

Report of the Directors and Audited Financial Statements

NORWEST INDUSTRIES LIMITED

31 March 2026

CERTIFIED TRUE COPY

  
ERNST & YOUNG



NORWEST INDUSTRIES LIMITED

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## NORWEST INDUSTRIES LIMITED

### REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of Norwest Industries Limited (the “Company”) and its subsidiaries (the “Group”) for the year ended 31 March 2026.

#### 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 2026 and the Group’s financial position at that date are set out in the financial statements on pages 6 to 85.

An interim dividend of US\$0.375 per ordinary share totally HK\$11,670,000 was paid on 12 September 2025. 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  
Krishna Kanodia  
Yael Gairola  
Srinivas Bangalore Gangaiah  
Abhishekh Kanoi

The persons who were directors of the subsidiaries of the Company during the year (not including those directors listed above) were:

Albert Farre Moll  
Alexandra Louise Pickles  
Alex Feng  
Anuj Banaik  
Ashok Kumar Chhabra  
Ashok Kumar Sanghi  
Bhavesh Dinesh Shah  
Charles Edward Guy Rudge  
Eric Kahlil Leddel  
Iftekhar Ullah Khan  
Imran Peter Rath  
Kipik Safak  
Mahesh Seth  
Mohandas Thekkeyil  
Pallak Seth  
Rakesh Chadha  
Rajnish Kapoor  
R M Appuhamillage Chandana Asanka Ranatunga  
Sandeep Ramesh Chablani  
Suresh Mahadev Punjabi  
Vinal Patel  
Mohammad Abul Hasnat Khan  
Muhammad Shahed Mahmud

NORWEST INDUSTRIES LIMITED

REPORT OF THE DIRECTORS (continued)

Directors (continued)

The persons who were directors of the subsidiaries of the Company during the year (not including those directors listed above) were: (continued)

Rahul Khettry	
Sandra Campos	
Sadikbhai Ismailbhai Sunasara	
Sagar Ballari	
Bharat Patel	(appointed on 1 August 2025)
Vivek Chand Sharma	(appointed on 3 September 2025)
Amit Bajrang Agrawal	(resigned on 17 November 2025)
Jacek Ostrowski	(resigned on 6 January 2026)
Jolly Abhiroop	(resigned on 1 January 2026)
Raamann Ahuja	(resigned on 8 July 2025)
Roland Tamas Seregi	(resigned on 9 May 2025)

In accordance with the Company's articles of association, the 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 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



Abhishek Kanoi  
Director

Hong Kong  
15 May 2026



Ernst & Young  
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Quarry Bay, Hong Kong

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**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 85, which comprise the consolidated statement of financial position as at 31 March 2026, 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 material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"). We have also 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 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 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 of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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.

**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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



**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.

The engagement partner on the audit resulting in this independent auditor's report is Kong Choi Yi (practising certificate number: P07873).

Certified Public Accountants  
Hong Kong  
15 May 2026



NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2026

	Notes	2026 HK\$	2025 HK\$
REVENUE	4	2,610,143,495	3,172,390,521
Cost of sales		<u>(2,214,819,064)</u>	<u>(2,760,997,503)</u>
Gross profit		395,324,431	411,393,018
Other income and gains	4	166,595,258	200,137,940
Selling and distribution expenses		(107,601,751)	(107,981,500)
Administrative expenses		(303,978,628)	(366,540,604)
Other operating expenses		(20,648,196)	(13,806,690)
Finance costs	6	(25,160,108)	(21,814,229)
Share of profits and losses of the associate		<u>(692,247)</u>	<u>(2,164,767)</u>
PROFIT BEFORE TAX	5	103,838,759	99,223,168
Income tax expenses	8	<u>(10,383,463)</u>	<u>(3,446,608)</u>
PROFIT FOR THE YEAR		<u>93,455,296</u>	<u>95,776,560</u>
Attributable to:			
Owners of the parent		80,920,920	74,273,133
Non-controlling interests		<u>12,534,376</u>	<u>21,503,427</u>
		<u>93,455,296</u>	<u>95,776,560</u>

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 March 2026

	Notes	2026 HK\$	2025 HK\$
PROFIT FOR THE YEAR		<u>93,455,296</u>	<u>95,776,560</u>
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	(340,501)	(908,278)
Reclassification adjustments for gains/(losses) included in the consolidated statement of profit or loss	24	<u>1,309,695</u>	<u>(1,813,335)</u>
		969,194	(2,721,613)
Exchange differences on translation of foreign operations		(1,128,064)	(588,350)
Exchange differences reclassified to profit or loss upon disposal of a foreign subsidiary		-	146,407
Share of other comprehensive income of an associate		<u>-</u>	<u>(44,423)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax		<u>(158,870)</u>	<u>(3,207,979)</u>
Other comprehensive gain/(loss) that will not be reclassified to profit or loss in subsequent period:			
Remeasurement gain/(loss) on defined benefit obligations	26	1,205,560	(4,557,542)
Changes in fair value of financial assets at fair value through other comprehensive income		<u>-</u>	<u>(4,108,971)</u>
Net other comprehensive gain/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax		<u>1,205,560</u>	<u>(8,666,513)</u>
OTHER COMPREHENSIVE GAIN/(LOSS) FOR THE YEAR, NET OF TAX		<u>1,046,690</u>	<u>(11,874,492)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>94,501,986</u>	<u>83,902,068</u>
Attributable to:			
Owners of the parent		81,967,610	62,723,206
Non-controlling interests		<u>12,534,376</u>	<u>21,178,862</u>
		<u>94,501,986</u>	<u>83,902,068</u>

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2026

	Notes	2026 HK\$	2025 HK\$
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	32,839,196	28,014,976
Investment properties	11	22,695,595	23,429,066
Right-of-use assets	12(a)	10,230,895	19,826,236
Financial assets at fair value through profit or loss	13	31,411,814	30,391,118
Financial assets at fair value through other comprehensive income	14	2,024,823	2,024,823
Investment in an associate	15	5,251,250	5,943,497
Goodwill	16	11,791,640	11,791,640
Intangible assets	17	413,433	549,584
Deposits	20	2,098,279	4,255,487
Deferred tax assets	25	1,107,243	836,247
Total non-current assets		<u>119,864,168</u>	<u>127,062,674</u>
<b>CURRENT ASSETS</b>			
Inventories	18	132,251,049	156,096,081
Trade receivables	19	146,209,879	417,552,455
Prepayments, deposits and other receivables	20	87,980,692	107,612,369
Financial assets at fair value through profit or loss	13	-	34,497,542
Due from the ultimate holding company	36(b)	12,188,499	50,021,116
Due from the immediate holding company	36(b)	555,490,632	486,810,005
Due from fellow subsidiaries	36(b)	759,945,774	502,820,543
Due from non-controlling shareholders	36(b)	34,247	34,247
Due from a related company	36(b)	4,277,686	5,050,621
Derivative financial instruments	24	139,101	479,602
Pledged time deposits	21	158,564,391	148,303,944
Cash and cash equivalents	21	141,550,031	143,679,617
Total current assets		<u>1,998,631,981</u>	<u>2,052,958,142</u>

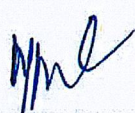
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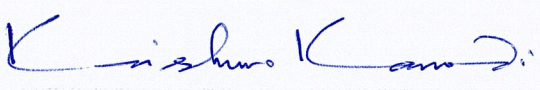
NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2026

	Notes	2026 HK\$	2025 HK\$
<b>CURRENT LIABILITIES</b>			
Trade and bills payables		131,312,044	368,278,161
Other payables and accruals	22	110,336,546	102,547,296
Lease liabilities	12(b)	5,273,784	9,124,096
Interest-bearing bank borrowings	23	139,357,486	243,903,859
Due to fellow subsidiaries	35(b)	876,723,515	677,190,008
Due to an associate	35(b)	2,277,189	1,220,120
Due to directors	35(b)	38,900	5,204,368
Derivative financial instruments	24	3,301,322	4,611,017
Tax payable		5,807,603	6,077,067
Total current liabilities		<u>1,274,428,389</u>	<u>1,418,155,992</u>
<b>NET CURRENT ASSETS</b>		<u>724,203,592</u>	<u>634,802,150</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>844,067,760</u>	<u>761,864,824</u>
<b>NON-CURRENT LIABILITIES</b>			
Other payables	22	11,889,313	16,668,244
Lease liabilities	12(b)	5,607,905	12,087,009
Pillar two tax payable	25	6,085,309	-
Total non-current liabilities		<u>23,582,527</u>	<u>28,755,253</u>
Net assets		<u>820,485,233</u>	<u>733,109,571</u>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	27	31,120,000	31,120,000
Reserves	29	<u>774,226,237</u>	<u>711,645,750</u>
		805,346,237	742,765,750
Non-controlling interests		<u>15,138,996</u>	<u>(9,656,179)</u>
Total equity		<u>820,485,233</u>	<u>733,109,571</u>

  
Abhishekh Kanoi  
Director

  
Krishna Kanodia  
Director

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2026

	Notes	Attributable to owners of the parent									
		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 2024		31,120,000	(1,409,802)	(19,855,053)	3,989,600	12,897,797	731,810,144	(3,105,248)	755,447,438	(25,033,570)	730,413,868
Profit for the year		-	-	-	-	-	74,273,133	-	74,273,133	21,503,427	95,776,560
Other comprehensive income/(loss) for the year:											
Change in fair value of equity investments at fair value through other comprehensive income, net of tax		-	-	-	(4,108,971)	-	-	-	(4,108,971)	-	(4,108,971)
Cash flow hedges, net of tax		-	(2,721,613)	-	-	-	-	-	(2,721,613)	-	(2,721,613)
Exchange differences on translation of foreign operations		-	-	-	-	-	(341,998)	-	(341,998)	(246,352)	(588,350)
Exchange differences reclassified to profit or loss upon disposal of a foreign subsidiary	31	-	-	-	-	-	172,129	172,129	-	(25,722)	146,407
Share of other comprehensive loss of an associate		-	-	-	-	-	(44,423)	(44,423)	(44,423)	-	(44,423)
Remeasurement of defined benefit plan, net of tax		-	-	-	-	-	(4,505,051)	-	(4,505,051)	(52,491)	(4,557,542)
Total comprehensive income/(loss) for the year		-	(2,721,613)	-	(4,108,971)	-	69,768,082	(214,292)	62,723,206	21,178,862	83,902,068
Interim 2025 dividend paid	9	-	-	-	-	-	(62,240,000)	-	(62,240,000)	-	(62,240,000)
Dividend paid to non-controlling shareholders		-	-	-	-	-	-	-	-	(24,791,101)	(24,791,101)
Deemed disposal of partial interests in a subsidiary		-	-	(10,659,858)	-	-	-	-	(10,659,858)	10,661,308	1,450
Change in non-controlling interests without change in control		-	-	(3,819,078)	-	-	-	-	(3,819,078)	5,918,492	2,099,414
Disposal of subsidiaries	31	-	-	(625,675)	-	-	-	-	(625,675)	2,409,830	1,784,155
Equity-settled share option arrangements	28	-	-	-	-	1,939,717	-	-	1,939,717	-	1,939,717
At 31 March 2025		<u>31,120,000</u>	<u>(4,131,415)</u> *	<u>(34,959,664)</u> *	<u>(119,371)</u> *	<u>14,837,514</u> *	<u>739,338,226</u> *	<u>(3,319,540)</u> *	<u>742,765,750</u>	<u>(9,656,179)</u>	<u>733,109,571</u>

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NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 March 2026

	Notes	Attributable to owners of the parent									
		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 2025		31,120,000	(4,131,415)	(34,959,664)	(119,371)	14,837,514	739,338,226	(3,319,540)	742,765,750	(9,656,179)	733,109,571
Profit for the year		-	-	-	-	-	80,920,920	-	80,920,920	12,534,376	93,455,296
Other comprehensive income/(loss) for the year:											
Cash flow hedges, net of tax		-	969,194	-	-	-	-	-	969,194	-	969,194
Exchange differences on translation of foreign operations		-	-	-	-	-	-	(632,464)	(632,464)	(495,600)	(1,128,064)
Remeasurement of defined benefit plan, net of tax		-	-	-	-	-	(297,694)	-	(297,694)	(213,550)	(511,244)
Total comprehensive income/(loss) for the year		-	969,194	-	-	-	80,623,226	(632,464)	80,959,956	11,825,226	92,785,182
Interim 2026 dividend paid	9	-	-	-	-	-	(11,670,000)	-	(11,670,000)	-	(11,670,000)
Dividend paid to non-controlling shareholders		-	-	-	-	-	-	-	-	(3,875,726)	(3,875,726)
Disposal of subsidiaries		-	-	-	-	-	-	-	-	9,581,980	9,581,980
Change in non-controlling interests without change in control		-	-	(3,906,507)	-	-	-	-	(3,906,507)	7,263,695	3,357,188
Equity-settled share option arrangements		-	-	-	-	(2,802,962)	-	-	(2,802,962)	-	(2,802,962)
At 31 March 2026		<u>31,120,000</u>	<u>(3,162,221) *</u>	<u>(38,866,171) *</u>	<u>(119,371) *</u>	<u>12,034,552 *</u>	<u>808,291,452 *</u>	<u>(3,952,004) *</u>	<u>805,346,237</u>	<u>15,138,996</u>	<u>820,485,233</u>

\* These reserve accounts comprise the consolidated reserves of HK\$774,226,237 (2025: HK\$711,645,750) in the consolidated statement of financial position.

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2026

	Notes	2026 HK\$	2025 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		103,838,759	99,223,168
Adjustments for:			
Finance costs	6	25,160,108	21,814,229
Interest income	4	(5,802,291)	(5,491,781)
Depreciation of property, plant and equipment	5	11,636,495	15,238,748
Depreciation of investment properties	5	733,471	733,471
Depreciation of right-of-use assets	5	7,527,153	9,319,837
Amortisation of intangible assets	5	313,584	273,633
Gain on lease modification	5	(412,848)	(613,625)
Loss/(gain) on termination of leases	5	35,009	(175,675)
Write-off of items of property, plant and equipment	5	755,991	722,018
Rent concessions from lessors	5	(22,915)	(31,565)
Gain on disposal of subsidiaries		(39,540,777)	(1,834,997)
Reversal of impairment of trade receivables	5	(1,020,345)	(212,295)
Fair value losses/(gains), net:			
Cash flow hedges (transfer from equity)	5	(1,309,695)	1,813,335
Financial assets		(1,020,696)	(59,564)
Share of losses of an associate		692,247	2,164,767
Equity-settled share option expenses	5	(2,802,962)	1,939,717
		98,760,288	144,823,421
Decrease/(increase) in inventories		23,845,241	(59,370,479)
Decrease/(increase) in trade receivables		184,421,610	(43,511,507)
Decrease/(increase) in prepayments, deposits and other receivables		14,657,159	(37,961,205)
Change in balance with the ultimate holding company		37,832,617	65,450,305
Change in balance with the immediate holding company		(68,680,627)	(113,999,254)
(Increase)/decrease in amounts due from fellow subsidiaries		(257,049,588)	83,337,847
Decrease/(increase) in an amount due from a related company		772,935	(382,621)
Change in balance with directors		(5,165,468)	5,206,313
Decrease in trade and bills payables		(70,733,734)	(92,044,083)
Increase in other payables and accruals		9,795,912	20,876,134
Increase in amounts due to fellow subsidiaries		139,786,214	260,389,945
Increase/(decrease) in an amount due to an associate		1,057,069	(1,473,310)
Increase/(decrease) in derivative financial instruments		1,309,695	(1,813,335)
Cash generated from operations		<u>110,609,323</u>	<u>229,528,171</u>

continued/...

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2026

	Notes	2026 HK\$	2025 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations		110,609,323	229,528,171
Hong Kong profits tax (paid)/refunded		(3,256,581)	406,799
Overseas tax paid		(1,601,787)	(2,535,100)
Interest paid		<u>(23,752,628)</u>	<u>(19,990,040)</u>
Net cash flows from operating activities		<u>81,998,327</u>	<u>207,409,830</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		(17,852,607)	(10,199,745)
Disposal of subsidiaries	31	(19,808,933)	2,656,441
Additions to intangible assets		(173,961)	(201,713)
Purchases of financial assets at fair value through profit or loss		-	(51,363,232)
Proceeds from disposal of financial assets at fair value through profit or loss		34,497,542	28,763,297
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	4,644,335
Interest received		5,802,291	5,491,781
Increase in pledged time deposits		<u>(10,260,447)</u>	<u>(18,046,366)</u>
Net cash flows used in investing activities		<u>(7,796,115)</u>	<u>(38,255,202)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(11,670,000)	(62,240,000)
Dividend paid to non-controlling shareholders		(3,875,726)	(24,791,101)
Deemed disposal of partial interests in a subsidiary		-	1,450
Change in non-controlling interests without change in control		3,357,188	2,099,414
Capital contribution from a non-controlling shareholder		-	-
Proceeds from/(repayment of) bank loans, net		(72,942,552)	(4,669,282)
Principal portion of lease payments	12	(7,735,759)	(8,173,679)
Interest portion of lease payments	12	<u>(1,407,480)</u>	<u>(1,824,189)</u>
Net cash flows used in financing activities		<u>(94,274,329)</u>	<u>(99,597,387)</u>

continued/...

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2026

	Notes	2026 HK\$	2025 HK\$
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(20,072,117)	69,557,241
Cash and cash equivalents at beginning of year		136,196,204	67,312,945
Effect of foreign exchange rate changes, net		<u>(1,273,601)</u>	<u>(673,982)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>114,850,486</u>	<u>136,196,204</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	21	141,550,031	143,679,617
Bank overdrafts	23	<u>(26,699,545)</u>	<u>(7,483,413)</u>
Cash and cash equivalents as stated in the consolidated statement of cash flows		<u>114,850,486</u>	<u>136,196,204</u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

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 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 2026 are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			2026	2025	
<u>Direct subsidiaries</u>					
Grand Pearl Trading Company Limited#	People's Republic of China ("PRC")/ Mainland China	United States dollar ("US\$") 150,000	0%	100%	Provision of sourcing services
Design Arc Europe Limited	Hong Kong	US\$100,000	70%	70%	Trading of garment products
Northern Apparel Limited (Formerly known as PDS Tailoring Limited)	Hong Kong	US\$10,000	70%	70%	Trading of garment products
Nor Lanka Manufacturing Limited ("Nor Lanka")	Hong Kong	HK\$15,262	90.5%	90.5%	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

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

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		Principal activities
			2026	2025	
<u>Direct subsidiaries</u> (continued)					
Clover Collections Limited	Hong Kong	US\$200,000	100%	100%	Provision of design services
Design Arc Asia Limited	Hong Kong	US\$143,092	0%	85%	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
Twins Asia Limited (“Twins Asia”)	Hong Kong	US\$109,926	100%	85%	Trading of garment products
PDS Far-east Limited	Hong Kong	US\$1,000	0%	80%	Trading of garment products
Styleberry Limited	Hong Kong	US\$10,000	100%	100%	Trading of garment products
Casa Collective Limited	Hong Kong	US\$100,000	75%	75%	Trading of garment products

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

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		Principal activities
			2026	2025	
<u>Direct subsidiaries (continued)</u>					
Sourcing Solutions Limited	Hong Kong	US\$10,000	51%	51%	Trading of garment products
PDS Brands Manufacturing Limited	Hong Kong	US\$210,000	100%	100%	Trading of garment product
Sourcing Solutions Europe BVBA	Belgium	EUR60,000	51%	51%	Trading of garment Products
Kleider Sourcing Limited	Bangladesh	Bangladeshi Taka (“BDT”) 99,900,200	44%	51%	Provision of sourcing services
<u>Indirect subsidiaries</u>					
Nor Lanka Manufacturing Colombo Company Limited	Sri Lanka	Sri Lankan Rupee (“LKR”) 64,427,000	90.5%	90.5%	Trading of garment products
Nor Europe Manufacturing S.L.	Spain	EUR3,000	70%	70%	Provision of sourcing services
Smart Notch (Shanghai) Limited <sup>#</sup>	PRC/ Mainland China	Renminbi (“RMB”) 500,000	100%	100%	Provision of sourcing service
SKOPE Apparels FZCO	United Arab Emirates	United Arab Emirates dirham (“AED”) 100,000	55%	75%	Trading of garment products

<sup>#</sup> The subsidiary is registered as a wholly-foreign-owned enterprise under the PRC law.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as 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 2026. 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.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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 POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 Lack of Exchangeability for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries and associate for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>2</sup>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> <sup>2</sup>
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 <sup>1</sup>

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

<sup>2</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

The Group is in the process of making assessment on the impact of the new and amended HKFRS Accounting Standards upon initial application but is not yet in a position to state whether these new and amended HKFRS Accounting Standards would have a significant impact on the Group's financial statements in the period of initial application.

2.4 MATERIAL 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.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

2.4 MATERIAL 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.

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.

# NORWEST INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2026

### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

#### Business combinations and goodwill (continued)

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.

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.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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.

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.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

2.4 MATERIAL 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.

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%

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

2.4 MATERIAL 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 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.

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.

31 March 2026

2.4 MATERIAL 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 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.

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.

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (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 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.

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.

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other 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. Financial assets which are not held within the aforementioned business model are classified and measured at fair value through profit or loss.

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 are recognised on the trade date, that is, the date that the Group commits to purchase or sell asset.

*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.

*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.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

*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.

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.

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2.4 MATERIAL 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 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

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

*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.

*Subsequent measurement - Financial liabilities at amortised cost (trade and other payables, loans and borrowings)*

After initial recognition, trade and other payables, 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.

31 March 2026

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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.

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.

# NORWEST INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2026

### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

#### Derivative financial instruments and hedge accounting (continued)

##### *Initial recognition and subsequent measurement* (continued)

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.

##### *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

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

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

#### 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 Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

# NORWEST INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2026

### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

#### Provisions (continued)

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 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 temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes. Tax rates enacted or substantially 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.

#### 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.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

2.4 MATERIAL 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 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).

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.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments (continued)

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.

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.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Other employee benefits (continued)

*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

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.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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:

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 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.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

*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.

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.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

4. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of the Group's revenue, other income and gains are as follows:

	2026 HK\$	2025 HK\$
<u>Revenue from contracts with customers</u>		
Sale of goods	<u>2,610,143,495</u>	<u>3,172,390,521</u>
<u>Other income and gains</u>		
Interest income	5,802,291	5,525,332
Commission income	12,915,578	14,431,906
Service income	5,803,834	29,749,003
Rental income	2,616,726	3,398,261
Foreign exchange gains, net	-	5,352,091
Fair value gains on financial assets at fair value through profit or loss	1,020,696	59,564
Gain on termination of leases	-	175,675
Gain on lease modification	412,848	613,625
Marketing fee income	74,651,798	102,223,581
Gain on disposal of subsidiaries	39,540,777	1,834,997
Recovery from suppliers	13,821,707	27,421,554
Others	<u>10,009,003</u>	<u>9,352,351</u>
Total other income and gains	<u>166,595,258</u>	<u>200,137,940</u>

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:

	2026 HK\$	2025 HK\$
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods	<u>24,917,303</u>	<u>36,149,265</u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

5. PROFIT BEFORE TAX

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

	Notes	2026 HK\$	2025 HK\$
Cost of inventories sold		2,214,819,064	2,760,997,503
Auditor's remuneration		2,602,812	1,910,155
Depreciation of property, plant and equipment	10	11,636,495	15,238,748
Depreciation of investment properties	11	733,471	733,471
Depreciation of right-of-use assets	12	7,527,153	9,319,837
Amortisation of intangible assets	17	313,584	273,633
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries, bonuses and allowances		168,320,856	227,172,966
Pension costs*		5,068,672	27,313,959
Equity-settled share option expense		(2,579,504)	826,977
Total		<u>170,810,024</u>	<u>255,313,902</u>
Write-off of items of property, plant and equipment		755,991	722,018
Lease payments not included in the measurement of lease liabilities		4,928,418	3,911,365
Rent concessions from lessors		(22,915)	(31,565)
Loss/(gain) on termination of leases#		35,009	(175,675)
Gain on lease modification#		(412,848)	(613,625)
Gain on disposal of subsidiaries#		(39,540,777)	1,834,997
Reversal of impairment of trade receivables	19	(1,020,345)	(212,295)
Fair value losses/(gains), net:			
Cash flow hedges (transfer from equity)#		(1,309,695)	1,813,335
Financial assets at fair value through profit or loss#		(1,020,696)	(59,564)
Loss/(gain) on disposal of items of property, plant and equipment		(588,020)	-
Foreign exchange gains, net#		<u>(273,089)</u>	<u>(1,410,427)</u>

# 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 (2025: Nil).

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

6. FINANCE COSTS

	2026 HK\$	2025 HK\$
Interest on bank loans and overdrafts	23,752,628	19,990,040
Interest on lease liabilities	<u>1,407,480</u>	<u>1,824,189</u>
Total	<u>25,160,108</u>	<u>21,814,229</u>

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:

	2026 HK\$	2025 HK\$
Other emoluments:		
Salaries, allowances and other benefits	<u>855,800</u>	<u>855,800</u>

8. INCOME TAX

Hong Kong profits tax was provided at the rate of 16.5% (2025:16.5%) 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.

	2026 HK\$	2025 HK\$
Current - Hong Kong		
Charge for the year	970,824	1,534,352
Overprovision in prior years	(1,036,594)	(419,015)
Current - Elsewhere		
Charge for the year	4,561,751	2,356,182
Underprovision in prior years	72,455	748,387
Deferred (note 25)	(270,996)	(773,298)
Pillar Two income taxes - current tax	<u>6,086,023</u>	<u>-</u>
Total tax charge for the year	<u>10,383,463</u>	<u>3,446,608</u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

8. INCOME TAX (continued)

A reconciliation of the tax charge at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax charge at the Group's effective tax rate is as follows:

**2026**

	Hong Kong HK\$	Others HK\$	Total HK\$
Profit before tax	<u>77,404,359</u>	<u>22,328,774</u>	<u>99,733,133</u>
Tax at the applicable tax rate	12,771,727	7,117,072	19,888,799
Adjustments in respect of current tax of previous periods	(1,036,594)	72,455	(964,139)
Income not subject to tax	(18,048,922)	(2,068,900)	(20,117,822)
Tax losses utilised from previous periods	(1,181,078)	(1,951,128)	(3,132,206)
Expenses not deductible for tax	7,088,117	257,755	7,345,872
Tax losses not recognised	914,734	362,202	1,276,936
Pillar Two top-up taxes	<u>6,086,023</u>	<u>-</u>	<u>6,086,023</u>
Tax charge at the Group's effective rate	<u>6,594,007</u>	<u>3,789,456</u>	<u>10,383,463</u>

**2025**

	Hong Kong HK\$	Others HK\$	Total HK\$
Profit/(loss) before tax	<u>101,012,280</u>	<u>(1,789,112)</u>	<u>99,223,168</u>
Tax at the applicable tax rate	16,667,026	(986,076)	15,680,950
Adjustments in respect of current tax of previous periods	(419,015)	748,387	329,372
Income not subject to tax	(16,332,604)	(2,604)	(16,335,208)
Tax losses utilised from previous periods	(2,680,836)		(2,680,836)
Expenses not deductible for tax	2,674,624	2,478,763	5,153,387
Tax losses not recognised	1,210,478	339,272	1,549,750
Others	<u>-</u>	<u>(250,807)</u>	<u>(250,807)</u>
Tax charge at the Group's effective rate	<u>1,119,673</u>	<u>2,326,935</u>	<u>3,446,608</u>

At the end of the reporting period, the Norwest Industries Limited sub-group had unused tax losses of HK\$41,999,480 (2025: HK\$53,243,541), arising from various subsidiaries, with the majority relating to Hong Kong entities, which are available indefinitely for offsetting against its future taxable profits. These tax losses are available for carry-forward and may be offset against future taxable profits of the respective entity in which they originated. Deferred tax assets have not been recognised in respect of these unused tax losses as it is not considered probable that sufficient taxable profits will be available in the near future for these unused tax losses to be utilised.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

8. INCOME TAX (continued)

Pillar Two income taxes

The Company and its subsidiaries (referred to as the “Sub-group”) belong to a multinational group that falls within the scope of the Global Anti Base Erosion Model Rules (“Pillar Two Model Rules”) issued by the Organisation for Economic Cooperation and Development, with subsidiaries operating in some jurisdictions that have legislated domestic Pillar Two income tax requirements in alignment with this framework.

The Sub-group’s earnings are subject to domestic minimum top up taxes in Belgium, Spain, United Kingdom (effective from 1 January 2024), Hong Kong, and United Arab Emirates (effective from 1 January 2025). From 1 January 2025, the Sub-group is also liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 in respect of its earnings from operations in Bangladesh, China, Sri Lanka, and United States of America, even though these jurisdictions have not yet enacted Pillar Two legislation.

The Sub-group has assessed its potential Pillar Two income tax exposure in these jurisdictions based on the information available regarding the financial performance of the Group for the year ended 31 March 2026. Based on the assessment, all of the jurisdictions the Sub-group operates, except for Hong Kong and United Arab Emirates, qualify for the Transitional Country-by-Country Reporting (“CbCR”) Safe Harbor, and as a result, the Pillar Two income tax exposure for these jurisdictions is deemed to be zero. The Sub-group notes that Hong Kong and United Arab Emirates do not qualify for the Transitional CbCR Safe Harbor and the effective tax rates are below 15%. As a result, the Group recognised a current tax charge of HKD 6,086,023 in respect of the top-up tax for the year ended 31 March 2026 (2025: Nil).

The Sub-group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in May 2023.

9. DIVIDENDS

	2026	2025
	HK\$	HK\$
Interim - US\$0.375 (2025: US\$2) per ordinary share	<u>11,670,000</u>	<u>62,240,000</u>

The directors do not recommend the payment of a final dividend for the year ended 31 March 2026 (2025: Nil).

NORWEST INDUSTRIES LIMITED

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10. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$	Construction in progress HK\$	Leasehold improvements HK\$	Furniture and fixtures HK\$	Motor vehicles HK\$	Office equipment HK\$	Total HK\$
<b>31 March 2026</b>							
At 31 March 2025:							
Cost	10,168,617	-	13,489,531	17,239,974	1,393,392	73,069,259	115,360,773
Accumulated depreciation	( 5,139,948)	-	( 8,408,230)	( 14,712,966)	( 898,185)	( 58,186,468)	( 87,345,797)
Net carrying amount	<u>5,028,669</u>	<u>-</u>	<u>5,081,301</u>	<u>2,527,008</u>	<u>495,207</u>	<u>14,882,791</u>	<u>28,014,976</u>
At 1 April 2025, net of accumulated depreciation	5,028,669	-	5,081,301	2,527,008	495,207	14,882,791	28,014,976
Additions	151,857	9,070,912	720,746	3,248,910	-	4,660,182	17,852,607
Disposal of subsidiaries	-	-	( 27,875)	( 58,713)	-	( 430,367)	( 516,955)
Write-off	-	-	( 111,435)	( 127,728)	-	( 516,828)	( 755,991)
Depreciation provided during the year	( 1,025,665)	-	( 2,778,253)	( 1,553,759)	( 191,454)	( 6,087,364)	( 11,636,495)
Exchange realignment	( 9,167)	-	21,107	7,913	-	( 138,799)	( 118,946)
At 31 March 2026, net of accumulated depreciation	<u>4,145,694</u>	<u>9,070,912</u>	<u>2,905,591</u>	<u>4,043,631</u>	<u>303,753</u>	<u>12,369,615</u>	<u>32,839,196</u>
At 31 March 2026:							
Cost	10,309,041	9,070,912	13,864,677	19,930,107	1,393,392	74,862,844	129,430,973
Accumulated depreciation	( 6,163,347)	-	( 10,959,086)	( 15,886,476)	( 1,089,639)	( 62,493,229)	( 96,591,777)
Net carrying amount	<u>4,145,694</u>	<u>9,070,912</u>	<u>2,905,591</u>	<u>4,043,631</u>	<u>303,753</u>	<u>12,369,615</u>	<u>32,839,196</u>
<b>31 March 2025</b>							
At 31 March 2024:							
Cost	10,554,877	-	13,473,977	18,199,484	2,153,164	69,354,487	113,735,989
Accumulated depreciation	( 4,512,407)	-	( 6,638,268)	( 12,755,840)	( 2,153,031)	( 53,385,214)	( 79,444,760)
Net carrying amount	<u>6,042,470</u>	<u>-</u>	<u>6,835,709</u>	<u>5,443,644</u>	<u>133</u>	<u>15,969,273</u>	<u>34,291,229</u>
At 1 April 2024, net of accumulated depreciation	6,042,470	-	6,835,709	5,443,644	133	15,969,273	34,291,229
Additions	463,330	-	1,776,182	586,668	574,362	6,799,203	10,199,745
Disposal of a subsidiary	-	-	-	( 1,285)	-	( 49,419)	( 50,704)
Write-off	-	-	( 35,411)	( 358,369)	( 84)	( 328,154)	( 722,018)
Depreciation provided during the year	( 995,980)	-	( 3,508,041)	( 3,146,870)	( 79,204)	( 7,508,653)	( 15,238,748)
Exchange realignment	( 481,151)	-	12,862	3,220	-	541	( 464,528)
At 31 March 2025, net of accumulated depreciation	<u>5,028,669</u>	<u>-</u>	<u>5,081,301</u>	<u>2,527,008</u>	<u>495,207</u>	<u>14,882,791</u>	<u>28,014,976</u>
At 31 March 2025:							
Cost	10,168,617	-	13,489,531	17,239,974	1,393,392	73,069,259	115,360,773
Accumulated depreciation	( 5,139,948)	-	( 8,408,230)	( 14,712,966)	( 898,185)	( 58,186,468)	( 87,345,797)
Net carrying amount	<u>5,028,669</u>	<u>-</u>	<u>5,081,301</u>	<u>2,527,008</u>	<u>495,207</u>	<u>14,882,791</u>	<u>28,014,976</u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

11. INVESTMENT PROPERTIES

	HK\$
At 1 April 2024:	
Cost	36,673,551
Accumulated depreciation	<u>(12,511,014)</u>
Net carrying amount	<u>24,162,537</u>
At 1 April 2024, net of accumulated depreciation	24,162,537
Depreciation provided during the year	<u>(733,471)</u>
At 31 March 2025, net of accumulated depreciation	<u>23,429,066</u>
At 31 March 2025:	
Cost	36,673,551
Accumulated depreciation	<u>(13,244,485)</u>
Net carrying amount	<u>23,429,066</u>
At 1 April 2025, net of accumulated depreciation	23,429,066
Depreciation provided during the year	<u>(733,471)</u>
At 31 March 2026, net of accumulated depreciation	<u>22,695,595</u>
At 31 March 2026:	
Cost	36,673,551
Accumulated depreciation	<u>(13,977,956)</u>
Net carrying amount	<u>22,695,595</u>

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.

The Group's investment properties were revalued on 31 March 2026 based on valuation performed by management at HK\$93,500,000 (2025: HK\$103,000,000). 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 2026 and 31 March 2025, all of the Group's investment properties were pledged to secure the general banking facilities granted to the Group (note 23).

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

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 2024	25,989,480
Additions	7,852,904
Lease modification	787,280
Depreciation charge	(9,319,837)
Termination of leases	(2,102,198)
Exchange realignment	<u>(3,381,393)</u>
As at 31 March 2025 and 1 April 2025	19,826,236
Additions	5,022,426
Lease modification	(1,248,175)
Depreciation charge	(7,527,153)
Termination of leases	(4,224,961)
Disposals as a result of disposal of subsidiaries	(334,786)
Exchange realignment	<u>(1,282,692)</u>
As at 31 March 2026	<u>10,230,895</u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

12. LEASES (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2026 HK\$	2025 HK\$
Carrying amount at the beginning of the year	21,211,105	27,557,699
New leases	5,022,426	7,852,904
Lease modification	(1,661,023)	173,655
Accretion of interest recognised during the year	1,407,480	1,824,189
Rent concessions from lessors	(22,915)	(31,565)
Payments	(9,143,239)	(9,997,868)
Termination of leases	(4,189,952)	(2,277,873)
Disposals as a result of disposal of subsidiaries	(342,589)	-
Exchange realignment	<u>(1,399,604)</u>	<u>(3,890,036)</u>
Carrying amount at the end of the year	<u>10,881,689</u>	<u>21,211,105</u>
Analysed into:		
Current portion	5,273,784	9,124,096
Non-current portion	<u>5,607,905</u>	<u>12,087,009</u>

The maturity analysis of lease liabilities is disclosed in note 38 to the financial statements.

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

	2026 HK\$	2025 HK\$
Interest on lease liabilities	1,407,480	1,824,189
Depreciation charge of right-of-use assets	7,527,153	9,319,837
Expense relating to short-term leases and other leases	4,928,418	3,911,365
(Gain)/Loss on termination of leases	35,009	(175,675)
Gain on modification of leases	(412,848)	(613,625)
Rent concessions from lessors	<u>(22,915)</u>	<u>(31,565)</u>
Total amount recognised in profit or loss	<u>13,462,297</u>	<u>14,234,526</u>

**The Group as a lessor**

As at 31 March 2026, 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 2026 was HK\$2,616,726 (2025: HK\$3,398,261), details of which are included in note 4 to the financial statements.

At 31 March 2026 and 31 March 2025, there was no undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2026 HK\$	2025 HK\$
Listed equity investments, at fair value	(a)	-	12,629,103
Listed debt investments, at fair value	(b)	-	21,868,439
Unlisted investments, at fair value	(c)	<u>31,411,814</u>	<u>30,391,118</u>
Total		<u>31,411,814</u>	<u>64,888,660</u>
Less: current portion		<u>-</u>	<u>(34,497,542)</u>
Non-current portion		<u>31,411,814</u>	<u>30,391,118</u>

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 2026, the Group's unlisted investments with an aggregate carrying value of HK\$31,411,814 (2025: HK\$30,391,118) were pledged to secure the general banking facilities granted to the Group (note 23).

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2026 HK\$	2025 HK\$
<u>Non-current assets</u>		
Unlisted equity investments, at fair value	<u>2,024,823</u>	<u>2,024,823</u>

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.

15. INVESTMENT IN AN ASSOCIATE

	2026 HK\$	2025 HK\$
Share of net liabilities	(723,554)	(31,307)
Goodwill on acquisition	<u>5,974,804</u>	<u>5,974,804</u>
Total	<u>5,251,250</u>	<u>5,943,497</u>

Particulars of the Group's associate as at 31 March 2026 are as follows:

Name	Registered share capital	Place of registration and business	Percentage of		Principal activities
			Ownership interest	Voting power	
Nobleswear (Private) Limited	BDT 333,717,904	Sri Lanka	26	25	Manufacturing of garment products

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

16. GOODWILL

	HK\$
At 31 March 2024:	
Cost	19,243,813
Accumulated impairment	<u>(844,354)</u>
Net carrying amount	<u>18,399,459</u>
Cost at 1 April 2024, net of accumulated impairment	18,399,459
Disposal of a subsidiary (note 30)	(6,724,025)
Exchange realignment	<u>116,206</u>
At 31 March 2025	<u>11,791,640</u>
At 31 March 2025:	
Cost	12,635,994
Accumulated impairment	<u>(844,354)</u>
Net carrying amount	<u>11,791,640</u>
Cost at 1 April 2025, net of accumulated impairment	11,791,640
Disposal of a subsidiary (note 30)	-
Exchange realignment	<u>-</u>
At 31 March 2026	<u>11,791,640</u>
At 31 March 2026:	
Cost	12,635,994
Accumulated impairment	<u>(844,354)</u>
Net carrying amount	<u>11,791,640</u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

16. GOODWILL (continued)

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, Colombo and Belgium, 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 17% (2025: 10% to 17%) and cash flows beyond the five-year period are extrapolated using growth rate of 3% (2025: 3%), which was the same as the long term average growth rate of the garment products industry.

Assumptions were used in the value-in-use calculation of the garment products cash-generating units for 31 March 2026 and 31 March 2025. 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\$
<b>31 March 2026</b>	
Cost at 1 April 2025, net of accumulated amortisation	549,584
Additions	173,961
Amortisation provided during the year	(313,584)
Exchange alignment	<u>3,472</u>
At 31 March 2026	<u>413,433</u>
At 31 March 2026:	
Cost	1,852,970
Accumulated amortisation	<u>(1,439,537)</u>
Net carrying amount	<u>413,433</u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

17. INTANGIBLE ASSETS (continued)

	Software license HK\$
<b>31 March 2025</b>	
Cost at 1 April 2024, net of accumulated amortisation	621,504
Additions	201,713
Amortisation provided during the year	<u>(273,633)</u>
At 31 March 2025	<u>549,584</u>
At 31 March 2025:	
Cost	1,679,010
Accumulated amortisation	<u>(1,129,426)</u>
Net carrying amount	<u>549,584</u>

18. INVENTORIES

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

19. TRADE RECEIVABLES

	2026 HK\$	2025 HK\$
Trade receivables	147,547,215	419,908,363
Less: Impairment	<u>(1,337,336)</u>	<u>(2,355,908)</u>
Total	<u>146,209,879</u>	<u>417,552,455</u>

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.

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19. TRADE RECEIVABLES (continued)

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

	2026 HK\$	2025 HK\$
At beginning of year	2,355,908	2,567,721
Reversal of impairment of trade receivables, net (note 5)	(1,020,345)	(212,295)
Exchange realignment	<u>1,773</u>	<u>482</u>
At end of year	<u>1,337,336</u>	<u>2,355,908</u>

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 Group's trade receivables using a provision matrix:

As at 31 March 2026

	Current	Past due				Total
		Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	
Expected credit loss rate	0.90%	0.93%	0.95%	1.04%	0.96%	0.91%
Gross carrying amount (HK\$)	127,723,826	4,839,911	5,043,973	2,266,133	7,673,372	147,547,215
Expected credit losses (HK\$)	1,147,661	44,868	47,717	23,540	73,550	1,337,336

As at 31 March 2025

	Current	Past due				Total
		Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	
Expected credit loss rate	0.54%	0.54%	0.58%	0.65%	0.79%	0.56%
Gross carrying amount (HK\$)	206,663,826	138,491,493	37,170,269	13,077,020	24,505,755	419,908,363
Expected credit losses (HK\$)	1,116,041	745,451	216,396	84,504	193,516	2,355,908

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20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2026 HK\$	2025 HK\$
Prepayments	53,082,616	95,511,124
Deposits	5,981,474	4,815,730
Other receivables	<u>31,014,881</u>	<u>11,541,002</u>
	90,078,971	111,867,856
Less: Portion classified as non-current assets	<u>(2,098,279)</u>	<u>(4,255,487)</u>
Total	<u>87,980,692</u>	<u>107,612,369</u>

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 2026 and 2025, the loss allowance was assessed to be minimal.

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2026 HK\$	2025 HK\$
Cash and bank balances	141,550,031	143,679,617
Pledged time deposits	<u>158,564,391</u>	<u>148,303,944</u>
	300,114,422	291,983,561
Less: Pledged time deposits for banking facilities:		
	(131,927,86	
- with original maturity of less than three months when acquired	5)	(30,489,203)
- with original maturity of more than three months when acquired	<u>(26,636,526)</u>	<u>(117,814,741)</u>
Cash and cash equivalents	<u>141,550,031</u>	<u>143,679,617</u>

At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB amounted to HK\$98,937 (2025: HK\$1,762,107). 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.

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22. OTHER PAYABLES AND ACCRUALS

	Notes	2026 HK\$	2025 HK\$
Other payables	(a)	3,998,042	4,116,065
Accrued employee benefits		16,475,438	8,490,424
Accruals		64,484,773	65,023,504
Contract liabilities	(b)	25,378,293	24,917,303
Defined benefit obligations	26	<u>11,889,313</u>	<u>16,668,244</u>
Total		122,225,859	119,215,540
Less: Portion classified as non-current assets		<u>(11,889,313)</u>	<u>(16,668,244)</u>
		<u>110,336,546</u>	<u>102,547,296</u>

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 2026 HK\$	31 March 2025 HK\$	1 April 2024 HK\$
<i>Short-term advances received from customers</i>			
Sales of goods	<u>25,378,293</u>	<u>24,917,303</u>	<u>36,149,265</u>

Contract liabilities include short-term advances received to deliver garment products. The increase in contract liabilities in 2026 was mainly due to the increase in sales order received from customers in relation to sales of garment near year end. The decrease in contract liabilities in 2025 was mainly due to the decrease in sales order received from customers in relation to sales of garment near year end.

NORWEST INDUSTRIES LIMITED

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23. INTEREST-BEARING BANK BORROWINGS

	2026		
	Contractual interest rate (%)	Maturity	HK\$
Import loans	SOFR +2.15% p.a	30-90days / on Demand	46,230,788
Trust receipt loans	COF+1.75% p.a	30-90days / on Demand	66,427,153
Bank overdraft	LIBOR + 3.75 p.a	on Demand	<u>26,699,545</u>
			<u>139,357,486</u>
	2025		
	Contractual interest rate (%)	Maturity	HK\$
Import loans	USD SOFR*+1.75%, USD SOFR*+2.15%, USD SOFR*+3.75%,	On demand	42,251,940
Trust receipt loans	COF^+1.75%, USD SOFR*+1.75%, USD SOFR*+2.15%, USD SOFR*+3.5%, BPLR*** +1.75%,	On demand	194,168,506
Bank overdraft	COF^+2.25%, USD SOFR*+1.75%, USD SOFR*+3.75%,	On demand	7,483,413
			<u>243,903,859</u>

- ^ Intesa Sanpaolo S.p.A.'s Cost of Funds ("COF")  
 ^^ BNP PARIBAS's Cost of Funds ("COF")  
 ^^ Citi Bank's Cost of Funds ("COF")  
 \* Secured Overnight Financing Rate ("SOFR")  
 \*\* 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.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

23. INTEREST-BEARING BANK BORROWINGS (continued)

Set out below is the information about the interest-bearing bank borrowings by denomination currency:

	2026 HK\$	2025 HK\$
US\$	139,033,141	201,360,278
HK\$	<u>324,345</u>	<u>42,543,581</u>
	<u>139,357,486</u>	<u>243,903,859</u>

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\$212,671,798 (2025: HK\$245,647,598) and guaranteed by the immediate holding company, fellow subsidiaries, and directors of the Company.

24. DERIVATIVE FINANCIAL INSTRUMENTS

Assets

	2026 HK\$	2025 HK\$
Forward currency contracts	<u>139,101</u>	<u>479,602</u>

Liabilities

	2026 HK\$	2025 HK\$
Forward currency contracts	<u>3,301,322</u>	<u>4,611,017</u>

*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 2026, the Group held 95 (2025: 58) 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.

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NOTES TO FINANCIAL STATEMENTS

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24. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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 2024 to March 2025 were assessed to be highly effective and net profit of HK\$969,194 (2025: net loss of HK\$2,721,613) were included in the hedging reserve as follows:

	2026 HK\$	2025 HK\$
Total fair value losses included in the hedging reserves	(340,501)	(908,278)
Reclassified from other comprehensive income to the consolidated statement of profit or loss (note 5)	<u>1,309,695</u>	<u>(1,813,335)</u>
Net losses on cash flow hedges	<u>969,194</u>	<u>(2,721,613)</u>

25. DEFERRED TAX

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

	Depreciation allowance in excess of related depreciation HK\$	Depreciation in excess of related depreciation allowance HK\$
Gross deferred tax assets at 1 April 2024	(107,181)	170,130
Deferred tax credited to the consolidated statement of profit or loss during the year* (note 8)	<u>107,181</u>	<u>666,117</u>
Gross deferred tax asset at 31 March 2025 and at 1 April 2025	-	836,247
Deferred tax credited to the consolidated statement of profit or loss during the year* (note 8)	<u>-</u>	<u>270,996</u>
Gross deferred tax assets at 31 March 2026	<u>-</u>	<u>1,107,243</u>

\* The net effect credited to profit and loss amounts to HK\$270,996 (2025: HK\$773,298).

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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 2026 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:

	2026	2025
Discount rate (%)	10	11.9
Expected rate of salary increases (%)	<u>7.75</u>	<u>7.8</u>

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26. DEFINED BENEFIT OBLIGATIONS (continued)

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\$
<b>2026</b>				
Discount rate	0.5	(291,132)	0.5	305,732
Future salary increase	0.5	322,860	0.5	(310,633)
<b>2025</b>				
Discount rate	0.5	(1,121,764)	0.5	1,206,213
Future salary increase	0.5	1,192,928	0.5	(1,128,321)

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:

	2026 HK\$	2025 HK\$
Current service cost	1,579,949	3,377,344
Past service cost	195,458	1,443,174
Interest cost	<u>1,428,115</u>	<u>1,170,180</u>
Net benefit expenses recognised in administrative expenses	<u>3,203,522</u>	<u>5,990,698</u>

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NOTES TO FINANCIAL STATEMENTS

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26. DEFINED BENEFIT OBLIGATIONS (continued)

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

	2026 HK\$	2025 HK\$
At beginning of year	16,668,244	9,489,044
Current service cost	1,579,949	3,377,344
Past service cost	195,458	1,443,174
Net interest cost	1,428,115	1,170,180
Actuarial gain/(loss) arising from experience adjustments	(178,324)	4,557,542
Benefit paid	(3,499,941)	(3,196,080)
Exchange realignment	109,582	(172,960)
Disposal of subsidiary	<u>(4,413,769)</u>	<u>-</u>
At end of the reporting period	<u>11,889,314</u>	<u>16,668,244</u>

27. SHARE CAPITAL

	2026 HK\$	2025 HK\$
Issued and fully paid:		
4,000,000 (2025: 4,000,000) ordinary shares	<u>31,120,000</u>	<u>31,120,000</u>

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:

	2026 HK\$	2025 HK\$
Share-based expense	<u>(3,871,722)</u>	<u>1,939,717</u>

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28. 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 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	<u>1.12%</u>	<u>95%</u>	<u>0.88%</u>

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.

NORWEST INDUSTRIES LIMITED

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28. SHARE OPTION SCHEME (continued)

**Summarised information about movement in the share based schemes:**

The Options outstanding under the employee stock purchase plan as of 31 March 2026 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:

	2026		2025	
	Weighted average exercise price HK\$ per share	Number of options	Weighted average exercise price HK\$ per share	Number of options
At 1 April	28.15	476,000	28.15	663,500
Exercised during the year	28.15	(96,875)	28.15	(25,000)
Cancelled/Transferred during the year	28.15	<u>(34,375)</u>	28.15	<u>(162,500)</u>
At 31 March	28.15	<u>344,750</u>	28.15	<u>476,000</u>

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.

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30. DISPOSALS OF SUBSIDIARIES

On 30 June 2025, the Group disposed of its entire equity interest in PDS Fareast Limited (“PDSFE”) to PDS Sourcing Limited, a fellow subsidiary of the Group, for a cash consideration of US\$800 (equivalent to HK\$6,244). On 17 March 2026, the Group disposed of its entire equity interest in Design Arc Asia Limited (“DAA”) to PDS Sourcing Limited, a fellow subsidiary of the Group, for a cash consideration of HK\$2,894,488.

	DAA HK\$	PDSFE HK\$	Total HK\$
Net asset disposal of:			
Property, plant and equipment	131,312	385,643	516,955
Right-of use assets	282,952	51,834	334,786
Trade receivables	1,903,517	86,301,538	88,205,055
Prepayments, deposits and other receivables	5,881,517	1,530,541	7,412,058
Cash and cash equivalents	20,456,444	2,253,201	22,709,645
Lease liability	(288,784)	(53,805)	(342,589)
Interest-bearing bank borrowings	(40,334,284)	(10,485,669)	(50,819,953)
Trade payables	(88,939,728)	(77,551,820)	(166,491,548)
Other payables and accruals	(6,132,787)	(1,257,940)	(7,390,727)
Intercompany balances	119,251,949	(59,607,676)	59,644,273
Non-controlling interests	<u>(2,216,106)</u>	<u>11,798,086</u>	<u>9,581,980</u>
Subtotal	9,996,002	(46,636,067)	(36,640,065)
Gain/(loss) on disposal of subsidiaries	<u>(7,101,514)</u>	<u>46,642,291</u>	<u>39,540,777</u>
Total consideration	<u>2,894,488</u>	<u>6,224</u>	<u>2,900,712</u>
Satisfied by:			
Cash consideration	<u>2,894,488</u>	<u>6,224</u>	<u>2,900,712</u>
	<u>2,894,488</u>	<u>6,224</u>	<u>2,900,712</u>

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of DAA and PDSFE was as follows:

	2026 HK\$
Cash consideration	2,900,712
Cash and cash equivalents disposed of	<u>(22,709,645)</u>
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	<u>(19,808,933)</u>

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30. DISPOSALS OF SUBSIDIARIES (continued)

On 31 December 2024, the Group disposed of its entire equity interest in JJ Star Industrial Limited (“JJ Star”) to the non-controlling shareholder of JJ Star, for no consideration. On 31 March 2025, the Group disposed of its entire equity interest in Lillyandsid Limited (“LS”) to Design Arc Brands Limited, a fellow subsidiary of the Group, for a cash consideration of GBP486,475 (equivalent to HK\$4,806,665).

	JJ Star HK\$	LS HK\$	Total HK\$
Net asset disposal of:			
Goodwill	-	6,724,025	6,724,025
Property, plant and equipment	-	50,704	50,704
Trade receivables	-	576,301	576,301
Inventories	-	12,784,262	12,784,262
Prepayments, deposits and other receivables	6,891,185	114,655	7,005,840
Intercompany balances	-	(1,879,399)	(1,879,399)
Cash and cash equivalents	53,749	2,096,505	2,150,254
Other payables and accruals	(6,944,933)	(19,425,948)	(26,370,881)
Non-controlling interests	(71,076)	2,455,184	2,384,108
Subtotal	(71,075)	3,496,289	3,425,214
Release of cumulative exchange reserve	-	172,129	172,129
Release of cumulative capital reserve	(35,748)	(589,927)	(625,675)
Gain/(loss) on disposal of subsidiaries	106,823	1,728,174	1,834,997
Total consideration	-	4,806,665	4,806,665
Satisfied by:			
Cash consideration	-	4,806,665	4,806,665
	-	4,806,665	4,806,665

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of JJ Star and LS was as follows:

	2026 HK\$
Cash consideration	4,806,665
Cash and cash equivalents disposed of	(2,150,254)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	2,656,411

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31. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2026	2025
Percentage of equity interest held by non-controlling interests:		
Spring Near East	35%	35%
Krayons Sourcing	25%	25%
Nor Lanka	<u>9.5%</u>	<u>9.5%</u>
Profit/(loss) for the year allocated to non-controlling interests at the reporting date:		
Spring Near East	331,786	67,890
Krayons Sourcing	10,227,214	13,486,214
Nor Lanka	<u>2,094,517</u>	<u>-</u>
Dividends paid to non-controlling interests:		
Spring Near East	-	6,613,625
Krayons Sourcing	3,875,726	8,928,458
Nor Lanka	<u>-</u>	<u>3,685,702</u>
Accumulated balances of the non-controlling interests at the reporting date:		
Spring Near East	(34,678)	(475,790)
Krayons Sourcing	16,283,421	10,757,219
Nor Lanka	<u>5,114,839</u>	<u>3,019,151</u>

NORWEST INDUSTRIES LIMITED

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31. PARTLY-OWNED SUBSIDIARIES 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:

<b>2026</b>	Nor Lanka HK\$	Spring Near East HK\$	Krayons HK\$
Revenue	725,498,509	22,620,183	533,782,720
Total expenses, net	(703,450,957)	(21,672,223)	(492,873,866)
Profit/(loss) for the year	22,047,552	947,960	40,908,854
Total comprehensive income/(loss) for the year	<u>22,630,098</u>	<u>1,000,246</u>	<u>40,054,655</u>
Current assets	109,801,797	27,627,113	214,725,602
Non-current assets	41,125,108	494,840	2,092,323
Current liabilities	(94,587,977)	(24,797,631)	(141,633,889)
Non-current liabilities	<u>(1,856,964)</u>	<u>(79,903)</u>	<u>(6,464,864)</u>
Net cash flows from/(used in) operating activities	(1,655,348)	(1,688,656)	58,473,842
Net cash flows from/(used in) investing activities	(107,314)	196,447	(208,460)
Net cash flows used in financing activities	<u>39,895,226</u>	<u>(772,669)</u>	<u>(53,671,286)</u>
Net increase/(decrease) in cash and cash equivalents	<u>38,132,564</u>	<u>(2,264,879)</u>	<u>4,594,096</u>

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31. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS  
(continued)

<b>2025</b>	Nor Lanka HK\$	Spring Near East HK\$	Krayons HK\$	Nor Lanka HK\$
Revenue	715,910,820	48,659,468	621,455,190	715,910,820
Total expenses, net	(704,061,334)	(48,465,498)	(567,510,334)	(704,061,334)
Profit/(loss) for the year	11,849,486	193,970	53,944,856	11,849,486
Total comprehensive income/(loss) for the year	<u>11,895,385</u>	<u>331,229</u>	<u>53,944,856</u>	<u>11,895,385</u>
Current assets	156,222,604	36,021,313	219,226,169	156,222,604
Non-current assets	41,949,893	3,510,207	3,605,583	41,949,893
Current liabilities	(166,391,958)	(36,678,585)	(175,645,863)	(166,391,958)
Non-current liabilities	<u>-</u>	<u>(635,404)</u>	<u>(3,154,076)</u>	<u>-</u>
Net cash flows from/(used in) operating activities	(8,492,452)	20,142,194	15,859,861	(8,492,452)
Net cash flows from/(used in) investing activities	11,835,704	(237,209)	(338,218)	11,835,704
Net cash flows used in financing activities	<u>(7,849,156)</u>	<u>(20,723,909)</u>	<u>(17,281,711)</u>	<u>(7,849,156)</u>
Net decrease in cash and cash equivalents	<u>(4,505,904)</u>	<u>(818,924)</u>	<u>(1,760,068)</u>	<u>(4,505,904)</u>

32. 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\$5,022,426 (2025: HK\$7,852,904) and HK\$5,022,426 (2025: HK\$7,852,904), respectively, in respect of lease arrangements for properties.

NORWEST INDUSTRIES LIMITED

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32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Change in liabilities arising from financing activities

	Lease liabilities HK\$	Interest-bearing bank borrowings HK\$
At 1 April 2024	27,557,699	241,023,835
New leases	7,852,904	-
Lease modification	173,655	-
Changes from financing cash flows, net	(9,997,868)	(4,669,282)
Rent concessions from lessors	(31,565)	-
Interest expense	1,824,189	-
Termination of leases	(2,277,873)	-
Exchange realignment	<u>(3,890,036)</u>	<u>65,893</u>
At 31 March 2025 and 1 April 2025	21,211,105	236,420,446
New leases	5,022,426	-
Lease modification	(1,661,023)	-
Changes from financing cash flows, net	(9,143,239)	(72,942,552)
Rent concessions from lessors	(22,915)	-
Interest expense	1,407,480	-
Termination of leases	(4,189,952)	-
Disposals as a result of disposal of subsidiaries	(342,589)	(50,819,953)
Exchange realignment	<u>(1,399,604)</u>	<u>-</u>
At 31 March 2026	<u>10,881,689</u>	<u>112,657,941</u>

(c) Total cash outflow of leases

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

	2026 HK\$	2025 HK\$
Within operating activities	4,928,418	3,911,365
Within financing activities	<u>9,143,239</u>	<u>9,997,868</u>
Total cash outflow of leases	<u>14,071,657</u>	<u>13,909,233</u>

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33. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	2026 HK\$	2025 HK\$
Guarantees given to banks in connection with facilities granted to fellow subsidiaries	<u>813,542,909</u>	<u>919,377,561</u>

At 31 March 2026, the banking facilities guaranteed by the Company to fellow subsidiaries were utilised to the extent of approximately HK\$648,894,769 (2025: HK\$916,105,676).

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.

34. 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.

NORWEST INDUSTRIES LIMITED

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35. 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:

	2026 HK\$	2025 HK\$
Fellow subsidiaries:		
Sales of goods	32,786,571	48,100,029
Purchase of goods	121,635,094	142,070,990
Handling fees paid	22,433,130	23,917,340
Marketing fees paid	21,793,067	-
Marketing fees received	7,401,896	31,967,105
Rentals received	2,111,976	488,376
Support services fee paid	21,917	12,967
Sampling fees paid	266,963	969,808
Ultimate holding company:		
Sales of goods	25,240,265	181,622,062
Marketing fees paid	6,636,550	4,281,399
Immediate holding company:		
Consultancy fees paid	1,154,474	-
Management fees paid	19,916,494	20,355,552
Rental expenses paid	521,186	-
Support services fee received	17,153,031	5,909,171
Associate:		
Purchase of goods	<u>16,437,809</u>	<u>30,431,673</u>

- (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.

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

36. 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, 14 and 24 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 2026 and 2025, were stated at amortised cost.

31 March 2026

36. FINANCIAL INSTRUMENTS BY CATEGORY

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 directors, an associate 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.

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.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL 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 2026 and 31 March 2025 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.

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.

NORWEST INDUSTRIES LIMITED

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37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

As at 31 March 2026, 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 2026

	Fair value measurement using			Total HK\$
	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
Financial assets at fair value through profit or loss	-	31,411,814	-	31,411,814
Financial assets at fair value through other comprehensive income	-	2,024,823	-	2,024,823
Derivative financial instruments	-	139,101	-	139,101
Total	-	33,575,738	-	33,575,738

At 31 March 2025

	Fair value measurement using			Total HK\$
	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
Financial assets at fair value through profit or loss	34,497,542	30,391,118	-	64,888,660
Financial assets at fair value through other comprehensive income	-	2,024,823	-	2,024,823
Derivative financial instruments	-	479,602	-	479,602
Total	34,497,542	32,895,543	-	67,393,085

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37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

	<u>Fair value measurement using</u>			Total HK\$
	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
<u>Liabilities measured at fair value:</u>				
At 31 March 2026				
Derivative financial instruments	-	3,301,322	-	3,301,322
At 31 March 2025				
Derivative financial instruments	-	4,611,017	-	4,611,017

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 (2025: Nil).

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38. 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\$
2026		
HK\$	50	1,622
HK\$	<u>(50)</u>	<u>(1,622)</u>
2025		
HK\$	50	240,399
HK\$	<u>(50)</u>	<u>(240,399)</u>

*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\$.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

38. 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\$
2026		
If HK\$ weakens against GBP	10	4,374,433
If HK\$ strengthens against GBP	<u>(10)</u>	<u>(4,374,433)</u>
2025		
If HK\$ weakens against GBP	10	4,135,827
If HK\$ strengthens against GBP	<u>(10)</u>	<u>(4,135,827)</u>

*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.

NORWEST INDUSTRIES LIMITED

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Credit risk* (continued)

As at 31 March 2026

	12-month	Lifetime ECLs			Total HK\$
	ECLs	Stage 1	Stage 2	Stage 3	
	HK\$	HK\$	HK\$	HK\$	HK\$
Trade receivables*	-	-	-	147,547,215	147,547,215
Deposits and other receivables					
- Normal**	36,996,355				36,996,355
Due from the ultimate holding company					
- Normal**	12,188,499	-	-	-	12,188,499
Due from the immediate holding company					
- Normal**	555,490,632	-	-	-	555,490,632
Due from fellow subsidiaries					
- Normal**	759,945,774	-	-	-	759,945,774
Due from a related company					
- Normal**	4,277,686	-	-	-	4,277,686
Due from non-controlling shareholders					
- Normal**	34,247	-	-	-	34,247
Pledged time deposits					
- Not yet past due	158,564,391	-	-	-	158,564,391
Cash and cash equivalents					
- Not yet past due	<u>141,550,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,550,031</u>
Total	<u>1,669,047,615</u>	<u>-</u>	<u>-</u>	<u>147,547,215</u>	<u>1,816,594,830</u>

NORWEST INDUSTRIES LIMITED

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Credit risk* (continued)

As at 31 March 2025

	12-month	Lifetime ECLs			Total HK\$
	ECLs	Stage 1	Stage 2	Stage 3	
	HK\$	HK\$	HK\$	HK\$	HK\$
Trade receivables*	-	-	-	419,908,363	419,908,363
Deposits and other receivables					
- Normal**	16,356,732	-	-	-	16,356,732
Due from the ultimate holding company					
- Normal**	50,021,116	-	-	-	50,021,116
Due from the immediate holding company					
- Normal**	486,810,005	-	-	-	486,810,005
Due from fellow subsidiaries					
- Normal**	502,820,543	-	-	-	502,820,543
Due from a related company					
- Normal**	5,050,621	-	-	-	5,050,621
Due from non-controlling shareholders					
- Normal**	34,247	-	-	-	34,247
Due from directors					
- Normal**	-	-	-	-	-
Pledged time deposits					
- Not yet past due	148,303,944	-	-	-	148,303,944
Cash and cash equivalents					
- Not yet past due	<u>143,679,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,679,617</u>
Total	<u>1,353,076,825</u>	<u>-</u>	<u>-</u>	<u>419,908,363</u>	<u>1,772,985,188</u>

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38. 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 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 2026. 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\$
2026		
Investments listed in the United States of America	<u>-</u>	<u>-</u>
2025		
Investments listed in the United States of America	<u>12,629,103</u>	<u>1,262,910</u>

NORWEST INDUSTRIES LIMITED

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38. 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:

	2026			Total HK\$
	On demand/ less than 1 year HK\$	1 to 5 years HK\$	Over 5 years HK\$	
Lease liabilities	6,463,045	7,925,432	-	14,388,477
Interest-bearing bank borrowings	139,357,486	-	-	139,357,486
Trade and bills payables	131,312,044	-	-	131,312,044
Financial liabilities included in other payables and accruals	65,527,613	-	-	65,527,613
Due to fellow subsidiaries	876,723,515	-	-	876,723,515
Due to an associate	2,277,189	-	-	2,277,189
Due to directors	38,900	-	-	38,900
Derivative financial instruments	<u>3,301,322</u>	<u>-</u>	<u>-</u>	<u>3,301,322</u>
Total	<u>1,224,749,576</u>	<u>8,684,267</u>	<u>-</u>	<u>1,233,433,843</u>
	2025			Total HK\$
	On demand/ less than 1 year HK\$	1 to 5 years HK\$	Over 5 years HK\$	
Lease liabilities	9,557,491	12,661,142	-	22,218,633
Interest-bearing bank borrowings	243,903,859	-	-	243,903,859
Trade and bills payables	368,278,161	-	-	368,278,161
Financial liabilities included in other payables and accruals	69,139,569	-	-	69,139,569
Due to fellow subsidiaries	677,190,008	-	-	677,190,008
Due to an associate	1,220,120	-	-	1,220,120
Due to directors	5,204,368	-	-	5,204,368
Derivative financial instruments	<u>4,611,017</u>	<u>-</u>	<u>-</u>	<u>4,611,017</u>
Total	<u>1,379,104,593</u>	<u>12,661,142</u>	<u>-</u>	<u>1,391,765,735</u>

NORWEST INDUSTRIES LIMITED

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31 March 2026

38. 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 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 2026 and 31 March 2025.

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:

	2026 HK\$	2025 HK\$
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	4,691,991	2,359,248
Investment properties	22,695,595	23,429,066
Right-of-use assets	586,457	1,892,720
Investments in subsidiaries	22,893,775	20,273,939
Financial assets at fair value through profit or loss	31,411,814	30,391,118
Financial assets at fair value through other comprehensive income	2,024,823	2,024,823
Deposits	-	2,181,056
Total non-current assets	<u>84,304,455</u>	<u>82,551,970</u>
<b>CURRENT ASSETS</b>		
Trade receivables	20,742,241	32,137,763
Prepayments, deposits and other receivables	22,167,950	23,568,223
Financial assets at fair value through profit or loss	-	34,497,542
Due from an immediate holding company	556,112,947	490,213,866
Due from fellow subsidiaries	717,901,467	377,219,651
Due from subsidiaries	210,250,303	392,377,386
Due from a related company	4,277,686	5,050,621
Derivative financial instruments	139,101	479,602
Pledged time deposits	140,378,264	130,305,567
Cash and cash equivalents	57,270,723	97,859,875
Total current assets	<u>1,729,240,682</u>	<u>1,583,710,096</u>

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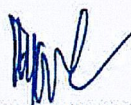
NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

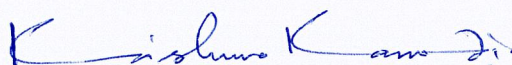
31 March 2026

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	2026 HK\$	2025 HK\$
<b>CURRENT LIABILITIES</b>		
Trade and bills payables	13,009,058	15,910,909
Other payables and accruals	13,273,098	6,779,323
Lease liabilities	477,337	1,384,616
Interest-bearing bank borrowings	39,460,748	32,230,227
Due to the ultimate holding company	1,113,691	-
Due to fellow subsidiaries	660,202,202	536,828,303
Due to subsidiaries	263,281,791	234,179,715
Due to a director	38,900	38,900
Derivative financial instruments	3,301,322	4,570,719
Tax payable	1,406,765	4,737,740
Total current liabilities	<u>995,564,912</u>	<u>836,660,452</u>
<b>NET CURRENT ASSETS</b>	<u>733,675,770</u>	<u>747,049,644</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>817,980,225</u>	<u>829,601,614</u>
<b>NON-CURRENT LIABILITIES</b>		
Other payables	2,105,864	2,423,434
Lease liabilities	60,450	532,452
Total non-current liabilities	<u>2,166,314</u>	<u>2,955,886</u>
Net assets	<u>815,813,911</u>	<u>826,645,728</u>
<b>EQUITY</b>		
Share capital	31,120,000	31,120,000
Reserves (note)	<u>784,693,911</u>	<u>795,525,728</u>
Total equity	<u>815,813,911</u>	<u>826,645,728</u>



Abhishek Kanoi  
Director



Krishna Kanodia  
Director

NORWEST INDUSTRIES LIMITED

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39. 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 HK\$
1 April 2024	(1,317,810)	3,989,597	4,176,689	754,096,240	760,944,716
Profit for the year	-	-	-	103,337,478	103,337,478
Other comprehensive loss for the year:					
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	(4,108,971)	-	-	(4,108,971)
Remeasurement of defined plans, net of tax	-	-	-	(195,775)	(195,775)
Cash flow hedges, net of tax	<u>(2,773,307)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,773,307)</u>
Total comprehensive income for the year	<u>(2,773,307)</u>	<u>(4,108,971)</u>	<u>-</u>	<u>103,141,703</u>	<u>96,259,425</u>
Interim 2025 dividend paid	-	-	-	(62,240,000)	(62,240,000)
Equity-settled share-based payment arrangements	<u>-</u>	<u>-</u>	<u>561,587</u>	<u>-</u>	<u>561,587</u>
At 31 March 2025	<u>(4,091,117)</u>	<u>(119,374)</u>	<u>4,738,276</u>	<u>794,997,943</u>	<u>795,525,728</u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2026

39. 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 HK\$
1 April 2025	(4,091,117)	(119,374)	4,738,276	794,997,943	795,525,728
Profit for the year	-	-	-	3,310,163	3,310,163
Other comprehensive loss for the year:					
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-
Remeasurement of defined plans, net of tax	-	-	-	(403,371)	(403,371)
Cash flow hedges, net of tax	928,896	-	-	-	928,896
Total comprehensive income for the year	928,896	-	-	2,906,792	3,835,688
Interim 2026 dividend paid	-	-	-	(11,670,000)	(11,670,000)
Equity-settled share-based payment arrangements	-	-	(2,997,505)	-	(2,997,505)
At 31 March 2026	<u>(3,162,221)</u>	<u>(119,374)</u>	<u>1,740,771</u>	<u>786,234,735</u>	<u>784,693,911</u>

40. COMPARATIVE AMOUNTS

Certain comparative amounts of the consolidated statement of financial position have been reclassified, to confirm with current year's presentation and disclosures. The directors consider that such presentation would better reflect the financial performance and position of the Group.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 15 May 2026.