(1,680)**	3,116	(3,116)

20. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

20.3 Foreign currency risk (Continued)

The same % depreciation in the Company's functional currency against the respective foreign currencies would have the same magnitude on the Company's profit for the year and equity but of opposite effect.

The stated changes represent management's assessment of reasonably possible change in foreign exchange rates over the period until the end of next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the United States dollar against other currencies.

20.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

The following table summarises the remaining contractual maturities at the reporting date of the Company's financial liabilities, which are based on undiscounted cash flows:

	Within one year HK$	**Total undiscounted amount HK$**	**Carrying amount HK$**
2023			
Trade and other payables	**1,049,428**	**1,049,428**	**1,049,428**
Amounts due to fellow subsidiaries	**187,050,276**	**187,050,276**	**187,050,276**
Amount due to intermediate holding company	**87,012**	**87,012**	**87,012**
Secured bank borrowings	**2,355,479**	**2,355,479**	**2,355,479**
	190,542,195	**190,542,195**	**190,542,195**
2022			
Trade and other payables	6,341,711	6,341,711	6,341,711
Amounts due to fellow subsidiaries	363,760,332	363,760,332	363,760,332
Secured bank borrowings	9,212,885	9,212,885	9,212,885
	379,314,928	379,314,928	379,314,928

20.5 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises primarily from borrowings bears variable rates as set out in note 16.

If the interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's post-tax loss for the year ended 31 March 2023 would increase/decrease by approximately HK$24,000 (2022: HK$92,000).

20. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

20.5 Interest rate risk (Continued)

financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

21. RELATED PARTY TRANSACTIONS

During normal course of business, the Company had the following material transactions with the related parties below.

Name of company	**Relationship**	**Nature of transactions**	**2023 HK$**	2022 HK$
Progress Apparels (Bangladesh) Limited	Subsidiary	- Purchases	**233,266,712**	174,537,964
Twins Asia Limited	Fellow subsidiary	- Quality control expenses	**-**	164,222
Green Smart Shirts Limited	Fellow subsidiary	- Purchases	**11,353,289**	6,830,323
Green Apparel Industries Limited	Fellow subsidiary	- Commission income	**-**	2,202,704
PDS Sourcing Limited (formerly known as Global Textile Group Limited)	Fellow subsidiary	- Consultancy fee	**3,808,650**	1,664,509
		- Quality control expenses	**-**	219,228
		- Administration expenses	**68,153**	-
		- Purchases	**124**	-
Multinational Textile Group Limited	Intermediate holding company (2022: Immediate holding company)	- Corporate charges	**967,202**	1,031,076
		- SAP expenses	**342,320**	-
Dizbi Private Limited	Fellow subsidiary	- SAP expenses	**-**	347,050
PDS Far East USA Inc.	Fellow subsidiary	- Commission expenses	**-**	1,026,073
PDS Limited (formerly known as PDS Multinational Fashions Limited)	Ultimate holding company	- Purchases	**1,170**	-

In addition, during the year, the Company paid recharging expenses to group entities amounted to HK$860,534 (2022: HK$126).

22. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Company's liabilities arising from financing activities were as follows:

	Secured bank borrowings HK$
As at 1 April 2021	22,010,599
Cash flows	
Net repayments of bank borrowings	(12,797,714)
Payment of interests	(5,592,556)
Non-cash changes	
Interest charges	5,592,556
As at 31 March 2022 and 1 April 2022	9,212,885
Cash flows	
Net repayments of bank borrowings	**(6,857,406)**
Payment of interests	**(3,210,575)**
Non-cash changes	
Interest charges	**3,210,575**
As at 31 March 2023	**2,355,479**

23. BANKING FACILITIES

General banking facilities granted by various banks were secured by fellow subsidiaries' corporate guarantee, ultimate holding and intermediate holding companies' corporate guarantee, directors' personal guarantee, life insurance policy and fellow subsidiary's properties.

24. CONTINGENT LIABILITIES

The Company had the following contingent liabilities not provided for in the financial statements at the end of reporting period:

	2023 HK$	2022 HK$
Irrevocable letters of credit	**-**	4,012,044

At the end of reporting period, there were mutual guarantees between the Company and its fellow subsidiaries.