STERLING GROUP
HOLDINGS LIMITED
美臻集團控股有限公司

2025
ANNUAL REPORT

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1825

CONTENTS

Corporate Information

EXECUTIVE DIRECTORS

Ms. Wong Mei Wai Alice *(Chairperson)*
Mr. Siu Yik Ming
Mr. Chung Sam Kwok Wai (Resigned on 16 April 2025)
Mr. Leung Ka Wai (Resigned on 12 May 2025)
Mr. Ma Jian (Resigned on 27 May 2025)
Mr. Yang Lun (Appointed on 27 May 2025)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chen Jie (Appointed on 27 May 2025)
Ms. Gao Yuan Yuan (Appointed on 27 May 2025)
Mr. Tsang Ho Yin (Resigned on 26 June 2024)
Ms. Zhang Lingling (Resigned on 27 May 2025)
Mr. Zhao Chuan (Appointed on 4 October 2024 and resigned on 27 May 2025)
Mr. Chow Yun Cheung (Resigned on 20 June 2025)

COMPANY SECRETARY

Mr. Wong Sai Hung (Appointed on 31 December 2024 and resigned on 11 July 2025)
Mr. Kwong Lun Kei Victor (Resigned on 31 December 2024)
Mr. Yiu Chun Wing (Resigned on 31 December 2024)
Mr. Chow Yun Cheung (Appointed on 11 July 2025)

AUDIT COMMITTEE

Ms. Chen Jie *(Chairperson)* (Appointed on 27 May 2025)
Ms. Gao Yuan Yuan (Appointed on 27 May 2025)
Mr. Tsang Ho Yin (Resigned on 26 June 2024)
Ms. Zhang Lingling (Resigned on 27 May 2025)
Mr. Zhao Chuan (Appointed on 4 October 2024 and resigned on 27 May 2025)
Mr. Chow Yun Cheung (Former Chairman, redesignated as member of the Audit Committee on 27 May 2025 and resigned on 20 June 2025)

REMUNERATION COMMITTEE

Ms. Gao Yuan Yuan *(Chairperson)* (Appointed on 27 May 2025)
Ms. Chen Jie (Appointed on 27 May 2025)
Ms. Wong Mei Wai Alice
Mr. Tsang Ho Yin (Resigned on 26 June 2024)
Ms. Zhang Lingling (Resigned on 27 May 2025)
Mr. Zhao Chuan (Appointed as Chairman of the Remuneration Committee on 4 October 2024 and resigned on 27 May 2025)
Mr. Chow Yun Cheung (Resigned on 20 June 2025)

NOMINATION COMMITTEE

Ms. Wong Mei Wai Alice *(Chairperson)*
Ms. Chen Jie (Appointed on 27 May 2025)
Ms. Gao Yuan Yuan (Appointed on 27 May 2025)
Mr. Tsang Ho Yin (Resigned on 26 June 2024)
Ms. Zhang Lingling (Resigned on 27 May 2025)
Mr. Zhao Chuan (Appointed on 4 October 2024 and resigned on 27 May 2025)
Mr. Chow Yun Cheung (Resigned on 20 June 2025)

AUTHORISED REPRESENTATIVES

Mr. Wong Sai Hung (Appointed on 16 April 2025 and resigned on 11 July 2025)
Mr. Ma Jian (Appointed on 12 May 2025 and resigned on 16 June 2025)
Mr. Chung Sam Kwok Wai (Resigned on 16 April 2025)
Mr. Leung Ka Wai (Resigned on 12 May 2025)
Mr. Yang Lun (Appointed on 16 June 2025)
Mr. Chow Yun Cheung (Appointed on 11 July 2025)

REGISTERED OFFICE

3rd Floor, Century Yard
Cricket Square
P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18–19/F, Win Plaza
9 Sheung Hei Street
San Po Kong
Kowloon
Hong Kong

Corporate Information

COMPANY WEBSITE

http://www.sterlingapparel.com.hk

AUDITORS

Baker Tilly Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
Level 8
K11 ATELIER King's Road
728 King's Road
Quarry Bay
Hong Kong

LEGAL ADVISOR

CLKW Lawyers LLP
Rooms 1901A, 1902 & 1902A, 19/F,
New World Tower I
16–18 Queen's Road Central
Central
Hong Kong

STOCK CODE

01825

PRINCIPAL BANKS

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Hang Seng Bank
83 Des Voeux Road Central
Central
Hong Kong

Citibank, N.A. Hong Kong Branch
21/F, Citi Tower
One Bay East
83 Hoi Bun Road
Kwun Tong
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Tricor Services (Cayman Islands) Limited
3rd Floor, Century Yard
Cricket Square
P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Financial Highlights

	For the year ended 31 March	
	2025	2024
Operating results (HK$'000)		
Revenue	477,728	571,391
Gross profit	87,531	91,377
Gross profit margin	18.3%	16.1%
Selling and distribution costs	(20,668)	(24,315)
General and administrative expense	(53,294)	(52,657)
Operating (loss)/profit	(1,309)	7,442
Expected credit loss recognised on trade and other receivable, net	(4,834)	(25,802)
Net loss for the year	(6,143)	(18,360)
Add: Depreciation of property, plant and equipment	5,666	4,852
Depreciation of right-of-use assets	1,400	1,610
Finance costs	21,323	16,226
Income tax expenses	84	706
EBITDA after ECL	22,330	5,034
Add: Expected credit loss recognised on trade and other receivable, net	4,834	25,802
EBITDA before ECL	27,164	30,826
Financial position (HK$'000)		
Cash and bank balances	14,710	26,965
Total assets	250,253	321,480
Net assets attributable to owners	30,505	27,329
Key ratios		
Net loss margin	(1.3%)	(3.2%)
Loss per share		
– Basic and diluted (HK cents)	(2.17)	(7.65)
Return on total assets	(2.5%)	(5.7%)
Return on average total equity	(21.2%)	(49.4%)
Interest coverage ratio	-0.7 times	0.6 times
Current ratio	0.46	0.78
Quick ratio	0.36	0.69
Gearing ratio	345.2%	689.9%
Debt-to-equity ratio	297.0%	591.3%

* EBITDA represents the profit before income tax credit, adding back finance costs, depreciation of property, plant and equipment and depreciation of right-of-use assets. The use of EBITDA has certain limitations because it does not reflect all items of income and expenses that affect the operations. The term EBITDA is not defined under the Hong Kong Financial Reporting Standards ("HKFRS"), and EBITDA is not a measure of profit and total comprehensive income or liquidity presented in accordance with HKFRS.

** The comparative figures have been reclassified to conform to the current year's presentation.

Chairperson's Statement

On behalf of the board of directors of Sterling Group Holdings Limited (the "Company"), I would like to present the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2025.

For the year ended 31 March 2025 ("the reporting period"), the Company reported sales revenue of approximately HK$477,728,000, a decrease of 16.4% from approximately HK$571,391,000 of last year. About 72.0% of the decrease in sales of approximately HK$93,663,000 was from newer smaller accounts due to a number of reasons which included the company's more stringent credit policy and changes in customer's sourcing strategy. The balance of the decrease was from the Group's largest customer, which as a percentage of revenue from this customer was approximately 88%.

The challenge in the coming year that severely affects exports to the U.S. is undoubtedly the strategy of the new U.S. administration to use tariffs as a tool to redress trade imbalances, and purportedly bring off-shore manufacturing back to the U.S. Other than knowing most likely that cost of imports would go up for the consumers, the U.S. importers have no clarity on the final levels of tariffs and the timing of implementation. These uncertainties, among other new initiatives, create menacing shocks to inflation, GDP growth, employment, personal income and ultimately consumers' propensity to spend on discretionary purchases. This inevitably will impact the buy plan of U.S. retailers. Based on the orders on hand and projections for the current fall and holiday seasons, we are positioning ourselves for a noticeable decrease in sales in the coming year. Whether or not sales may rebound upon resolution of these wide ranging tariffs remains to be seen.

The Company recorded an operating loss of approximately HK$1,309,000 in the reporting period, compared with an operating profit of approximately HK$7,442,000 in the corresponding period, largely as a result of decrease in sales revenue of approximately HK$93,663,000 in the reporting period, but offset by an increase in gross profit margin from 16.1% to 18.3%. The Company recorded a net loss of approximately HK$6,143,000 in the reporting period compared with a net loss of approximately HK$18,360,000 in the corresponding period after estimated credit loss recognised on financial assets ("ECL") of approximately HK$4,834,000 and approximately HK$25,802,000 respectively. The much lower ECL provision was largely influenced by an early repayment of HK$27,300,000 in Santai advances in April and May 2025. While the austerity efforts in the last few years have resulted in either flat or declining selling and distribution costs and general and administrative expenses, the Company will look for further opportunities for cost reductions in the coming year.

On behalf of the Board, I would like to express my sincere appreciation to our team of management and staff for their hard work and dedication in navigating the challenges we have encountered in the last few years. As always, we are indebted to our customers, business partners, professional parties, suppliers and board members for their unwavering support, guidance and confidence as we commit ourselves to improving the financial performance of the Company.

Wong Mei Wai, Alice
Chairperson

30 June 2025

Management Discussion and Analysis

COMPANY BACKGROUND

Sterling Group Holdings Limited (the "Company") together with its subsidiaries (the "Group") is an apparel manufacturer headquartered in Hong Kong providing a one-stop apparel manufacturing solution for its customers. The Group manufactures a wide range of apparel products such as outerwear, bottoms, tops and other products. The majority of the customers are international apparel brands that are headquartered in the United States (the "U.S.") with their products sold around the world. In particular, the Group has established a long standing relationship with its largest customer which is an international apparel brand headquartered in the U.S. since the 1990s. In recent years, the Group has actively diversified its customer base and product portfolio having secured several new customers, including high-end fashion brands from the U.S..

As at 31 March 2025, the Group owned three production facilities; one located in the PRC and two in Sri Lanka. The Group has also outsourced its production to an approved group of factories in the Philippines since 2012. The issued shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK") since 19 October 2018.

BUSINESS REVIEW

Financial Overview

For the year ended 31 March 2025 (the "Year under Review"), revenue for the Group was approximately HK$477,728,000, which was a decrease of 16.4% compared with approximately HK$571,391,000 for the year ended 31 March 2024 (the "Corresponding Period"). The decrease in sales revenue of about HK$93,663,000 was accounted for by lower sales of approximately HK$26,191,000 from our largest customer (about 5.9% decrease from last year) and the balance of approximately HK$67,471,000 from the Company's newer accounts developed in recent years. A good portion of the approximately HK$67,471,000 decrease was related to deteriorating credit conditions of the customer, while some sales were lost as a result of a customer choosing a different country of origin in manufacture. Gross profit margin for the Group for the Year under Review was 18.3%, compared with 16.1% for the Corresponding Period leading to a decrease in gross profit of approximately HK$4,450,000 despite a drop-off in sales of approximately HK$93,663,000.

Continuing our austerity drive to reduce cost of overheads by shifting some of our resources in our Hong Kong office to our China factory in Panyu, the Company has brought the selling and distribution expenses from approximately HK$24,315,000 in the Corresponding Period to approximately HK$20,668,000 in the Year under Review, with most of the approximately HK$3,647,000 in savings coming from people costs. This reduction in cost is most remarkable when we consider the same selling and distribution expenses were approximately HK$31,943,000 two years ago.

The general and administrative expenses were nearly identical, practically unchanged from approximately HK$52,657,000 in the Corresponding Period compared with approximately HK$53,294,000 in the Year under Review. There was a significant increase in finance costs of approximately HK$5,097,000 from approximately HK$16,226,000 in the Corresponding Period to approximately HK$21,323,000 in the Year under Review. Other than the continuing high interest rates, part of the increase in finance costs was the guarantee fee, as per agreement signed in August 2024, of approximately HK$3,904,000 in respect of personal guarantees and pledge of personal assets to secure banking facilities of the Group to operate the apparel trading and manufacturing business. Please refer to the Company's circular dated 26 February 2025 for details.

The Company recorded an expected credit loss ("ECL"), recognised on trade and other receivables and loan receivable nearly all from Santai and JPO, of approximately HK$4,834,000 in the Year under Review compared with HK$25,802,000 in the Corresponding Period. The decrease in ECL provision is largely a result of Santai having made approximately HK$27,300,000 repayment towards the Group in April and May 2025.

The Group recorded a loss of approximately HK$6,143,000 in the Year under Review as compared to a loss of approximately HK$18,360,000 for the Corresponding Period.

The EBITDA before ECL for the Year under Review was approximately HK$27,164,000 as compared to approximately HK$30,836,000 for the Corresponding Period; and after ECL, was approximately HK$22,330,000 as compared to approximately HK$5,034,000 respectively.

Revenue

The Group's apparel products can generally be divided into four categories, namely (i) outerwear (which includes mainly jackets, coats and blazers and is chiefly made from wool and wool blend), (ii) bottom (which includes pants, shorts and skirts, and is chiefly made from cotton, wool and wool blend), (iii) top (which includes mainly shirts, blouses and tank tops, and is chiefly made from cotton, polyester, triacetate, and lyocell) and (iv) others (which include mainly dresses, suits, gown, scarf, jumpsuits, sleepwear, vests and masks, and are chiefly made of cotton, wool and wool blend).

The following table sets out the contributions to the Group's revenue by product categories:

	2025 Revenue HK$'000	2025 Quantity Pcs'000	2025 Unit Price HK$	2024 Revenue HK$'000	2024 Quantity Pcs'000	2024 Unit Price HK$
Outerwear	219,198	616	355.8	243,226	708	343.5
Bottom	208,488	1,384	150.6	208,864	1,411	148.0
Top	17,050	165	103.3	29,153	193	151.1
Others	32,337	133	243.1	89,493	474	188.8
	477,073	2,298		570,736	2,786	
Licensing and related income	655	–		655	–	
	477,728	2,298		571,391	2,786	

Revenue from most of the product categories decreased in unison during the Year under Review due to the decreasing sales orders from the major customers in the US. The sales of all kind of apparel products experienced varying degrees of decline in this environment of stagnant sales growth.

The following table sets out the contributions to the Group's revenue by locations:

	2025 Revenue HK$'000	2025 % of revenue	2024 Revenue HK$'000	2024 % of revenue
US	475,971	99.6%	567,791	99.4%
Hong Kong	302	0.1%	519	0.1%
Others	1,455	0.3%	3,081	0.5%
	477,728	100.0%	571,391	100.0%

Gross Profit

The gross profit ratio for the Year under Review was approximately 18.3% (2024: approximately 16.1%). The improvement was chiefly because of higher efficiency at the manufacturing operations as well as from product sourcing across different vendors.

Other Revenue

Other revenue for the Year under Review was approximately HK$6,479,000 (2024: approximately HK$7,757,000). It comprised sample income of approximately HK$2,474,000 (2024: approximately HK$4,219,000), claims income of approximately HK$96,000 (2024: approximately HK$1,340,000) and interest income from loan and other receivable approximately HK$2,707,000 (2024: Nil).

Other Gains and Losses, Net

The net other gains amounted to approximately HK$50,000 (2024: approximately HK$1,608,000). The decrease was chiefly due to the net exchange loss during the Year under Review.

Selling and Distribution Costs

Selling and distribution costs for the Year under Review decreased by approximately 15.0% to approximately HK$20,668,000 (2024: approximately HK$24,315,000). The reduction in selling and distribution costs was primarily attributed to the decrease in payroll expenses during the Year under Review.

General and Administrative Expenses

General and administrative expenses for the Year under Review remained stable at approximately HK$53,294,000 (2024: approximately HK$52,657,000).

Finance Costs

The Group's finance costs increased by approximately 31.4% from approximately HK$16,226,000 for the corresponding period, to approximately HK$21,323,000 for the Year under Review, mainly due to the higher interest rate throughout the year and guarantee fee on bank borrowing arrangement.

Income Tax Expenses

Due to the deferred taxation of the Group, there was an income tax expenses of approximately HK$84,000 for the Year under Review (2024: approximately HK$706,000).

Financial Position

As at 31 March 2025, the Group's cash and cash equivalents amounted to approximately HK$14,710,000 (as at 31 March 2024: approximately HK$36,949,000). The decrease was primarily due to repayment of bank loans, which reduced the bank borrowings from approximately HK$188,550,000 as at 31 March 2024 to approximately HK$105,305,000 as at 31 March 2025.

Inventories decreased by approximately HK$7,770,000, i.e. 27.5% to approximately HK$20,502,000 as at 31 March 2025 from approximately HK$28,272,000 as at 31 March 2024.

The amount due to related parties includes rental expenses payable to Win 18 Limited ("Win 18") and Win 19 Limited ("Win 19"), both of which are wholly owned by an executive director of the Company, and guarantee fee payable to the same director.

DIVIDEND

The Company did not recommend the declaration of final dividend for the year ended 31 March 2025 (2024: Nil).

OUTLOOK

With most of the sales revenue of the Group derived from exports to the U.S. market, the importance of the state of the U.S. economy on its business cannot be overstated. The uncertainty about when the interest rate would start trending down was resolved in the last quarter of 2024 with two half a percent reductions in the U.S. Federal Funds rate; one in September 2024 and another one in December 2024. The market euphoria and rising consumer confidence that followed turned out to be short-lived as the new U.S. administration that came in January 2025 rolled out a series of new trade and economic policies.

The enactment of the far reaching "reciprocal tariffs" since early April 2025 by the new U.S. government imposed tariffs on nearly all countries at different levels. Many countries have been negotiating with the U.S. government and many of the imposed tariffs have been reversed, adjusted, delayed and/or re-negotiated. The upshot is that many of the high tariff rates announced before have since come down substantially, although still much higher than before all this happened.

Although the Group does not have much production from China (where substantially high tariffs have been proposed by the U.S. government) and the greater proportion of the Group's production is from the Philippines (likely one of the lowest tariffs in Asia proposed by the U.S. government); it's the volatility of the tariff policies and the resultant impact on the U.S. consumers that will affect their confidence and expectation on the economy and hence their propensity to spend on discretionary consumption like apparels. All this, plus the unsettling shock of widening conflicts in the world, have certainly put a damper on consumer confidence; and U.S. retailers may lower their purchases of inventory in this regard.

The Group's orders-on-hand for its customers in early June 2025, compared with that of last year, dropped by about 30%, reflecting either lower purchases of the customers for the balance of the year, or a delay of the purchasing decisions of the customers until there is more clarity on the tariffs. The Group is cautious about its business outlook for the coming year as there is growing uncertainty about the direction of the U.S. economy.

In view of the challenging business environment in apparel industry, the Group has commenced to engage in the provision of digital marketing services through its subsidiaries in China as its new business recently. Such business, which includes performance-based advertising, display-based advertising and short video exposure services, is expected to synergies with the Group's existing garment business. Through collaborations with mainstream media, the Group intends to gradually expand its digital marketing services business. The management anticipates such new business will increase the income source of the Group and enhance the Group's existing business.

The Group will continue to right size its overheads to cope with the potential weak sales in the challenging business environment; and explore and develop new business opportunities as the Group has done in the last few years.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

The Company manages its capital structure with the objectives of ensuring that the businesses of the Group can continue to maintain a sustainable growth and providing a long-term reasonable return to its shareholders. It is anticipated that the Group has sufficient working capital to fund its future working capital, capital expenditure and other cash requirements. As at 31 March 2025, the Group had cash and bank balances amounting to approximately HK$14,710,000 (as at 31 March 2024: approximately HK$26,965,000), and current assets and current liabilities of approximately HK$96,198,000 (as at 31 March 2024: approximately HK$218,952,000) and approximately HK$208,341,000 (as at 31 March 2024: approximately HK$280,584,000) respectively.

As at 31 March 2025, there were bank borrowings of approximately HK$105,305,000 (as at 31 March 2024: approximately HK$188,550,000). The bank borrowings are mainly denominated in Hong Kong dollar and US dollar. As at 31 March 2025, the Group's interest-bearing bank borrowings carried mainly variable rate borrowings with annual interest rate of 5.48% to 5.74% (2024: 5.40% to 7.23%) per annum. The Group breached covenants of its bank borrowing amounting HK$67,517,000 as at 31 March 2024 and the details of which are disclosed in the announcement of the Company dated 30 June 2025 under Rule 13.19 of the Listing Rules.

As at 31 March 2025, the gearing ratio of the Group, based on total interest-bearing liabilities (primarily, bank borrowings) to total equity (including all capital and reserves) of the Company was approximately 345.2% (31 March 2024: approximately 689.9%). The decrease was a direct result of decrease in bank borrowing.

The bank borrowings of the Group are secured by (a) certain assets of the Group, (b) 18th and 19th floors of Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong beneficially owned by a director of the Group, and (c) the personal guarantees of the same director and a former director.

ISSUE OF SHARES UNDER THE GENERAL MANDATE

On 30 July 2024 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed act as the placing agent of the Company for the purpose of procuring, on a best effort basis, the Placing of up to a maximum of 48,000,000 Placing Shares at the Placing Price of HK$0.11 per Placing Share to not less than six (6) Placees who and whose ultimate beneficial owners are Independent Third Parties.

The net proceeds (after deduction of placing commission and other expenses of the Placing) from the Placing were approximately HK$5.12 million, representing a net placing price of approximately HK$0.1067 per Placing Share. The net proceeds are intended to be applied as for general working capital purposes in order to meet its ongoing development and its existing operations and/or its business exploration.

As at 31 March 2025, the net proceeds from the above placing have been fully utilized as the intended uses.

On 17 December 2024 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed act as the placing agent of the Company for the purpose of procuring, on a best effort basis, the Placing of up to a maximum of 57,600,000 Placing Shares at the Placing Price of HK$0.070 per Placing Share to not less than six (6) Placees who and whose ultimate beneficial owners are Independent Third Parties.

The net proceeds (after deduction of placing commission and other expenses of the Placing) from the Placing were approximately HK$3.95 million, representing a net placing price of approximately HK$0.0686 per Placing Share. The net proceeds are intended to be applied as for general working capital purposes in order to meet its ongoing development and its existing operations and/or its business exploration.

As at 31 March 2025, approximately HK$1 million of the net proceeds from the above placing has been utilized as the intended uses, the remaining amounts are expected to be fully utilized as the intended uses by 31 July 2025.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2025, the Group employed approximately 1,281 full-time employees (as at 31 March 2024: approximately 1,290 full-time employees) in Hong Kong, the PRC and Sri Lanka. The Group recognizes the importance of maintaining good relationship with its employees and retaining competent staff to ensure operational efficiency and effectiveness. The remuneration packages offered to the Group's employees are based on market conditions and each employee's qualifications, relevant experience, position and seniority. The Group conducts review on salary increments, bonuses and promotions based on the performance of each employee. The Group provides on-the-job training to its new employees. During the year ended 31 March 2025, the Group had not experienced any strike, any significant problems with its employees or other significant labor disputes which had materially disrupted its operation during such period, and has not experienced any difficulties in the recruitment of experienced and skilled staff.

TREASURY POLICIES AND FOREIGN CURRENCY EXPOSURE

The business activities and operations of the Group are located mainly in Hong Kong, Mainland China, Philippines and Sri Lanka. The Group carries out foreign currency transactions in United States Dollars ("US$"), Euro ("EUR"), Renminbi ("RMB") and Sri Lankan Rupees ("LKR"), which expose it to foreign currency risks. The Group has not experienced any material difficulty or liquidity problems resulting from the foreign exchange fluctuations. It currently does not have a foreign currency hedging policy but maintains a conservative approach to foreign currency management to ensure its exposure to fluctuations in foreign exchange rates is minimized. It will also monitor exchange rate trends from time to time to consider if there is such a need for a currency hedging policy in the future in order to mitigate any risks arising from foreign exchange fluctuations.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2025, the Group has no material capital commitment.

The Group executed corporate guarantees as part of the securities for general banking facilities granted to certain wholly-owned subsidiaries.

MATERIAL ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MAJOR INVESTMENT

The Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the Year under Review. In addition, as at the date of this report, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended 31 March 2025.

CHARGE ON ASSETS

As at 31 March 2025, the Group has no bank deposits pledged for the Group's banking facilities (31 March 2024: approximately HK$10.0 million).

Directors and Senior Management

EXECUTIVE DIRECTORS

Ms. Wong Mei Wai Alice (王美慧), aged 69, has been pivotal in developing the Company's business since the early 1990s and has been the Chief Executive Officer of Sterling Apparel Limited ("Sterling Apparel"), the wholly-owned operating subsidiary of the Company, since November 2012. She was further appointed as an executive Director on 6 June 2017. She has been the chairperson of our Company since 23 March 2022 and she is also the chairperson of our Nomination Committee and a member of our Remuneration Committee of the Company. Ms. Alice Wong is primarily responsible for implementing corporate strategy, business development, product development, managing key client relationship and overall corporate performance. Ms. Alice Wong is the spouse of Mr. Siu Chi Wai ("CW Siu"), and the mother of Mr. Siu Yik Ming ("YM Siu"), an executive Director.

Ms. Alice Wong has accumulated more than thirty years of experience in the apparel industry. She was the general manager of Sterling Possessions (H.K.) Limited from 1 July 1994 to 31 October 2012, which was the predecessor company of Sterling Apparel.

Mr. Siu Yik Ming (蕭翊銘), aged 39, was appointed as a director of Zhi Wei (Guangzhou) Garment Manufacturing Co., Limited, a wholly owned subsidiary of the Company, on 14 July 2017 and was further appointed as an executive Director on 31 July 2017. Mr. YM Siu has been the director of the Katunayake Factory and the Meegoda Factory in Sri Lanka for almost three years prior to them being acquired by our Group in 2017. In addition to being responsible for the management of our manufacturing facilities in Sri Lanka and the PRC, Mr. YM Siu spearheaded the development of JP by J. Peterman in June 2021 as an extension of the brand J. Peterman that the Company has owned since 2019.

Mr. YM Siu is the son of Mr. CW Siu and Ms. Alice Wong, an executive Director and the chairperson of our Company.

Mr. YM Siu graduated from the Curtin University of Technology in Australia with a bachelor's degree in commerce in August 2009.

Mr. Yang Lun (楊倫) ("Mr. Yang"), aged 42, was appointed as an executive Director on 27 May 2025. Mr. Yang obtained a diploma in computerized accounting from Heilongjiang University of Science and Technology in July 2005. From March 2022 to January 2023, Mr. Yang worked as the sales director of Jiangsu Hengshun Vinegar Industry Company Limited, overseeing the management of his sales team. His responsibilities included formulating, deploying, and supervising the implementation of sales targets. From August 2015 to January 2022, he served as manager of Heilongjiang Tianshunyuan Halal Food Co., Ltd. His responsibilities included overseeing overall sales for key customer department and managing and evaluating sales personnel.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chen Jie (陳潔) ("Ms. Chen"), aged 40, was appointed as an independent non-executive Director on 27 May 2025. Ms. Chen obtained a degree of Bachelor of Arts with Honours in accounting from University of Liverpool in July 2006. Ms. Chen had been a member of the Association of Chartered Certified Accountants (the "ACCA") since July 2015 and has been a fellow of the ACCA since July 2020. From December 2007 to December 2018, Ms. Chen worked as an accountant in C K Wong & Co, a company in the United Kingdom. Since December 2018, she has been working as a partner in D1 Accounting, an accounting firm in the United Kingdom.

Ms. Gao Yuan Yuan (高元元), ("Ms. Gao"), aged 34, was appointed as an independent non-executive Director on 27 May 2025. Ms. Gao obtained a degree of Bachelor of Laws from Information Business College of The North University of China in 2014. Ms. Gao holds a lawyer's certificate in the People's Republic of China. She served as a legal assistant at Beijing Yifa Law Office from March 2015 to November 2017, and at Guangdong Yongyan Law Office from November 2017 to October 2018, as well as from December 2019 to March 2021. From November 2018 to November 2019, she was as a legal manager in Shenzhen Zhiying Youdao Asset Management Company Limited, where she was responsible for drafting and reviewing contracts. Since May 2021, she has worked as a lawyer at Guangdong Military Law Office, handling matrimonial cases, labour disputes, civil litigation cases such as contract disputes.

SENIOR MANAGEMENT

Mr. Lau Kwong Fai Anders (劉光輝), aged 50, joined our Group as a senior merchandising manager in 2016 and was promoted to senior director of merchandising on 1 February 2020. Mr. Lau is responsible for the management of merchandising function and our global client base, as well as leading the product development team. Mr. Lau obtained the higher diploma of fashion and textile processing program from the Hong Kong Polytechnic University in July 1998. He previously worked as senior merchandising manager of a Hong Kong listed company Li and Fung Group from 2003–2011. Mr. Lau has over 27 years of experience in merchandising and sourcing field.

COMPANY SECRETARY

Mr. Chow Yun Cheung (周潤璋) ("Mr. Chow") is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chow obtained a bachelor's degree in business administration from the Chinese University of Hong Kong and has over 20 years of experience in the related fields of accounting, corporate finance and compliance.

Corporate Governance Report

The board (the "Board") of directors (the "Directors") of Sterling Group Holdings Limited (the "Company") is committed to developing and maintaining robust corporate governance and effective internal control system for the Company and its subsidiaries (collectively as the "Group"), which are essential to enhancing corporate value and accountability, formulating business strategies, managing sustainable operation, enhancing transparency and safeguarding shareholders' interests.

CORPORATE CULTURE

The Board is committed to building, maintaining, and constantly updating a corporate culture that is aligned with our purpose and values. The spirit of our corporate culture encompasses creating a friendly environment facilitating information flow and informed decision-making, driving us to act lawfully, ethically, and responsibly for balancing short terms benefits with long-term sustainability in the interests of our shareholders and other stakeholders.

The Company has adopted some measures for assessing and monitoring our corporate culture, such as the employee feedback, turnover rate and compliance readiness with internal policies and regulatory requirements. Based on the above, the Board considers that the Company has preserved a proper corporate culture.

CORPORATE GOVERNANCE PRACTICES

For the financial year ended 31 March 2025, except for code provision C.2.1 which is considered justified (as explained in the paragraph headed "Chairperson and chief executive officer" in this report), the Company has adopted and complied with all the code provisions of the Corporate Governance Code (the "CG Code") in force during the period, as set out in Appendix C1 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Details of the corporate governance practices adopted by the Company are set out below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules governing dealings by the Directors in the listed securities of the Company on 19 October 2018. Based on specific enquiry with the Directors, the Company has received confirmations from all the Directors that they have complied with the required standards as set out in the Model Code throughout the year ended 31 March 2025. The Group's senior management who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of non-compliance with the Model Code by such employees was noted by the Company during the year ended 31 March 2025.

BOARD OF DIRECTORS

The composition of the Board as at the date of this report is as follows:

Executive Directors

1. Ms. Wong Mei Wai Alice *(Chairperson of the Board and Chief Executive Officer ("CEO"))*
2. Mr. Chung Sam Kwok Wai (resigned on 16 April 2025)
3. Mr. Siu Yik Ming
4. Mr. Leung Ka Wai (resigned on 12 May 2025)
5. Mr. Ma Jian (resigned on 27 May 2025)
6. Mr. Yang Lun (appointed on 27 May 2025)

Independent Non-Executive Directors

7. Mr. Chow Yun Cheung (resigned on 20 June 2025)
8. Mr. Tsang Ho Yin (resigned on 26 June 2024)
9. Mr. Zhao Chuan (appointed on 4 October 2024 and resigned on 27 May 2025)
10. Ms. Zhang Lingling (resigned on 27 May 2025)
11. Ms. Chen Jie (appointed on 27 May 2025)
12. Ms. Gao Yuan Yuan (appointed on 27 May 2025)

Our executive Director and CEO, Ms. Wong Mei Wai, Alice is the mother of our executive Director, Mr. Siu Yik Ming. Save as disclosed in this annual report, there are no other relationships among our Directors.

Detailed biographical information of all Directors is contained in the Directors and Senior Management section on pages 14 to 15.

Regular Board meetings are held at least four times a year at approximately quarterly intervals for reviewing the Group's financial and operating performance, discussing and approving annual and interim results and considering and approving the overall strategies of the Company. For the financial year ended 31 March 2025, the Company has held an annual general meeting and nine Board meetings including four regular Board meetings in accordance with the principles and requirements set out in code provision A.1.

Board	Gender	Number of Attendance/ Number of Board Meeting	Number of Attendance/ Number of Annual General Meeting
Executive Directors:			
Ms. Wong Mei Wai Alice *(Chairperson of the Board and CEO)*	F	7/13	1/1
Mr. Chung Sam Kwok Wai *(CFO and COO, resigned on 16 April 2025)*	M	12/13	1/1
Mr. Siu Yik Ming	M	7/13	1/1
Mr. Leung Ka Wai *(resigned on 12 May 2025)*	M	12/13	1/1
Mr. Ma Jian *(resigned on 27 May 2025)*	M	13/13	1/1
Mr. Yang Lun *(appointed on 27 May 2025)*	M	N/A	N/A
Independent Non-Executive Directors:			
Mr. Tsang Ho Yin *(resigned on 26 June 2024)*	M	0/1	N/A
Mr. Zhao Chuan *(appointed on 4 October 2024 and resigned on 27 May 2025)*	M	6/9	1/1
Ms. Zhang Lingling *(resigned on 27 May 2025)*	F	12/13	1/1
Mr. Chow Yun Cheung *(resigned on 20 June 2025)*	M	11/13	1/1
Ms. Chen Jie *(appointed on 27 May 2025)*	F		N/A
Ms. Gao Yuan Yuan *(appointed on 27 May 2025)*	F		N/A

The Board, acting in the interest of the Group and its shareholders, is primarily responsible for strategy formulation, business development, corporate governance, risk management, compliance, internal control systems, dividend policy, board diversity policy, shareholders' relationship, accounting policies and financial statements, and other functions and matters assigned to the Board as set out in the Listing Rules and Articles of Association of the Company.

The Board delegates the daily operational management of the Group's business, execution of business development plan, administrative and operational duties and the implementation of risk management and internal controls to the CEO and other senior management of the Group. The Board also conducts regular reviews of the functions and performance of the management. The management of the Group shall obtain the approval of the Board before entering into and arranging any significant transaction/contract.

Other than regular meetings, the Chairperson (and as an executive Director) also meets with independent non-executive Directors without the presence of other executive Directors, to facilitate an open discussion among the independent non-executive Directors on issues relating to the Group.

For the majority of the financial year ended 31 March 2025, the Group has complied with the relevant Listing Rules regarding (i) appointment of at least three non-executive directors, among whom at least one independent non-executive director has appropriate professional qualifications or accounting or related financial management expertise; (ii) independent non-executive directors account for at least one-third of the board of directors; and (iii) independent non-executive directors is majority in the Audit Committee and the chairperson of the committee is an independent non-executive director.

According to Rules 3.10(1) and 3.10A of the Listing Rules, the Board must include at least three independent non-executive Directors and the number of independent non-executive Directors should represent at least one-third of the Board. Following the resignation of Mr. Tsang Ho Yin on 26 June 2024, the Company only had two independent non-executive Directors, thus the number of the independent non-executive Directors fell below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules.

As a result of the insufficient number of independent non-executive Directors, the Company had also failed to comply with the requirements set out in Rule 3.21 of the Listing Rules with regard to the minimum number of members and the composition of the Audit Committee, and the then composition of the Remuneration Committee did not meet the requirements under Rule 3.25 of the Listing Rules.

Following the appointment of Mr. Zhao Chuan on 4 October 2024, the Company re-complied with Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules.

References are made to the announcement of the Company dated 20 June 2025, according to Rules 3.10(1) and 3.10A of the Listing Rules, the Board must include at least three independent non-executive Directors and the number of independent non-executive Directors should represent at least one-third of the Board. Following the resignation of Mr. Chow Yun Cheung, the Company only has two independent non-executive Directors, thus the number of the independent non-executive Directors falls below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules.

As a result of the insufficient number of independent non-executive Directors, the Company has also failed to comply with the requirements set out in Rule 3.21 of the Listing Rules with regard to the minimum number of members and the composition of the Audit Committee.

The Board considers itself as having complied with and attained the code provision and its objective relating to Board Diversity.

As at the date of the annual report, each independent non-executive Director has made an annual independence confirmation, and the Board is satisfied that all independent non-executive Directors are independent and comply with the independence guidelines of the Listing Rules.

DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years and continues thereafter, which is subject to retirement by rotation and re-election in accordance with the articles of association of the Company (the "Articles of Association"), and may be terminated by either party upon a three-months prior written notice. Each of independent non-executive Directors has accepted the appointment by signing an appointment letter from the Company for an initial term of three years, which is subject to retirement by rotation and re-election in accordance with the Articles of Association, and may be terminated by either party upon a one-month prior written notice.

In accordance with the Articles of Association of the Group, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any other retiring director shall be the director with the longest term since the last re-election or appointment, if a number of directors are re-elected on the same day, the director to be retired shall be determined by drawing lots (unless otherwise agreed).

All Directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment. All Directors of the Company shall be subject to retirement by rotation at least once every three years and that a Director may voluntarily retire. A retiring Director shall be eligible for re-election.

CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 requires that the roles of the chairman and chief executive officer should be separate and not be performed by the same individual. In the financial year ended 31 March 2025, Ms. Wong Mei Wai Alice acted as the chairperson and chief executive officer of the Group. She has extensive experience in the garment industry and is responsible for providing leadership to the Board, ensuring its effectiveness in setting and implementing the Group's strategy and corporate policies, monitoring day-to-day management and performance of the Group. The Board believes that vesting the roles of chairperson and chief executive officer in the same individual is beneficial to the business prospects and management of the Group. The balance of power and authorities is ensured by the operation of the Board and the senior management, which is comprised of experienced and high caliber individuals. The Board currently consists of three executive Directors and two independent non-executive Directors and the Company will use its best endeavour to identify suitable candidate(s) to fill the vacancy of independent non-executive Director and will ensure that the Board has a strong independence element in its composition.

BOARD COMMITTEES

The Board has established three Board Committees, namely the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee"). All three Board Committees are established, empowered and accountable for duties under relevant terms of references which are available on the Company's and SEHK's websites.

All Directors (including independent non-executive Directors) bring valuable business experience, knowledge and expertise from different areas to the Board facilitating it to operate efficiently and effectively. All Directors have full and timely access to all information of the Group and to the services and advice of the Company Secretaries and senior management. The Directors may, where appropriate, seek independent professional advice for performing their duties of the Group, at the expense of the Group. Directors shall disclose the details of their other duties to the Group and the Board of Directors regularly reviews the contributions of the Directors in the discharge of their duties with the Group.

Audit Committee

The Board has established an Audit Committee in compliance with the code provision of the Corporate Governance Code set out in Appendix C1 of the Listing Rules.

The Audit Committee consists of two members, namely, Ms. Gao Yuan Yuan and Ms. Chen Jie who is chairperson of the Audit Committee and has professional qualifications and experience in accounting and finance management as stipulated in the Listing Rules.

The Audit Committee's terms of reference in writing were adopted by the Company pursuant to the Board Resolution passed on 21 September 2018 and updated on 17 January 2019. The terms of reference require that the Audit Committee must hold meetings twice a year and the necessary quorum shall be at least two, including an independent non-executive Director.

The main responsibilities of the Audit Committee include, but not limited to:

1. Making recommendations to the Board on the appointment, reappointment, resignation, dismissal and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditor; review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process;

2. Review of financial information of the Group, including changes in accounting policies and practice, major judgemental areas, going concern consideration, compliance with accounting standards and Listing Rules in relation to financial reporting;

3. Oversight of the Company's financial reporting system, including review of the adequacy of resources, qualifications and experience of Accounting Staff, and their training programmes and budget of the Company's accounting and financial reporting function;

4. Review and monitor the effectiveness and adequacy of the Group's risk management and internal control measures; ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;

5. Regularly report observations and make recommendations to the board (if any).

The Board has the ultimate responsibilities in upholding corporate governance of the Group while delegating certain particular duties to the Audit Committee, including but not limited to the following:

- developing and reviewing the corporate governance policies and practices of the Company and making recommendations to the Board;

- reviewing and monitoring the training and continuous professional development of directors and senior management;

- reviewing and monitoring the policies and practices on compliance with legal and regulatory requirements;

- developing, reviewing and monitoring the code of conduct applicable to employees and directors; and

- reviewing the Company's compliance with the Corporate Governance Code set out in Appendix C1 of the Listing Rules and disclosure in the Corporate Governance Report.

For the financial year ended 31 March 2025, the audit committee has performed its main duties, including (1) review and advise on the Group's interim and annual reports and results announcements, the relevant accounting policies and estimates adopted by the Group; (2) review the risk management and risk assessment process and operating results of the Group; (3) review the internal control procedures adopted by the Group, the internal control review report, and providing suggestions and comments thereon; (4) review the effectiveness of the internal audit function and provide suggestions and comments thereon; (5) ensure that sufficient and relevant trainings are received by the Directors and staff; and (6) discuss and confirm with Management that the Group has complied with applicable laws and regulations, in all material aspects.

For the financial year ended 31 March 2025, the Audit Committee has held 3 meetings and the attendance of the members is as follows:

Audit Committee	**Number of Attendance/ Number of Audit Committee Meeting**
Independent Non-Executive Directors:	
Mr. Chow Yun Cheung *(Chairperson of Audit Committee, re-designated to member on 27 May 2025 and resigned on 20 June 2025)*	3/3
Mr. Tsang Ho Yin *(resigned on 26 June 2024)*	1/1
Ms. Zhang Lingling *(resigned on 27 May 2025)*	3/3
Ms. Chen Jie *(Chairperson of Audit Committee, appointed on 27 May 2025)*	N/A
Ms. Gao Yuan Yuan *(appointed on 27 May 2025)*	N/A
Mr. Zhao Chuan *(Appointed on 4 October 2024 and resigned on 27 May 2025)*	1/1

The Company Secretary is also the company secretary of Audit Committee and is responsible for maintaining full minutes of the Audit Committee which are open for inspection at any reasonable time on reasonable notice by any of our director.

Remuneration Committee

The Board has established our Remuneration Committee in compliance with the code provision of the Corporate Governance Code set out in Appendix C1 of the Listing Rules.

The Remuneration Committee consists of three members, including one executive Director, namely Ms. Wong Mei Wai Alice, and two independent non-executive Directors, namely Ms. Gao Yuan Yuan and Ms. Chen Jie. The Remuneration Committee consists of a majority of independent non-executive Directors as stipulated in the Listing Rules, which is chaired by Ms. Gao Yuan Yuan.

The Remuneration Committee's terms of reference in writing were adopted by the Company pursuant to the Board Resolution passed on 21 September 2018 and revised on 1 January 2023. The terms of reference require that the Remuneration Committee must hold meeting at least once a year and the necessary quorum shall be at least two, including an independent non-executive Director.

The Company adopts the remuneration committee model set out in E.1.2(c)(ii) of Appendix C1 of the Listing rules. Accordingly, the Remuneration Committee is responsible for making recommendations to the Board regarding the Company's remuneration policy. It has the delegated responsibility for the formulation, recommendation and review of the remuneration packages of Directors and Senior Management.

The main responsibilities of the Remuneration Committee include, but not limited to:

- making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- determining the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payment;
- reviewing and approving performance-based remuneration and discretionary bonus;
- considering and approving the grant of share options and share appreciation rights to eligible participants;
- ensuring that no director can solely determine his/her own remuneration.

For the financial year ended 31 March 2025, the Remuneration Committee has held two meetings to review and approve the remuneration packages of the Directors and Senior Management of the Group and assesses the performance of the Executive Directors and other related matters.

Remuneration Committee	Number of Attendance/ Number of Remuneration Committee Meeting
Independent Non-Executive Directors:	
Mr. Tsang Ho Yin *(resigned on 26 June 2024)*	0/1
Ms. Zhang Lingling *(resigned on 27 May 2025)*	2/2
Mr. Chow Yun Cheung *(resigned on 20 June 2025)*	2/2
Mr. Zhao Chuan *(Chairperson of Remuneration Committee) (appointed on 4 October 2024 and resigned on 27 May 2025)*	0/1
Ms. Chen Jie *(appointed on 27 May 2025)*	N/A
Ms. Gao Yuan Yuan *(Chairperson of Remuneration Committee) (appointed on 27 May 2025)*	N/A
Executive Director:	
Ms. Wong Mei Wai Alice	2/2

The Company Secretary is also the company secretary of Remuneration Committee and is responsible for maintaining full minutes of the Remuneration Committee which are open for inspection at any reasonable time on reasonable notice by any of our director.

Nomination Committee

The Board has established our Nomination Committee in compliance with the code provision of the Corporate Governance Code set out in Appendix C1 of the Listing Rules.

The Nomination Committee consists of three members, including one executive Director, namely Ms. Wong Mei Wai Alice, and two independent non-executive Directors, namely Ms. Chen Jie and Ms. Gao Yuan Yuan. The Nomination Committee consists of a majority of independent non-executive Directors as stipulated in the Listing Rules, which is chaired by Ms. Wong Mei Wai Alice.

The Nomination Committee's terms of reference in writing were adopted by the Company pursuant to the Board Resolution passed on 21 September 2018 and revised on 27 June 2025. The terms of reference require that the Nomination Committee must hold meeting at least once a year and the necessary quorum shall be at least two, including an independent non-executive Director.

The main responsibilities of the Nomination Committee include, but not limited to:

- reviewing the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board at least annually or when necessary;

- identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;

- assessing the independence of the independent non-executive Directors and any proposed independent non-executive Directors;

- making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors;

- reviewing the Board diversity policy, as appropriate and making recommendations on any required changes to the board for consideration;

- reviewing the measurable objectives under the board diversity policy and the progress of the attainment of the objectives, so as to ensure effective implementation and make disclosure of its review results.

Nomination Policy

The Board has adopted a Nomination Policy setting out the selection criteria and procedures to select and recommend suitable candidates for directorship. Following the Nomination Policy, the Nomination Committee is required to consider a variety of factors in assessing the suitability of a proposed candidate, including but not limited to the following criteria:

- Board Diversity Policy;
- Reputation for integrity;
- Sufficient commitment in time and interest to the Group;
- Qualification, experience and achievements that are relevant and appropriate to the Group's business;
- Independence for the appointment of independent non-executive Director; and
- Any other relevant and significant factors as may be considered by the Nomination Committee and/or the Board.

Board Diversity Policy

The Board has approved and adopted a board diversity policy effective since 1 June 2019 and has delegated to the Nomination Committee the responsibilities of implementation, monitoring and review of the policy.

The Board believes that diversity of the Board can be achieved through consideration of a number of factors when deciding on appointments of Directors, including but not limited to skills, regional and industrial experience, cultural and educational background, professional qualifications, race, gender, age and length of service and any other factors that the Board deems appropriate from time to time.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable Objective

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service.

The Company will also take into account factors based on its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Implementation and Review

Annually, the Nomination Committee reviews the Board's composition under diversified perspectives, including but not limited to progress on achieving any measurable objectives that have been set for Policy implementation.

The Nomination Committee also has the responsibility for identifying suitably qualified candidates to become members of the Board and, in carrying out such responsibility, will give adequate consideration to the Board Diversity Policy.

DIVERSITY

As of 31 March 2025, the gender diversity ratio (by female) at Board level and at overall workforce level are 50% and 50% respectively. The Company has achieved the gender diversity requirement at Board level pursuant to Main Board Listing Rules 13.92, which also sets as the Company's internal target.

At overall workforce level, the Company also takes into key consideration of relevant measurements such as labour supply, staff turnover, skill and experience, educational and professional background and considers that the current gender diversity ratio commensurate with the business model and operational practice of the Group.

The Nomination Committee will review the Policy on a regular basis, as appropriate, to ensure the effectiveness of the Policy and recommend any such revisions to the Board for consideration and approval.

For the financial year ended 31 March 2025, the Nomination Committee has held two meetings to review the Board's composition, structure, size and diversity; and is of the view that the Board consisted of members with balanced and diversified attributes, such as gender, age, education background, professional qualifications, experience, skills and knowledge.

Nomination Committee	Number of Attendance/ Number of Nomination Committee Meeting
Executive Director and Chairperson of the Board:	
Ms. Wong Mei Wai, Alice *(Chairperson of Nomination Committee)*	2/2
Independent Non-Executive Directors:	
Mr. Tsang Ho Yin *(resigned on 26 June 2024)*	N/A
Ms. Zhang Lingling *(resigned on 27 May 2025)*	2/2
Mr. Chow Yun Cheung *(resigned on 20 June 2025)*	2/2
Ms. Chen Jie *(appointed on 27 May 2025)*	N/A
Ms. Gao Yuan Yuan *(appointed on 27 May 2025)*	N/A
Mr. Zhao Chuan *(Appointed on 4 October 2024 and resigned on 27 May 2025)*	0/1

The Company Secretary is also the company secretary of Nomination Committee and is responsible for maintaining full minutes of the Nomination Committee which are open for inspection at any reasonable time on reasonable notice by any of our director.

DIRECTORS' TRAINING AND CONTINUOUS DEVELOPMENT

Our policy requires that each new Director is given formal, comprehensive and customized induction training at the time of first appointment to ensure their proper understanding of the Group's business and operations, and sufficient awareness of the Directors' duties and responsibilities under the Listing Rules and related regulations.

The Group provides professional training to Directors to keep them up to date on the Listing Rules and other applicable regulatory requirements as well as the Group's business and governance policies.

It is our policy that for newly appointed directors, they will receive a comprehensive, formal and tailored induction on appointment, and subsequently, received briefing and professional development necessary to ensure that he has a proper understanding of the Group's operations and business and is fully aware of his responsibilities under statue and common law, the Listing Rules, legal and other regulatory requirements and the Group's business and governance policies. Mr. Zhao Chuan (being directors appointed during the financial year ended 31 March 2025) has obtained the legal advice referred to in Rule 3.09D on the date of his appointment and he confirmed that he understood his obligations as director of the Company.

During the year ended 31 March 2025, the Directors participated in the following continuous professional development:

	Types of training
Executive Directors:	
Ms. Wong Mei Wai Alice	A, B
Mr. Chung Sam Kwok Wai (Resigned on 16 April 2025)	A, B
Mr. Siu Yik Ming	A, B
Mr. Leung Ka Wai (Resigned on 12 May 2025)	A, B
Mr. Ma Jian (Resigned on 27 May 2025)	A, B
Mr. Yang Lun (Appointed on 27 May 2025)	A, B
Independent Non-Executive Directors:	
Mr. Tsang Ho Yin (Resigned on 26 June 2024)	A, B
Ms. Zhang Lingling (Resigned on 27 May 2025)	A, B
Mr. Chow Yun Cheung (Resigned on 20 June 2025)	A, B
Ms. Chen Jie (Appointed on 27 May 2025)	A, B
Ms. Gao Yuan Yuan (Appointed on 27 May 2025)	A, B
Mr. Zhao Chuan (Appointed on 4 October 2024 and resigned on 27 May 2025)	A, B

A: attending seminars, conferences and/or briefings on Directors' duties and corporate governance, regulatory updates, and financial and economic development

B: reading regulatory updates, newspapers, journals, and other business, financial and economic publications

The Directors are also required to disclose to the Company annually the number and nature of offices held in public companies or organizations and other significant commitments with an indication of the time involved. The Board is satisfied that all our Directors have devoted sufficient time and attention to their duties and the Company's affairs.

Non-executive Directors and independent non-executive Directors provide the Group with diversified expertise and experience. Their views and participation in Board and Board committees meetings bring independent judgement and advice on issues relating to the Group's strategies, performance and management process, to ensure that the interests of all shareholders are taken into account and safeguarded.

The Board periodically reviews the Company's practices on corporate governance, compliance with the CG Code, training and continuous professional development of Directors, and the disclosures in this report.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors are aware of their obligations to prepare consolidated financial statements for the financial year ended 31 March 2025, to reflect a true and fair financial position, results and cash flows of the Group for the year then ended, and the proper preparation of financial statements on an on-going basis in accordance with applicable statutory requirements and accounting standards. The Directors are not aware of any material uncertainties that may affect the business of the Group or raise significant questions about the Group's ability to operate on an on-going basis.

COMPANY SECRETARY

For the financial year ended 31 March 2025, Mr. Wong Sai Hung (replaced Mr. Yiu Chun Wing and Mr. Kwong Lun Kei Victor on 31 December 2024) is the company secretary of the Company. Mr. Wong Sai Hung is an outsourced company secretary of the Company and is a qualified lawyer in Hong Kong. By the policy of the Company, he has direct reporting duty to the Board.

During the Reporting Period, the company secretary has complied with the requirement of 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHT

The Board and management are committed to meeting and communicating with shareholders through the annual general meeting of the Group, listening to shareholder opinions and answering questions from shareholders about the Group and its business. The chairperson of the Board, the Directors and senior management will attend the annual general meeting of the Group to answer questions from shareholders. Notice of the annual general meeting is sent to the shareholders at least 20 clear business days before the holding of the annual general meeting.

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the requisition (the "Requisitionists") (as the case may be) pursuant to the articles of association of the Company. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such article for convening an extraordinary general meeting. Shareholders may put forward proposals with general meeting of the Company by sending the same to the Company at the principal office of the Company in Hong Kong.

If within 21 days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the Requisitionist(s), may convene a meeting in the same manner within two months from the date of deposit of the requisition, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the Requisitionist(s).

DIVIDEND POLICY

The Board has adopted a dividend policy effective since 1 January 2019 and continued to apply the policy for the financial year ended 31 March 2025.

The Board considers sustainable returns to shareholders whilst retaining adequate reserves for the Group's future development to be an objective. Under the dividend policy adopted by the Company, dividends may be recommended, declared and paid to shareholders from time to time.

In summary, the declaration of dividend is subject to the discretion of the Board, taking into consideration of, among others, the following factors:

- the Group's actual and expected financial results;
- the general economic conditions and other internal or external factors that may have impact on the business or financial performance and position of the Group;
- the Group's business operation strategy, including expected working capital requirements, capital expenditure requirements and future development plans;
- the Group's cash flow and liquidity position;
- retained earnings and distributable profit reserves of the Group;
- contractual restrictions on the payment of dividends imposed by the Group's lenders and other institutions;
- effects on the Group's creditworthiness;
- interest of shareholders;
- applicable statutory and regulatory restrictions; and
- any other factors that the Board considers to be applicable from time to time.

Depending on the financial conditions of the Company and the Group and the factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period:

- interim dividend;
- final dividend;
- special dividend; and
- any distribution of profits that the Board may deem appropriate.

The payment of dividend is subject to any restrictions under the Laws of Hong Kong and Cayman Islands and the Company's Articles of Association.

The Company does not have any pre-determined dividend distribution proportion or distribution ratio. The declaration, payment and amount of dividends will be subject to the Board's discretion and there are no assurance that dividends will be declared and/or paid in any particular amount for any given period.

Any dividend for a financial year will be subject to shareholders' approval. The Board will review the Dividend Policy on a regular basis.

AUDITOR'S STATEMENT AND REMUNERATION

A statement by the Group's auditors on their reporting obligations in respect of the Group's financial statements for the year ended 31 March 2025 is set out in the "Independent Auditor's Report" section of this report.

An analysis of the remuneration of the external auditor of the Company for the year ended 31 March 2025 is set out below:

	Amount of Fee For the year ended 31 March	
	2025	2024
	HK$	HK$
Annual audit services	**1,000,000**	980,000
Non-audit services	**218,000**	–
Total	**1,218,000**	980,000

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for establishing and maintaining an effective and adequate risk management and internal control systems.

The Board aims to minimize the risks rather than eliminate them entirely. Accordingly, the Board has a risk management system, including performance of a risk assessment for reviewing the key risk areas and determining appropriate risk mitigation strategies. The Group has also taken sufficient steps to identify, assess, update and monitor certain particular risks associated with its financial, operational and compliance activities.

The management of the Company has performed a risk assessment for identifying, evaluating, and prioritizing key risks of the Company, and designed and implement relevant internal controls taken into consideration of the risk appetite of the Company. The risk assessment is submitted to the Audit Committee for review in semi-annual basis. On a continuing basis, the Company has comprehended relevant policies and appointed relevant management for the execution of internal controls.

In addition to Board and oversight committees' meetings, the management of the Company has also provided all Directors with monthly update reports.

The Group does not have an internal audit department. The Group engages an independent professional internal control consultant firm (the "Internal Control Consultant") to review the key business process and internal control systems, policies and procedures from financial, operational and compliance aspect. The Internal Control Consultant conducts internal control reviews on an on-going basis and independently reports the findings and recommendations to the Audit Committee.

The Board and the Audit Committee have reviewed the need for an internal audit function and consider it more cost-effective to appoint external independent professionals to independently review and continuously evaluate the Group's internal monitoring systems and risk management systems, taking into account the size and nature of the Group. The Board will review the need for an internal audit function at least once a year.

Overall, the Board and the Audit Committee consider that the risk management and internal control system of the Group are effective and adequate, except the risk and weaknesses identified from the announcement of the Company dated 16 July 2024. The Board will continue to assess the effectiveness and adequacy of risk management and internal controls through consideration of the reviews and recommendations made by the Audit Committee, Senior Management and Internal Control consultant.

INSIDE INFORMATION

The Company has established an inside information policy setting forth the procedures and internal controls for the defining, safeguarding, handling and dissemination of inside information in accordance with the Securities and Futures Ordinance (Cap. 571) (the "SFO") Part XIVA. The key provisions of the policy include, but not limited to:

1. All Directors, senior management and employees are required to report potential inside information, as soon as they are aware of the information, to the chairperson, the Chief Financial Officer and/or Company Secretary who serve as an official channel for informing all members of the Board;

2. The Board, as soon as they are aware of the information, is collectively responsible for assessing potential inside information and documenting their assessment in respect of the confidentiality measures, safe harbour application, disclosure requirement and impact on the price of the Company's securities;

3. All Directors, senior management and employees, and relevant persons who might have access to the inside information are required and reminded not to deal in the Company's securities when they are in possession of unpublished inside information;

4. All Directors, senior management and employees, and relevant persons who might have access to the inside information must take reasonable due care for safeguarding the confidentiality of unpublished inside information;

5. All Directors are responsible for ensuring timely, fair and comprehensive dissemination of inside information, in principle of maintaining a fair and informed market, including issuing announcements and/or requesting trading halt in situation of unexpected and significant event.

CONSTITUTIONAL DOCUMENT

On 1 January 2022, the Listing Rules were amended by, among other things, adopting a uniform set of 14 core standards for shareholder protections for issuers regardless of their place of incorporation set out in Appendix A1 of the Listing Rules. The Board proposed to make certain amendments to then existing amended and restated articles of association of the Company (the "Then Existing Articles") to (i) conform to the said core standards for shareholder protections; (ii) allow general meetings to be held as electronic meetings or hybrid meetings and to provide provisions to govern the proceedings of such meetings; (iii) bring the Then Existing Articles in line with certain corporate governance requirements of the Listing Rules and the applicable law in the Cayman Islands; and (iv) incorporate various consequential and housekeeping changes (the "Proposed Amendments").

At the annual general meeting of the Company held on 1 September 2023, a special resolution was passed by the shareholders of the Company, approving the Proposed Amendments and the adoption of the second amended and restated articles of association of the Company containing the Proposed Amendments. For further details of the Proposed Amendments, please refer to the circular of the Company dated 28 July 2023 and the second amended and restated articles of association of the Company.

INVESTORS' RELATIONSHIP

The Directors have reviewed the implementation of the shareholders' communication policy for the financial year ended 31 March 2025 and considered the shareholders' communication policy effective considering the Group has a number of channels of communication with shareholders and public investors to ensure that they are kept up to date with the latest news and developments of the Group. The Group provides shareholders with up-to-date information on the Group's development, financial results and major events through annual, half-yearly reports. All published information is uploaded to the Group's website at http://www.sterlingapparel.com.hk.

Shareholders may also submit enquiries to management and make recommendations to the Board or senior management at the Shareholders' Meeting. Shareholders' enquiries about their shareholdings can be directed to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited. Other shareholders' enquiries can be directed to the Company's Secretarial Department or the Company Secretary of the Company by post to the principal office of the Company at 18–19/F., Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong or by email to our Company.

Report of the Directors

The Board of Directors (the "Board") of Sterling Group Holdings Limited (the "Company") presents its report together with the audited financial statements of the Company and its subsidiaries (together, the "Group") for the year ended 31 March 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are manufacturing and trading of apparel products and licensing of trademark.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 52 of this Annual Report.

No dividend was paid for the year ended 31 March 2025.

The Board does not recommend payment of a final dividend to Shareholders of the Company for the year ended 31 March 2025.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2025 is set out in the section headed "Management Discussion and Analysis" on pages 6 to 13 of this Annual Report.

MAJOR RISKS AND UNCERTAINTIES

The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Companies Ordinance (Chapter 622 of the laws of Hong Kong):

1. Economic climate and individual market performance

The impact of economic conditions on consumer confidence and buying habits would affect sales and results of the Group. The economic growth or decline in our geographical markets that affect consumer spending on garments would also affect our business. The Group continues to implement its strategies to develop and strengthen penetration of different geographical markets thereby reducing its dependency on specific markets.

2. Customers' credit risk

The exposure to credit risk by the Group, which will cause a financial loss due to failure to discharge an obligation by the counterparties, arises from the carrying amounts of the recognized financial assets as stated in the consolidated statement of financial position.

The Group only extends credit to customers based on careful evaluation of the customers' financial conditions and credit history. Credit sales of products are made to customers with an appropriate credit history. In addition, the Group reviews the recoverable amount of debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Details of the customers' credit risk are set out in Note 36(b)(ii) to the consolidated financial statements.

3. Liquidity risk

In management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures adequacy of financial resources for operations' need and compliance with the relevant loan covenants.

Details of liquidity risk are set out in Note 36(b)(iii) to the consolidated financial statements.

4. Currency risk

The Group has foreign currency transactions and foreign currency borrowings, which expose the Group to foreign currency risk. The Group manages and monitors foreign exchange exposure to ensure appropriate measures are implemented on a timely and effective manner.

Details of the currency risk are set out in Note 36(b)(i) to the consolidated financial statements.

5. Interest rate risk

The Group is mainly exposed to cash flow interest rate risk in relation to floating-rate bank balances and bank borrowings. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

Details of interest rate risk are set out in Note 36(b)(iv) to the consolidated financial statements.

6. Capital Risk

The Group manages its capital structure and makes adjustments in response to changes in economic conditions, if and when necessary.

Details of capital risk are set out in Note 36(c) to the consolidated financial statements.

ENVIRONMENTAL POLICIES, COMPLIANCE WITH LAWS AND REGULATIONS

The Group is dedicated to maintaining sustainable working practices and pay close attention to ensure all resources are efficiently utilised with minimal impact on our environments. Details on the Group's environmental policies and performance can be found in the Environmental, Social and Governance Report which will be published on the Company's and SEHK's websites.

The Group has established various management systems and measures such as internal control and staff training to ensure its compliance with laws and regulations in relation to the Group's business and operation. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has no material breach of laws and regulations that has a material impact on the Group's business and operation during the year ended 31 March 2025.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years ended 31 March 2025 is set out on page 128.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in Note 18 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2025 are set out in Note 34 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 31 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group and of the Company during the year are set out on page 55 in the consolidated statement of changes in equity and Note 32 to the consolidated financial statements respectively.

The Company had no distributable reserves as at 31 March 2025, calculated in accordance with the Companies Law (Cap. 22) (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme upon passing the written resolutions of our shareholders on 21 September 2018 (the "Share Option Scheme"). Pursuant to the Share Option Scheme, our Directors may grant options to eligible participants to subscribe for the Shares subject to the terms and conditions stipulated therein. Upon the listing of the Shares on SEHK on 19 October 2018 (the "Listing Date"), all conditions set forth have been satisfied. No share options has been granted under the Share Option Scheme since its adoption.

(1) Purpose

The purpose of the Share Option Scheme is to enable the Board to grant options to Eligible Persons (as defined below) as incentives or rewards for their contribution or potential contribution to the Group and to recruit and retain high calibre Eligible Persons and attract human resources that are valuable to the Group.

(2) Eligible persons

"Eligible Persons" refer to (i) any employee or proposed employee (whether full time or part time, including any director) of any member of the Group or invested entity; and (ii) any supplier of goods or services, any customer, any person or entity that provides research, development or other technological support, any shareholder or other participants who contributes to the development and growth of the Group or any invested entity.

(3) Total number of shares available for issue

A maximum of 20,000,000 Shares, representing approximately 8.33% of the total number of Shares in issue as at the date of this annual report, may be issued upon exercise of all options to be granted under the Share Option Scheme.

(4) Maximum entitlement of each eligible person

Unless approved by the Shareholders in general meeting and subject to the following paragraph, the maximum number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to any one person (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue from time to time.

Options granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates (as defined in the Listing Rules) in any 12-month period up to and including the date of such grant (a) representing in aggregate over 0.1% of the total number of Shares in issue; and (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million, must be approved by the Shareholders in a general meeting in advance.

(5) Option period

Subject to the rules of the Share Option Scheme, an option may be exercised in whole or in part by the grantee at any time before the expiry of the period to be determined and notified by the Board to the grantee which in any event shall not be longer than ten years commencing on the date of the offer letter and expiring on the last day of such ten-year period.

(6) Minimum vesting period

No minimum period for which an option must be held before the exercise of any option save as otherwise imposed by the Board in the relevant offer of options.

(7) Payment on acceptance of the option

Participants of the Share Option Scheme are required to submit to the Company a duly signed offer letter within 21 days from the offer date together with a payment in favour of the Company of HK$1 per option as the consideration of the grant.

(8) Basis of determining the exercise price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as determined by the Board, and shall be at least the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date (the "Offer Date"), which must be a trading day, on which the Board passes a resolution approving the making of an offer of grant of an option to an Eligible Person;

(ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and

(iii) the nominal value of a Share on the Offer Date.

(9) Remaining life

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of ten years commencing on the date of adoption of the Share Option Scheme, after which period no further options shall be granted. All options granted and accepted and remaining unexercised immediately prior to the expiry of the Share Option Scheme shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme.

Since the adoption of the Share Option Scheme, no option has been granted under the Share Option Scheme. Therefore, no option was exercised or cancelled or has lapsed during the year ended 31 March 2025 and there was no outstanding option as at 31 March 2025. As at 1 April 2024 and 31 March 2025, the number of options available for grant under the Share Option Scheme was 20,000,000.

BANK BORROWINGS

Details of the bank borrowings of the Group are set out in Note 29 to the consolidated financial statements.

DIRECTORS

The directors of the Company (the "Directors") who held office during the year and up to the date of this report are:

Executive Directors

Ms. Wong Mei Wai Alice *(Chairperson of the Board and Chief Executive Officer)*
Mr. Siu Yik Ming
Mr. Chung Sam Kwok Wai *(Chief Financial Officer and Chief Operating Officer)* (Resigned on 16 April 2025)
Mr. Leung Ka Wai (Resigned on 12 May 2025)
Mr. Ma Jian (Resigned on 27 May 2025)
Mr. Yang Lun (Appointed on 27 May 2025)

Independent Non-Executive Directors

Ms. Chen Jie (Appointed on 27 May 2025)
Ms. Gao Yuan Yuan (Appointed on 27 May 2025)
Mr. Tsang Ho Yin (Resigned on 26 June 2024)
Ms. Zhang Lingling (Resigned on 27 May 2025)
Mr. Zhao Chuan (Appointed on 4 October 2024 and resigned on 27 May 2025)
Mr. Chow Yun Cheung (Resigned on 20 June 2025)

For compliance with code provision A.4.2 set out in the Corporate Governance Code of the Listing Rules and in accordance with Articles 83 and 84 of the Company's Articles of Association, Mr. Siu Yik Ming, Mr. Yang Lun, Ms. Chen Jie and Ms. Gao Yuan Yuan will retire and being eligible, offer themselves for re-election as Directors at the forthcoming 2025 AGM.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence and considers that each of the independent non-executive Directors is independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management of the Group as at the date of this report are set out on pages 14 to 15.

INTERESTS OF DIRECTORS AND THE CHIEF EXECUTIVES

As at the date of this report, none of our Directors nor the chief executives of our Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and SEHK pursuant to the Model Code.

ARRANGEMENT TO ACQUIRE SHARES

At no time during the year or at the end of the year was the Company, its subsidiaries, its holding company or the subsidiaries of its holding company, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Options", at no time during the year or at the end of the year was the Company a party to any equity-linked agreements.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with the Company for an initial term of three years and continues thereafter, which is subject to retirement by rotation and re-election in accordance with the Articles of Association, and may be terminated by either party upon a three-month prior written notice. Each of independent non-executive Directors has accepted an appointment by signing an appointment letter from the Company for a term of three years, which is subject to retirement by rotation and re-election in accordance with the Articles of Association, and may be terminated by either party upon a one-month prior written notice.

None of the Directors proposed for re-election at the 2025 AGM has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Continuing Connected Transactions" in this Report of the Directors and Note 35 to the consolidated financial statements, no transaction, arrangement or contract of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party and in which any of the Company's Director or an entity connected with the Director or controlling shareholder or its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 March 2025 or at any time during the year ended 31 March 2025.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2025, none of the Directors had any interest in business apart from the Group's businesses which competed, or was likely to compete, either directly or indirectly, with the Group's businesses under Rule 8.10 of the Listing Rules.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2025, the Directors are not aware of any other person had a beneficial interest or short position in the Shares as recorded in the register required to be kept under section 336 of the SFO or the underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2025, the Group employed 1,281 full-time employees in Hong Kong, the PRC and Sri Lanka. The Group recognizes the importance of maintaining good relationship with its employees and retaining competent staff to ensure operational efficiency and effectiveness. The remuneration packages offered to the Group's employees are based on market conditions and each employee's qualifications, relevant experience, position and seniority. The Group conducts review on salary increments, bonuses and promotions based on the performance of each employee. The Group provides on-the-job training to its new employees. During the year ended 31 March 2025, the Group had not experienced any strike, any significant problems with its employees or other significant labour disputes which had materially disrupted its operation. The Group has not experienced any difficulties in the recruitment of experienced and skilled staff.

The Group joined the Mandatory Provident Fund Scheme, Employees' Provident Fund, Employees' Trust Fund in Hong Kong and Sri Lanka respectively and PRC stated-managed retirement benefits scheme in the PRC.

Under the Mandatory Provident Fund Scheme, the Group and its employees in Hong Kong make monthly contributions at 5% of the employee's earnings capped at HK$1,500 per month to the scheme. Contributions to the scheme vests immediately. No forfeited contributions are available to reduce the contributions payable in future years.

The Group's employees in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government which requires contribution of a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits.

PERMITTED INDEMNITY PROVISION

Pursuant to Article 164 of the Company's Articles of Association, the Directors shall be indemnified out of the assets of the Company from liabilities which they may incur by reason of the execution of their duties, unless such indemnification provision is avoided by any provisions of the applicable laws of the Cayman Islands.

The Company maintains an insurance policy for directors' and officers' liability for the year.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of revenue from sales of goods or rendering of services attributable to the Group's largest customer and the five largest customers combined were 87.9% and 91.9% respectively of the Group's total sales for the year.

The aggregate purchases attributable to the Group's largest and five largest suppliers combined were 61.2% and 74.7% respectively of the Group's total purchases for the year.

None of the Directors, their close associates, or any shareholder (who to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) had, at any time during the year, a beneficial interest in any of the Group's five largest customers or suppliers.

CONTINUING CONNECTED TRANSACTIONS

On 8 February 2018, Sterling Apparel, an indirectly wholly-owned subsidiary of the Company, as tenant, entered into three tenancy agreements with Win 18 Limited ("Win 18"), Win 19 Limited ("Win 19") and Win 20 Limited ("Win 20"), the landlords, for the leasing of the premises at 18th to 20th Floors respectively, Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong, together with the six car parking spaces of No. 310 to 315 for a term from 8 February 2018 to 31 January 2021. On 24 November 2020, Sterling Apparel entered into a termination agreement with Win 20 pursuant to which the Group and Win 20 agreed to terminate the agreement for the leasing of 20th Floor, Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong and two car parking spaces. On 29 January 2021, 13 January 2022, 1 February 2023, 1 February 2024 and 1 February 2025, Sterling Apparel renewed or re-entered into tenancy agreements (the "TAs") with Win 18 and Win 19, the landlords, for the leasing of the premises at 18th to 19th Floors respectively and four car parking spaces.

Win 18 and Win 19 are both companies incorporated in Hong Kong which are wholly owned by Winfield Group Limited ("Winfield"). Winfield is wholly owned by Ms. Wong Mei Wai Alice who is an executive Director and the chief executive officer of our Company. As such, each of Win 18 and Win 19 are connected persons of our Company as defined under Chapter 14A of the Listing Rules. Accordingly, the entering into of the TAs constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules (the "Continuing Connected Transactions").

Details of the TAs were as follows:

(1) New Tenancy Agreement between Sterling Apparel and Win 18

The premises:	18th Floor, Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong, together with the car parking space of No. 310 & 311 ("Win 18 Premises")
Term:	From 1 February 2025 to 31 January 2026
Monthly rent:	HK$130,000 (excluding rates, government rents and management fees)
Use of the premises rented:	As ancillary office of the Company and certain of its subsidiaries

(2) New Tenancy Agreement between Sterling Apparel and Win 19

The premises:	19th Floor, Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong, together with the car parking space of No. 312 & 313 ("Win 19 Premises")
Term:	From 1 February 2025 to 31 January 2026
Monthly rent:	HK$130,000 (excluding rates, government rents and management fees)
Use of the premises rented:	As ancillary office of the Company and certain of its subsidiaries

The terms of the TAs were arrived at after arm's length negotiations between Sterling Apparel and Win 18 and Win 19 with reference to the fair market rentals.

Based on the monthly rentals payable under the New Tenancy Agreements, the revised annual caps for the aggregate rentals of the Win 18 Premises and Win 19 Premises payable are shown as follows:

	Year ended 31 March 2025 HK$'000	Year ending 31 March 2026 HK$'000	Total HK$'000
Rental for leasing of 18th floor	1,560	1,560	3,120
Rental for leasing of 19th floor	1,560	1,560	3,120
Aggregate Annual Caps	3,120	3,120	6,240

For the 10 months ended 31 January 2025 and 2 months ended 31 March 2025, the rent paid under the original and new TAs did not exceed the annual caps.

Further details of the Continuing Connected Transactions were set out in the section of "Connected Transaction" of the Company's announcement dated 3 February 2025.

The independent non-executive Directors have reviewed the Continuing Connected Transactions in accordance with Rule 14A.55 of Listing Rules and confirmed that during the year and up to the date of this report such transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms; and

(iii) in accordance with the TAs on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Continuing Connected Transactions during the year in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing the auditor's findings and conclusion in respect of the Continuing Connected Transactions disclosed in Note 35 to the consolidated financial statements in accordance with Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group are set out in Note 35 to the consolidated financial statements.

The tenancy agreements, guaranty fee agreement and payment made for and on behalf of Ms. Wong Mei Wai Alice and Mr. Siu Yik Ming under Note 35 constituted continuing connected transactions for the Company under the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

The remaining related party transactions under Note 35 did not fall under the definition of "connected transaction" in Chapter 14A of the Listing Rules and the disclosure requirements thereunder were not applicable.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association and there are no restrictions against such rights under the laws of Cayman Islands (being the jurisdiction in which the Company was incorporated).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities from the Listing Date up to the date of this report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules during the year and up to the date of this report.

CONTINGENT LIABILITIES

The Company executed corporate guarantees as part of the securities for general banking facilities granted to certain wholly-owned subsidiaries.

CORPORATE GOVERNANCE CODE

Throughout the year ended 31 March 2025, the Company has complied with all applicable code provisions set out in the CG Code, except for the deviation from code provision C.2.1 regarding the segregation of the roles of chairperson and chief executive. Further information of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 16 to 31.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry with all the Company's Directors, the Company has ascertained that all of its directors have complied with the required standards set out in the Model Code throughout the year ended 31 March 2025.

Reference is made to the announcements of the Company dated 24 November 2023, 3 June 2024 and 30 August 2024 (the "Announcements") and the circular of the Company dated 26 February 2025 (the "Circular"). Unless otherwise defined, the capitalised terms used herein shall have the same meaning as those defined in the Announcements and the Circular.

MAJOR AND CONNECTED TRANSACTION

SAL (a wholly-owned subsidiary of the Company) entered into the Loan Agreement with Santai, pursuant to which the Company and Santai agreed to, among other things, set out the terms of the Santai Advances in the aggregate sum of US$4,212,811 (equivalent to HK$32,859,926), subject to and upon the terms and conditions of the Loan Agreement (as supplemented by the Supplemental Agreement.

The Loan Agreement is for a term of two years with interest rate of 7% and Santai shall repay the Santai Advances in full in one lump sum together with all outstanding interest accrued thereon on the Repayment Date, being the date falling two (2) years from the date of the Loan Agreement. The principal amount of the Santai Advances is secured by the JPO Shares Charge.

As the highest applicable percentage ratio in respect of the aggregate amount of the Santai Advances made within a 12-month period in the amount of US$4,212,811 (equivalent to approximately HK$32,859,926) exceeds 25%, the Santai Advances and the entering of the Loan Agreement constituted a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the aggregate amount of the Santai Advances (when aggregated with the Financial Assistance and the Second Financial Assistance) exceeds 25%, the entering into of the Loan Agreement, the Agreement and the Second Agreement constituted a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at 20 February 2025, the Latest Practicable Date of the Circular, Santai is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holdings. It is wholly owned by Ever Peace Asia Limited who acquired the entire share capital of Santai from Lo Yuk Lam, who is a third party independent of the Group, on 1 September 2022. Ever Peace Asia Limited is owned as to 50% by Mr. Choi and 50% by Ms. Cheung Shui Lin (the spouse of Mr. Choi).

Mr. Choi was a former non-executive director of the Company who resigned on 23 March 2022 and had sold his entire shareholding in July 2021. Santai was an associate of Mr. Choi at the material time when the Santai Advances were made.

As such, the four advances made to Santai (i.e. advances made on 15 December 2022, 19 December 2022, 26 January 2023 and 14 March 2023) in the total amount of US$2,050,000 (equivalent to approximately HK$15,990,000) constituted connected transactions of the Company under Chapter 14A of the Listing Rules given that Mr. Choi was a director of the Company in the last 12 months.

The Loan Agreement and the transactions contemplated thereunder are approved by the Independent Shareholders at the Extraordinary General Meeting held on 14 March 2025. For further details, please refer to the Announcements and the Circular.

CONTINUING CONNECTED TRANSACTION AND CONNECTED TRANSACTION

In accordance with Rule 14A.34 of the Listing Rules, on 30 August 2024, SAL entered into the Agreement with Santai and JPO, pursuant to which the parties agreed to, among other things, terminate the First Letter of Support and set out the terms and conditions of (i) supply of Inventories; and (ii) provision of Financial Assistance, subject to the terms and conditions of the Agreement.

Mr. Choi was a former non-executive director of the Company who resigned on 23 March 2022 and JPO was an associate of Mr. Choi at the material time when the First Letter of Support was executed. As such, (i) the supply of Inventories contemplated under the First Letter of Support constituted continuing connected transaction of the Company under Chapter 14A of the Listing Rules; and (ii) the provision of Financial Assistance contemplated under the First Letter of Support constituted a connected transaction of the Company under Chapter 14A of the Listing Rules, given that Mr. Choi was a director of the Company in the last 12 months prior to the date of the First Letter of Support.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Sales Cap exceed 5% and are less than 25% and the relevant monetary amount is less than HK$10 million, the supply of Inventories contemplated under the Agreement constitutes a continuing connected transaction under Chapter 14A of the Listing Rules, and are subject to the reporting, annual review, announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Financial Assistance exceed 5% and are less than 25% and the relevant monetary amount is less than HK$10 million, the Financial Assistance contemplated under the Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules, and are subject to the reporting, annual review, announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the aggregate amount of the Financial Assistance (when aggregated with the Santai Advances and the Second Financial Assistance) exceeds 25%, the entering into of the Agreement, the Loan Agreement and the Second Agreement constituted a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Agreement and the transactions contemplated thereunder are approved by the Independent Shareholders at the Extraordinary General Meeting held on 14 March 2025.

MAJOR TRANSACTION

SAL executed the Letters of Support in favour of JPO, pursuant to which SAL agreed, among other things, not to enforce its right to collect from JPO any MT Trade Payables for the Inventories supplied until (a) the earlier of 1 January 2024 or JPO receives its initial public offering proceeds (for the Letter of Support dated 13 April 2023); and (b) JPO receives its initial public offering proceeds (for the Letters of Support dated 20 September 2023 and 28 December 2023).

On 30 August 2024, SAL entered into the Second Agreement with Santai and JPO, pursuant to which the parties agreed to, among other things, terminate the Letters of Support and set out the terms and conditions of provision of Second Financial Assistance, subject to the terms and conditions of the Second Agreement.

As the highest applicable percentage ratio in respect of the aggregate amount of the Second Financial Assistance exceeds 25% but is less than 100%, the entering into of the Second Agreement constituted a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Second Agreement and the transactions contemplated thereunder are approved by the Shareholders at the Extraordinary General Meeting held on 14 March 2025.

CONTINUING CONNECTED TRANSACTIONS

On 30 August 2024, SAL (a wholly-owned subsidiary of the Company), Mr. Choi as the First Guarantor and Ms. Wong as the Second Guarantor entered into the Guaranty Fee Agreement, pursuant to which the Company, Mr. Choi and Ms. Wong agreed to, among other things, set out the terms and conditions to compensate and pay the Guarantors a guaranty fee.

As at 20 February 2025, the Latest Practicable Date, Ms. Wong, the Second Guarantor, is an executive Director of the Company and is a connected person of the Group as defined under Chapter 14A of the Listing Rules. Therefore, the transactions with the Second Guarantor contemplated under the Guaranty Fee Agreement constitute continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the highest proposed annual cap for the guaranty fee payable to the Second Guarantor under the Guaranty Fee Agreement is less than 25% and the total consideration is less than HK$10 million, the provision of guaranty fee payable to the Second Guarantor under the Guaranty Fee Agreement is subject to the reporting, annual review and announcement but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Despite the above Listing Rules implications, as the Guaranty Fee Agreement is interconditional with the Loan Agreement, the Agreement and the Second Agreement, the Company had convened the EGM for the Independent Shareholders to, among other things, consider and approve the Guaranty Fee Agreement and the transactions contemplated thereunder and the Guaranty Fee Agreement is therefore subject to the circular (including independent financial advice) and Independent Shareholders' approval at the EGM.

The Guaranty Fee Agreement and the transactions contemplated thereunder are approved by the Independent Shareholders at the Extraordinary General Meeting held on 14 March 2025.

NON-COMPLIANCE WITH THE LISTING RULES

References are made to the announcement of the Company dated 20 June 2025, according to Rules 3.10(1) and 3.10A of the Listing Rules, the Board must include at least three independent non-executive Directors and the number of independent non-executive Directors should represent at least one-third of the Board. Following the resignation of Mr. Chow Yun Cheung, the Company only has two independent non-executive Directors, thus the number of the independent non-executive Directors falls below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules.

As a result of the insufficient number of independent non-executive Directors, the Company has also failed to comply with the requirements set out in Rule 3.21 of the Listing Rules with regard to the minimum number of members and the composition of the Audit Committee.

EVENT AFTER THE REPORTING PERIOD

As set out in the Company's announcement dated 24 April 2025, 30 April 2025, 8 May 2025 and 15 May 2025, subsequent to the end of the reporting period, Santai had made early repayments to the Group's loan receivables of an aggregate amount of HK$27.3 million.

AUDIT COMMITTEE REVIEW

The Company has established the audit committee (the "Audit Committee") in accordance with the requirements of the CG Code for the purpose of reviewing and supervising the Group's financial reporting process. The Audit Committee currently comprises two independent non-executive Directors, namely Ms. Chen Jie and Ms. Gao Yuanyuan. Ms. Chen Jie is the chairperson of the Audit Committee.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 March 2025 including the accounting principles and policies adopted by the Group, and discussed internal controls and financial reporting matters.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

AUDITOR

The consolidated financial statements have been audited by Baker Tilly Hong Kong Limited who will retire and, being eligible, offer themselves for reappointment.

On behalf of the Board
Wong Mei Wai Alice
Chairperson

Hong Kong, 30 June 2025

Independent Auditor's Report

bakertilly
天職國際

TO THE SHAREHOLDERS OF STERLING GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Sterling Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 52 to 127, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 3(b) to the consolidated financial statements which indicates that the Group incurred a net loss of HK$6,143,000 for the year ended 31 March 2025 and, as of that date, the Group's current liabilities exceeded its current assets by HK$112,143,000. In addition, the Group breached financial covenants of its bank borrowing amounting to HK$67,517,000 as at 31 March 2025. These conditions, along with other matters as set out in note 3(b) to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment, right-of-use assets and goodwill	
We identified this matter as a key audit matter given that the net book values of property, plant and equipment, right-of-use assets and goodwill are material, and the determination of their recoverable amounts highly relies on management judgement and estimates. The Group has determined the manufacturing and trading of apparel products as a cash-generating unit ("CGU") for purpose of impairment test. The recoverable amounts of the CGU are based on the value-in-use calculations that require significant management judgement in determining the pre-tax discount rate and underlying cash flows, in particular with respect to future revenue growth rates and operating costs under the business plans approved by management for the respective years. The management has engaged an independent valuer to assist in assessing the impairment assessment of property, plant and equipment, right-of-use assets and goodwill. As at 31 March 2025, the carrying values of the Group's property, plant and equipment, right-of-use assets and goodwill amount to HK$30,654,000, HK$23,495,000 and HK$15,360,000, respectively. Based on the management's impairment assessments, no impairment loss on property, plant and equipment, right-of-use assets and goodwill was recognised during for the year. Details of the foregoing are set out in Notes 5, 18, 20 and 22 to the consolidated financial statements.	Our procedures in relation to management's impairment assessment of property, plant and equipment, right-of-use assets and goodwill included: (i) Evaluating the competence, capabilities and objectivity of the independent valuer; (ii) Evaluating the methodology and key assumptions underpinning the discounted cash flow models, including pre-tax discount rate, revenue growth rates and operating cost structure through assessing the reasonableness of forecasted future cash flows by reference to the future business plan of the Group as well as industry trend; (iii) Evaluating the reasonableness of sensitivity analysis prepared by the management of the Group; and (iv) Evaluating the appropriateness of the related disclosures in the consolidated financial statements.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Recoverability of receivables relating to Santai Group	
We identified this matter as key audit matter due to the significance of the receivables balance due from JP Outfitters Inc and its holding company, Santai Global Asset Management Limited (collectively the "Santai Group") as at the year end date and the estimation of relevant expected credit losses ("ECLs") involves significant judgement and subjective assumptions. In developing the loss allowance for ECLs of these receivables, the loss rates are determined by management of the Group with reference to Santai Group's repayment histories, creditworthiness, financial positions, collaterals available and on-going business relationship. The loss rates are then adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables. As at 31 March 2025, the Group had gross trade receivables of HK$96,633,000, other receivables of HK$44,787,000 and loan receivables of HK$34,202,000 relating to Santai Group, with accumulated loss allowance of HK$56,212,000, HK$14,754,000 and HK$4,859,000 respectively. Based on the ECL assessment, a net loss allowance of HK$5,816,000 on the receivables balance due from Santai Group was recognised during the year ended 31 March 2025. Details of the foregoing are set out in Notes 5, 24, 25 and 36(b)(ii) to the consolidated financial statements.	Our procedures in relation to recoverability of the receivables included: (i) Understanding management's internal controls and assessment processes of estimating loss allowances for ECLs for the receivables; (ii) Assessing the reasonableness on the methodology and key assumptions adopted by management in assessing ECLs; (iii) Evaluating management's assessment on impairment provisions on the receivables by: (a) interviewing the Group's management responsible for monitoring the status of Santai Group to assess the rationale of making the accounting estimates; (b) assessing the financial position of Santai Group; and (c) assessing the value of the collateral of the receivables; and (iv) Evaluating the appropriateness of the related disclosures in the consolidated financial statements.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE 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 issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

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

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

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

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

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

We communicate with the audit committee 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.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in the independent auditor's report is Chu, Johnny Chun Yin.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 30 June 2025

Chu, Johnny Chun Yin
Practising Certificate Number P08355

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Revenue	7	477,728	571,391
Cost of sales		(390,197)	(479,410)
Gross profit		87,531	91,981
Other revenue	8	6,479	7,757
Other gains and losses, net	9	50	1,608
Selling and distribution costs		(20,668)	(24,315)
General and administrative expenses		(53,294)	(52,657)
Expected credit loss recognised on financial assets, net		(4,834)	(25,802)
Finance costs	10	(21,323)	(16,226)
Loss before tax	11	(6,059)	(17,654)
Income tax expenses	14	(84)	(706)
Loss for the year		(6,143)	(18,360)
Other comprehensive income/(expense), net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		80	(1,132)
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement gain/(loss) on defined benefit obligation		166	(182)
Other comprehensive income/(expense) for the year		246	(1,314)
Total comprehensive expense for the year attributable to owners of the Company		(5,897)	(19,674)
		HK cents	HK cents
LOSS PER SHARE			
– Basic and diluted	15	(2.17)	(7.65)

Consolidated Statement of Financial Position

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current assets			
Prepaid insurance premium	17	9,353	9,051
Property, plant and equipment	18	30,654	35,951
Intangible assets	19	6,399	6,399
Right-of-use assets	20	23,495	25,521
Deferred tax assets	21	9,418	10,072
Goodwill	22	15,360	15,534
Loan and other receivables	25	59,376	–
Total non-current assets		154,055	102,528
Current assets			
Inventories	23	20,502	28,272
Trade and other receivables	24	60,766	153,554
Amounts due from related parties	28	44	–
Tax recoverable		176	177
Pledged bank deposit	26	–	9,984
Cash and cash equivalents	26	14,710	26,965
Total current assets		96,198	218,952
Total assets		250,253	321,480
Current liabilities			
Trade, bills and other payables	27	95,539	90,978
Amounts due to related parties	28	6,433	–
Bank borrowings	29	105,305	188,550
Lease liabilities	20	1,064	1,056
Total current liabilities		208,341	280,584
Net current liabilities		(112,143)	(61,632)
Non-current liabilities			
Defined benefit obligation	30	3,079	2,966
Lease liabilities	20	2,912	4,494
Deferred tax liabilities	21	5,416	6,107
Total non-current liabilities		11,407	13,567
Total liabilities		219,748	294,151
NET ASSETS		30,505	27,329

Consolidated Statement of Financial Position

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Capital and reserves			
Share capital	31	**13,824**	9,600
Share premium	32	**74,590**	69,741
Reserves	32	**(57,909)**	(52,012)
TOTAL EQUITY		**30,505**	27,329

The consolidated financial statements on pages 52 to 127 were approved and authorised for issue by the Board of Directors on 30 June 2025 and are signed on its behalf by:

Wong Mei Wai Alice
Chairperson

Siu Yik Ming
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

	Share capital HK$'000 *(Note 31)*	Share premium HK$'000 *(Note 32)*	Capital reserve HK$'000 *(Note 32)*	Contributed reserve HK$'000 *(Note 32)*	Translation reserve HK$'000 *(Note 32)*	Remeasurement reserve HK$'000 *(Note 32)*	Accumulated losses HK$'000 *(Note 32)*	Total equity HK$'000
Balance at 1 April 2023	9,600	69,741	45,700	4,078	(7,599)	626	(75,143)	47,003
Loss for the year	–	–	–	–	–	–	(18,360)	(18,360)
Exchange difference arising on translation of foreign operations	–	–	–	–	(1,132)	–	–	(1,132)
Remeasurement loss on defined benefit obligation	–	–	–	–	–	(182)	–	(182)
Total comprehensive expense for the year	–	–	–	–	(1,132)	(182)	(18,360)	(19,674)
Balance as at 31 March 2024 and 1 April 2024	9,600	69,741	45,700	4,078	(8,731)	444	(93,503)	27,329
Loss for the year	–	–	–	–	–	–	(6,143)	(6,143)
Exchange difference arising on translation of foreign operations	–	–	–	–	80	–	–	80
Remeasurement loss on defined benefit obligation	–	–	–	–	–	166	–	166
Total comprehensive expense for the year	–	–	–	–	80	166	(6,143)	(5,897)
Shares placement *(Note 31)*	4,224	5,088	–	–	–	–	–	9,312
Transaction costs directly attributable to issue of shares	–	(239)	–	–	–	–	–	(239)
Balance as at 31 March 2025	13,824	74,590	45,700	4,078	(8,651)	610	(99,646)	30,505

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
OPERATING ACTIVITIES		
Loss before income tax	(6,059)	(17,654)
Adjustments for:		
Depreciation of property, plant and equipment	5,666	4,852
Depreciation of right-of-use assets	1,400	1,610
Provision for defined benefit obligation	773	646
Fair value changes on prepaid insurance premium	(302)	(268)
Bank interest income	(648)	(492)
Imputed interest income from trade and other receivables	–	(829)
Interest income on loan and other receivables	(2,707)	–
Expected credit loss recognised on financial assets, net	4,834	25,802
Loss/(gain) on disposal of property, plant and equipment	16	(288)
Gain on lease modification	(87)	–
Finance costs	21,323	16,226
Operating cash flows before movement in working capital	24,209	29,605
Decrease in inventories	7,763	24,597
Decrease/(increase) in trade and other receivables	24,777	(66,281)
Increase/(decrease) in trade, bills and other payables	7,348	(4,278)
Decrease in defined benefit obligation	(632)	(296)
Cash generated from/(used in) operations	63,465	(16,653)
Income tax paid	(29)	(140)
Net cash generated from/(used in) operating activities	63,436	(16,793)

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
INVESTING ACTIVITIES			
Interest received		648	492
Withdrawal/(placement) of pledged bank deposit		9,984	(9,984)
(Advances to)/repayment from related parties		(44)	2,656
Advance to directors		–	(5,460)
Repayment from directors		–	5,460
Purchases of property, plant and equipment		(281)	(1,867)
Proceeds from disposal of property, plant and equipment		16	288
Net cash generated from/(used) in investing activities		10,323	(8,415)
FINANCING ACTIVITIES			
Proceeds from bank borrowings	37	398,546	679,333
Repayment of bank borrowings	37	(481,791)	(636,376)
Repayment of principal portion of lease liabilities	37	(869)	(965)
Repayment of interest portion of lease liabilities	37	(283)	(330)
Interest paid	37	(10,624)	(10,279)
Advance from a director	37	38,532	–
Repayment to a director	37	(38,532)	–
Proceeds from placing of new shares	31	9,312	–
Transaction costs directly attributable to issue of shares	31	(239)	–
Net cash (used in)/generated from financing activities		(85,948)	31,383
Net (decrease)/increase in cash and cash equivalents		(12,189)	6,175
Cash and cash equivalents at the beginning of year		26,965	20,851
Effect of foreign exchange rate changes		(66)	(61)
Cash and cash equivalents at the end of year	26	14,710	26,965

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

1. GENERAL INFORMATION

Sterling Group Holdings Limited ("the Company") was incorporated in the Cayman Islands with limited liability and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("the Stock Exchange").

The registered office of the Company is located at the offices of Tricor Services (Cayman Islands) Limited, 3rd Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands. Its principal place of business is 18–19/F., Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong.

The Company is an investment holding company and the Group is principally engaged in the provision of manufacturing and trading of apparel products and licensing of trademark in the markets of the United States of America ("US") and Europe.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES

(a) Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES *(Continued)*

(b) New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Accounting Standards Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except as described below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 "Presentation of Financial Statements". This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and HKFRS 7 "Financial Instruments: Disclosure". Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made. HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

(b) Basis of measurement and going concern assumption

The consolidated financial statements have been prepared under the historical cost basis except for prepaid insurance premium which is measured at fair values at the end of each reporting period as explained in the accounting policies set out in the consolidated financial statements.

The Group incurred a net loss of HK$6,143,000 for the year ended 31 March 2025 and, as of that date, the Group's current liabilities exceeded its current assets by HK$112,143,000. The Group's liabilities included bank borrowings with an outstanding principal amounting to HK$105,305,000 which is repayable on demand or within one year while the Group had cash and cash equivalents of HK$14,710,000 as at 31 March 2025. In addition, the Group breached financial covenants of its bank borrowing amounting to HK$67,517,000 as at 31 March 2025. These conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future performance and liquidity of the Group in light of the above. In order to improve the liquidity and financial position, the Group has taken measures to improve its financial position and to alleviate its liquidity pressure, which include but not limited to the following:

(i) The Group continues to improve the operating efficiency by implementing measures to tighten cost controls over various operating expenses in order to enhance its ability to improve profitability and the cash flow from its operations in future;

(ii) The Group has communicated with the banks about the breach of the financial covenants of its bank borrowings amounting to HK$67,517,000 (Note 29) and is currently in discussion with the relevant banks to obtain waiver from strict compliance of the financial covenants. Based on their discussion with the banks, the management of the Group consider it is likely the banks will grant the respective waivers in due course. Up to the date of approval for issue of these consolidated financial statements, the Group had unutilised banking facilities related to term and revolving loans and trust receipt loan of approximately HK$36,033,000 which are subject to annual renewal process. The directors of the Company are of the opinion that it is likely that all the banking facilities can be renewed and maintained for at least the next twelve months.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(b) Basis of measurement and going concern assumption *(Continued)*

The directors of the Company consider that, after taking into account the aforementioned measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due so as to enable the Group to continue as a going concern for at least the next twelve months from the date of authorisation for issue of these consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, a material uncertainty exists as to whether the Group is able to maintain profitability from its operation and continue utilising banking facilities on a going concern basis, which incorporate assumptions about future events and conditions that are subject to inherent uncertainties.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for future liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities respectively. The effects of these potential adjustments has not been reflected in these consolidated financial statements.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

4. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(c) Goodwill

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired (see Note 4(n)).

(d) Intangible assets (other than goodwill)

Trademark acquired by the Group with an indefinite estimated useful life are stated at cost less impairment losses. Intangible assets with indefinite useful lives are tested for impairment annually at either individual or cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives are as follows:

Buildings	Over the shorter of the term of the lease or 20–50 years
Leasehold improvement	5 years
Plant and machinery	10 years
Furniture and fixtures	10 years
Office equipment	10 years
Computer equipment	3–10 years
Motor vehicles	5–10 years

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(f) Leasing

Definition of a lease

The Group assess at contract inception whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group 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.

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

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. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale, which include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

(h) Financial instruments

Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. Trade receivable without a significant financing component is initially measured at its transaction price.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain/loss on derecognition is recognised in profit or loss. The Group's trade receivables, other receivables, loan receivables, amount due from related parties, deposits and cash and cash equivalents fall into this category of financial instruments.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(h) Financial instruments *(Continued)*

Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECLs") on trade and other receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases; (1) 12 months ECLs: these are the ECLs that result from default events that are possible within 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of the relevant instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of lifetime expected loss provisions for all trade receivables. For other financial assets, the ECLs are based on the 12-month ECLs. The 12-month ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group considers both quantitative and qualitative information that is reasonable and supportable, historical experience and forward-looking information that is available without undue cost or effort.

The Group presumes that the credit risk has increased significantly if contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrate otherwise.

The Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group); or when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

At the end of each reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset (such as a default event) have occurred.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(h) Financial instruments *(Continued)*

Impairment loss on financial assets *(Continued)*

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written-off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities other than lease liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities other than lease liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as in accordance with the Group's accounting policy for borrowing costs.

Bank borrowings

Bank borrowings are recognised initially at fair value, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowing using the effective interest method.

Bank borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Other financial liabilities

Other financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(h) Financial instruments *(Continued)*

Derecognition and modification

The Group derecognises a financial asset only when the contractual rights to the future cash flows from the asset expire or when it transfers the financial asset and substantially all the risk and rewards of ownership of the financial asset to another entity.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is different from the discounted present value of the remaining cash flows of the original financial asset.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

(i) Revenue recognition

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, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(i) Revenue recognition *(Continued)*

Sales of apparel products and samples

Customers obtain control of apparel products when the goods are delivered to and have been accepted. Revenue is thus recognised upon the customers accepted the apparel products. There is generally only one performance obligation. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Invoices are usually payable within 90 days.

Licensing income of trademark

The Group grants the licensees rights to use the Group's intellectual property. In return, the Group is entitled to minimum annual payments, which generally are paid by licensees before the commencement of the annual license periods. The minimum annual payments are recognised over time as the benefits received and consumed simultaneously by the customer (being the commencement of each annual license period). The Group recognises additional revenue for the sales-based royalty when those subsequent sales occur.

Other revenue

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

Claims income is recognised at a point in time when the defective raw materials from suppliers are discovered by the Group and the right to receive such compensation is established.

(j) Government grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable, such grants are presented under "other income".

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(k) Income taxes

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(l) Foreign currencies

Transactions of each individual group entity in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to the MPF Scheme, Employees' Provident Fund, Employees' Trust Fund in Hong Kong and Sri Lanka and PRC stated-managed retirement benefits scheme in the PRC are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Defined benefit retirement plan

Net obligation in respect of defined benefit retirement plans in Sri Lanka is calculated by estimating the amounts of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the end of each of the reporting period on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligation. The calculation is performed annually using the projected unit credit method.

Gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to statement of other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(n) Impairment of assets (other than financial assets)

At the end of each of the reporting period, the Group determines whether there is any indication that assets (other than deferred tax assets, inventories and financial assets) have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

These assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(n) Impairment of assets (other than financial assets) *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

(o) Provisions

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

(p) Cash and cash equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalent comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(q) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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 the employees 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 key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In addition to information disclosed elsewhere in these consolidated financial statements, other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

(i) Impairment of property, plant and equipment, right-of-use assets and goodwill

Determining whether property, plant and equipment, right-of-use assets and goodwill is impaired requires an estimation of the recoverable amount of the respective cash-generating unit ("CGU") to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. During the year, the management of the Group has determined there was an indication of impairment of the assets within the manufacturing and trading of apparel products CGU. The recoverable amounts of the CGU are based on the value-in-use calculations that require significant management judgement in determining the pre-tax discount rate and underlying cash flows, in particular with respect to future revenue growth rates and operating costs under the business plans approved by management for the respective years. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. During the year ended 31 March 2025, no impairment loss was recognised on these assets. Details of the recoverable amount calculation of the CGU are disclosed in Note 22 to the consolidated financial statements.

(ii) Expected credit losses on receivables due from Santai Group

The Group has significant long-aged receivables balance due from to JP Outfitters Inc ("JPO") and its holding company, Santai Global Asset Management Limited ("Santai") (collectively the "Santai Group"). A former executive director of the Company, who resigned as executive director on 16 April 2025, is a director and a key management personnel of JPO. The management of the Group assesses lifetime ECL for the trade and other receivables and loan receivables with reference to Santai Group's repayment histories, creditworthiness, financial positions, collaterals available and on-going business relationship. The loss rates are then adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables. The amount of the loss allowances based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition, whenever applicable. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise. Details of trade and other receivables and loan receivables relating to Santai Group are set out in Notes 24, 25 and 36(b)(ii) to the consolidated financial statements.

6. SEGMENT INFORMATION

Operating segments

Information reported to the executive directors of the Company, being identified as the chief operating decision makers ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

For management purpose, the Group is currently organised into two operating divisions as follows:

- Manufacturing and trading of apparel products.

- Licensing of trademark for licensing income.

The Group's operations are mainly located in Hong Kong, the PRC and Sri Lanka. These operating divisions are the basis of internal reports about components which are regularly reviewed by CODM, the executive directors of the Company, for the purpose of resources allocation and assessing their performance. Each of the operating division represents an operating segment and reporting segment.

6. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 31 March 2025

	Manufacturing and trading of apparel products HK$'000	Licensing of trademark HK$'000	Total HK$'000
Segment revenue			
Revenue from external customers	477,073	655	477,728
Segment profit	23,257	552	23,809
Interest income from banks	648	–	648
Interest income on loan and other receivables	2,707	–	2,707
Finance costs	(21,323)	–	(21,323)
Depreciation of property, plant and equipment	(5,666)	–	(5,666)
Depreciation of right-of-use assets	(1,400)	–	(1,400)
Expected credit loss recognised on financial assets, net	(3,963)	(871)	(4,834)
Group's loss before tax			(6,059)

6. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the year ended 31 March 2024

	Manufacturing and trading of apparel products HK$'000	Licensing of trademark HK$'000	Total HK$'000
Segment revenue			
Revenue from external customers	570,736	655	571,391
Segment profit	28,897	618	29,515
Interest income from banks	492	–	492
Imputed interest income from trade and other receivables	829	–	829
Finance costs	(16,226)	–	(16,226)
Depreciation of property, plant and equipment	(4,852)	–	(4,852)
Depreciation of right-of-use assets	(1,610)	–	(1,610)
Expected credit loss recognised on trade and other receivables, net	(25,228)	(574)	(25,802)
Group's loss before tax			(17,654)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment profit represents adjusted earnings before interest, taxes, depreciation and impairment losses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

At 31 March 2025

	Total HK$'000
Segment Assets	
Manufacturing and trading of apparel products	218,219
Licensing of trademark	7,730
Total reportable segment assets	225,949
Unallocated assets	24,304
Consolidated total assets	250,253
Segment Liabilities	
Manufacturing and trading of apparel products	212,743
Licensing of trademark	1,589
Total reportable segment liabilities	214,332
Unallocated liabilities	5,416
Consolidated total liabilities	219,748
Amount included in the measure of segment assets	
Additions to non-current assets during the year ended 31 March 2025 *(Note)*	332

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

At 31 March 2024

	Total HK$'000
Segment Assets	
Manufacturing and trading of apparel products	266,617
Licensing of trademark	7,665
Total reportable segment assets	274,282
Unallocated assets	47,198
Consolidated total assets	321,480
Segment Liabilities	
Manufacturing and trading of apparel products	286,736
Licensing of trademark	1,308
Total reportable segment liabilities	288,044
Unallocated liabilities	6,107
Consolidated total liabilities	294,151
Amount included in the measure of segment assets	
Additions to non-current assets during the year ended 31 March 2024 *(Note)*	2,532

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments except for deferred tax assets, current tax recoverable, pledged bank deposit and cash and cash equivalents; and
- all liabilities are allocated to operating segments except for deferred tax liabilities.

Note: Additions to non-current assets during the year are attributable to the manufacturing and trading of apparel products.

6. SEGMENT INFORMATION *(Continued)*

Geographic information

The following table sets out information about the geographical location of:

(i) The Group's revenue from external customers

The geographical location of customers is based on the location at which the services were provided or the goods delivered.

	2025 HK$'000	2024 HK$'000
Hong Kong (place of domicile)	302	519
US	475,971	567,791
Others *(Note)*	1,455	3,081
	477,728	571,391

Note: Others mainly include Germany and the Netherlands.

(ii) The Group's prepaid insurance premium, property, plant and equipment, intangible assets, right-of-use assets and goodwill

At 31 March 2025

	Hong Kong HK$'000	PRC HK$'000	Sri Lanka HK$'000	Total HK$'000
Prepaid insurance premium	9,353	–	–	9,353
Property, plant and equipment	3,844	1,666	25,144	30,654
Intangible assets	6,399	–	–	6,399
Right-of-use assets	4,873	1,271	17,351	23,495
Goodwill	–	10,558	4,802	15,360
	24,469	13,495	47,297	85,261

6. SEGMENT INFORMATION *(Continued)*

Geographic information *(Continued)*

(ii) The Group's prepaid insurance premium, property, plant and equipment, intangible assets, right-of-use assets and goodwill *(Continued)*

At 31 March 2024

	Hong Kong HK$'000	PRC HK$'000	Sri Lanka HK$'000	Total HK$'000
Prepaid insurance premium	9,051	–	–	9,051
Property, plant and equipment	8,601	2,127	25,223	35,951
Intangible assets	6,399	–	–	6,399
Right-of-use assets	5,092	2,709	17,720	25,521
Goodwill	3,633	10,748	1,153	15,534
	32,776	15,584	44,096	92,456

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue for the years ended 31 March 2025 and 2024 is as follows:

	2025 HK$'000	2024 HK$'000
Customer A	**419,699**	445,890

7. REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by significant category of revenue is as follows:

	2025 HK$'000	2024 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of garments	477,073	570,736
Licensing and related income	655	655
	477,728	571,391
Revenue from major products and services		
Outerwear	219,198	243,226
Bottoms	208,488	208,864
Tops	17,050	29,153
Others *(Note)*	32,992	90,148
	477,728	571,391
Timing of revenue recognition:		
At a point in time	477,073	570,736
Over time	655	655
	477,728	571,391

Note: Others products mainly include dresses, suits, jumpsuits, sleepwear, vests and licensing income.

The Group's revenue represents the net invoiced value of goods sold and licensing income which recognised in accordance with accounting policy set out in Note 4(i).

8. OTHER REVENUE

	2025 HK$'000	2024 HK$'000
Bank interest income	648	492
Sample sales income	2,474	4,219
Claims income	96	1,340
Government grants	48	66
Interest income on loan and other receivables	2,707	–
Imputed interest income from trade and other receivables	–	829
Others	506	811
	6,479	7,757

9. OTHER GAINS AND LOSSES, NET

	2025 HK$'000	2024 HK$'000
(Loss)/gain on disposal of property, plant and equipment	(16)	288
Gain on lease modification	87	–
Fair value changes on prepaid insurance premium	302	268
Exchange (loss)/gain, net	(453)	1,051
Others	130	1
	50	1,608

10. FINANCE COSTS

	2025 HK$'000	2024 HK$'000
Interest on bank borrowings		
– trust receipt loans	**8,131**	8,711
– term and revolving loans	**2,136**	1,568
Interest expenses on lease liabilities	**283**	330
Interest expense on loans from a director *(Note 35)*	**357**	–
Finance charges on invoice financing arrangement and others	**6,512**	5,617
Guaranty fee on bank borrowings arrangement *(Note 29)*	**3,904**	–
	21,323	16,226

11. LOSS BEFORE TAX

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

	2025 HK$'000	2024 HK$'000
Auditor's remuneration	**1,000**	980
Depreciation charges *(Note (i))*:		
– property, plant and equipment	**5,666**	4,852
– right-of-use assets	**1,400**	1,610
Fair value changes on prepaid insurance premium	**(302)**	(268)
Net expected credit loss recognised/(reversed) on:		
– trade receivables	**12,172**	17,856
– other receivables	**(7,338)**	7,946
Cost of inventories recognised as an expense	**341,033**	405,823
Short-term leases expenses	**4,224**	4,091
Employee costs *(Note (ii))*	**85,148**	93,638

Notes:

(i) Depreciation charges of HK$3,973,000 (2024: HK$1,883,000) are included in cost of sales and HK$3,093,000 (2024: HK$4,579,000) are included in general and administrative expenses.

(ii) Employee costs of HK$45,191,000 (2024: HK$46,527,000) are included in cost of sales; HK$11,685,000 (2024: HK$15,095,000) are included in selling and distribution costs; and HK$28,272,000 (2024: HK$32,016,000) are included in general and administrative expenses.

12. EMPLOYEE COSTS

Employee costs (including directors' emoluments (Note 13(i))):

	2025 HK$'000	2024 HK$'000
Wages and salaries	73,843	80,008
Short-term non-monetary benefits	5,319	6,798
Contributions to defined contribution retirement plans	5,689	6,186
Contributions to defined benefit retirement plans	297	646
	85,148	93,638

13. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS

(i) Directors' emoluments

Directors' emoluments disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) (the Regulation) are as follows:

Year ended 31 March 2025

	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors:						
Ms. Wong Mei Wai Alice *(Chairperson and chief executive officer)*		232	3,780	315	–	4,327
Mr. Siu Yik Ming		232	1,320	110	18	1,680
Mr. Chung Sam Kwok Wai	(i)	232	2,592	216	–	3,040
Mr. Leung Ka Wai	(iv)	132	–	–	–	132
Mr. Ma Jian	(v)	180	–	–	–	180
Independent non-executive directors:						
Mr. Zhao Chuan	(ii)	12	–	–	–	12
Mr. Chow Yun Cheung	(vi)	120	–	–	–	120
Mr. Tsang Ho Yin	(iii)	55	–	–	–	55
Ms. Zhang Lingling	(viii)	132	–	–	–	132
		1,327	7,692	641	18	9,678

13. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS *(Continued)*

(i) Directors' emoluments *(Continued)*

Year ended 31 March 2024

	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors:						
Ms. Wong Mei Wai Alice *(Chairperson and chief executive officer)*		232	4,095	750	–	5,077
Mr. Siu Yik Ming		232	1,412	150	18	1,812
Mr. Chung Sam Kwok Wai		232	2,808	380	–	3,420
Mr. Leung Ka Wai	(iv)	23	–	–	–	23
Mr. Ma Jian	(v)	12	–	–	–	12
Independent non-executive directors:						
Mr. Chow Yun Cheung	(vi)	20	–	–	–	20
Mr. Choi Wai Hin	(vii)	110	–	–	–	110
Mr. Tsang Ho Yin		232	–	–	–	232
Ms. Zhang Lingling		132	–	–	–	132
		1,225	8,315	1,280	18	10,838

Notes:

(i) Mr. Chung Sam Kwok Wai resigned as executive director on 16 April 2025.

(ii) Mr. Zhao Chuan was appointed as an independent non-executive director on 4 October 2024 and resigned on 27 May 2025.

(iii) Mr. Tsang Ho Yin resigned as an independent non-executive director on 26 June 2024.

(iv) Mr. Leung Ka Wai was appointed as executive director on 29 January 2024 and resigned on 12 May 2025.

(v) Mr. Ma Jian was appointed as executive director on 8 March 2024 and resigned on 27 May 2025.

(vi) Mr. Chow Yun Cheung was appointed as an independent non-executive director on 31 January 2024 and resigned on 20 June 2025.

(vii) Mr. Choi Wai Hin resigned as an executive director on 31 January 2024.

(viii) Ms. Zhang Lingling resigned as an independent non-executive director on 27 May 2025.

During both years, no remuneration was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or the chief executive officer waived or agree to waive any remuneration during the year.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

13. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS *(Continued)*

(ii) Five highest paid individuals

The five highest paid individuals whose emoluments were the highest in the Group include three (2024: three) directors for the year ended 31 March 2025, whose emoluments were disclosed above. Details of the emoluments for the remaining two (2024: two) highest paid individuals for the year ended 31 March 2025 are as follows:

	2025 HK$'000	2024 HK$'000
Salaries, allowances and benefits in kind	1,972	2,057
Discretionary bonuses	167	195
Retirement benefit scheme contributions	36	36
	2,175	2,288

Their emoluments fell within the following bands:

	Number of Individuals	
	2025	2024
Emolument bands		
Nil–HK$1,000,000	1	1
HK$1,000,001–HK$1,500,000	1	1
	2	2

During the years ended 31 March 2025 and 2024, none of the five highest paid individuals waived or agreed to waive any emoluments and there were no emoluments paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

14. INCOME TAX EXPENSES

The amount of income tax expenses in the consolidated statement of profit or loss and other comprehensive income represents:

	2025 HK$'000	2024 HK$'000
Hong Kong Profits Tax		
– Under-provision in respect of prior years	–	3
Overseas profits tax		
– Under-provision in prior years	29	–
	29	3
Deferred tax *(Note 21)*:		
– Current year	55	703
Income tax expenses	84	706

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, the Company incorporated in the Cayman Islands is not subject to any income tax.

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Pursuant to the income tax rules and regulations of the PRC, the PRC Enterprise Income Tax ("EIT") is calculated based on the statutory tax rate of 25% on the assessable profits.

The provision for Sri Lanka Corporate Income Tax ("CIT") is based on the statutory rate of 30% of the assessable profit of the Sri Lanka subsidiaries of the Group for the year as determined in accordance with the Sri Lanka's Inland Revenue (Amendment) Act No. 45 of 2022 which was effective on 1 October 2022.

No Hong Kong Profits Tax, PRC EIT or Sri Lanka CIT has been provided in the consolidated financial statements for both years as the subsidiaries of the Group are either utilising brought forward tax losses or did not incur assessable profits.

14. INCOME TAX EXPENSES *(Continued)*

The income tax expenses for the year can be reconciled to the loss before income tax expenses per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 HK$'000	2024 HK$'000
Loss before income tax	(6,059)	(17,654)
Tax calculated at the profits tax rate of 16.5% applicable to profits	(1,000)	(2,913)
Effect of different tax rates of subsidiaries operating in other countries	13	(272)
Tax effect of expenses not deductible for tax purposes	1,390	1,857
Tax effect of income not taxable for tax purposes	(539)	(121)
Under-provision in respect of prior years	29	3
Tax effect of temporary difference not recognised	1,579	2,540
Utilisation of temporary difference previously not recognised	(559)	–
Tax effect of tax losses not recognised	351	414
Utilisation of tax losses previously not recognised	(1,180)	(802)
Income tax expenses	84	706

15. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2025 HK$'000	2024 HK$'000
Loss		
Loss for the year attributable to owners of the Company	(6,143)	(18,360)

	2025 '000	2024 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of calculations of basic loss per share	282,792	240,000

The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 March 2025 has been adjusted for the share placements on 16 August 2024 and 8 January 2025.

Diluted loss per share was the same as basic loss per share as the Company did not have any dilutive potential ordinary shares in issue for both years ended.

16. DIVIDEND

The Board of directors does not recommend the payment of final dividend for the years ended 31 March 2025 and 2024.

17. PREPAID INSURANCE PREMIUM

In February 2013, a subsidiary of the Company entered into a life insurance policy (the "Policy") with a bank to insure a director of the Company, Ms. Wong Mei Wai Alice ("Ms. Wong"). Under the Policy, the beneficiary and policy holder is a subsidiary of the Company and the total insured sum is US$3,000,000 (equivalent to HK$23,250,000). At inception of the Policy, the Group paid a gross premium of approximately US$1,000,000 (equivalent to HK$7,750,000). The bank will pay the Group a guaranteed interest at a rate of 4% per annum for the first year and a variable return per annum afterwards (with minimum guaranteed interest at a rate of 2.0% per annum) during the effective period of the Policy. The Group can terminate the Policy at any time and can receive cash back at the date of termination based on the account value of the Policy ("Account Value"), which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the policy. If termination is made between the first policy year to the end of surrender period stated in the Policy, there is a specified amount of surrender charge deducted from Account Value.

The Policy exposes the insurer to significant insurance risk. The gross premium paid at inception of the Policy consists of elements of deposit placed and prepayment for life insurance. These two elements are recognised on the consolidated statement of financial position at the aggregate of the amount of gross premium paid plus interest earned, and after deducting the annual cost of insurance, other applicable charges as well as the amortisation of the expected surrender charge at the end of the tenth policy year.

The directors of the Company consider that the expected life of the Policy remains unchanged from the date of initial recognition and the financial impact of the option to terminate the Policy was not significant.

The prepaid insurance premium is denominated in US$, a currency other than the functional currency of the subsidiary and is pledged to secure general banking facilities granted to the Group (Note 29).

Fair value gain of HK$302,000 (2024: HK$268,000) has been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2025.

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Plant & machinery HK$'000	Furniture & fixtures HK$'000	Office equipments HK$'000	Computer equipments HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost								
As at 1 April 2023	31,640	22,102	40,835	3,946	3,203	4,882	1,132	107,740
Additions	66	66	78	27	50	90	1,490	1,867
Disposals/written-off	–	–	–	–	–	(46)	(100)	(146)
Exchange realignment	(4)	(59)	(313)	(53)	(8)	(70)	(24)	(531)
As at 31 March 2024	31,702	22,109	40,600	3,920	3,245	4,856	2,498	108,930
Additions	53	–	76	2	–	150	–	281
Disposals/written-off	–	–	(63)	–	–	(224)	(236)	(523)
Exchange realignment	128	(15)	154	38	(4)	(21)	10	290
As at 31 March 2025	31,883	22,094	40,767	3,960	3,241	4,761	2,272	108,978
Accumulated depreciation								
As at 1 April 2023	7,527	19,083	31,812	3,082	1,839	3,983	1,043	68,369
Depreciation	951	1,161	1,754	118	235	377	256	4,852
Eliminated on disposals/written-off	–	–	–	–	–	(45)	(101)	(146)
Exchange realignment	–	(8)	(18)	–	(1)	(53)	(16)	(96)
As at 31 March 2024	8,478	20,236	33,548	3,200	2,073	4,262	1,182	72,979
Depreciation	1,683	1,184	1,841	171	279	228	280	5,666
Eliminated on disposals/written-off	–	–	(59)	–	–	(216)	(216)	(491)
Exchange realignment	76	(15)	111	1	–	(5)	2	170
As at 31 March 2025	10,237	21,405	35,441	3,372	2,352	4,269	1,248	78,324
Carry values								
At 31 March 2025	21,646	689	5,326	588	889	492	1,024	30,654
At 31 March 2024	23,224	1,873	7,052	720	1,172	594	1,316	35,951

The carrying amounts of property, plant and equipment are allocated to the manufacturing and trading of apparel products CGU for impairment testing, with details disclosed in Note 22.

19. INTANGIBLE ASSETS

	Trademark HK$'000
Cost	
At 1 April 2023, 31 March 2024 and 31 March 2025	**10,850**
Accumulated impairment	
At 1 April 2023, 31 March 2024 and 31 March 2025	**4,451**
Carrying values	
At 31 March 2024 and 31 March 2025	**6,399**

The Group's intangible assets represent the J. Peterman trademark that services J. Peterman worldwide operations. The trademark is licensed to JPO, and is separately identifiable. The trademark is considered by the management of the Group as having an indefinite useful life because it is renewable at minimal cost and is expected to contribute to net cash inflows indefinitely. The trademark will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

The recoverable amount of trademark within the licensing of trademark segments is estimated individually. The recoverable amount of the trademark with indefinite useful life has been determined based on a value-in-use calculation by reference to the valuation information prepared by the management for both years. The income approach explicitly recognises that the current value of an investment is premised upon the expected receipt of future economic benefits. The cash flows are discounted using a discount rate which is pre-tax and reflects specific risks relating to the marketing and distribution of lifestyle apparels.

20. LEASES

Right-of-use assets

	Leasehold land HK$'000	Properties HK$'000	Total HK$'000
Cost			
At 1 April 2023	25,086	7,540	32,626
Additions	–	665	665
Effect of lease modification	–	489	489
Exchange realignment	–	(161)	(161)
At 31 March 2024	25,086	8,533	33,619
Additions	–	51	51
Effect of lease modification	–	(923)	(923)
Exchange realignment	–	(97)	(97)
At 31 March 2025	25,086	7,564	32,650
Accumulated depreciation			
At 1 April 2023	3,996	2,557	6,553
Depreciation charge	579	1,031	1,610
Exchange realignment	–	(65)	(65)
At 31 March 2024	4,575	3,523	8,098
Depreciation charge	570	830	1,400
Effect of lease modification	–	(284)	(284)
Exchange realignment	–	(59)	(59)
At 31 March 2025	5,145	4,010	9,155
Carrying values			
At 31 March 2025	19,941	3,554	23,495
At 31 March 2024	20,511	5,010	25,521

20. LEASES *(Continued)*

Right-of-use assets *(Continued)*

For both years, the Group leases land, various offices and warehouses for its operations. Lease contracts are initially entered into for fixed term of 1 year to 50 years (2024: 1 year to 50 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

	2025 HK$'000	2024 HK$'000
Expense relating to short-term leases	4,224	4,091
Total cash outflow for lease expense	5,376	5,386

The Group regularly entered into short-term leases for properties and motor vehicles. The portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The carrying amounts of right-of-use assets are allocated to the manufacturing and trading of apparel products CGU for impairment testing, with details disclosed in Note 22.

20. LEASES *(Continued)*

Lease liabilities

	At 31 March	
	2025	2024
	HK$'000	HK$'000
Lease liabilities payable:		
Within one year	**1,064**	1,056
Within a period of more than one year but not exceeding two years	**422**	1,221
Within a period of more than two years but not exceeding five years	**704**	1,386
Within a period of more than five years	**1,786**	1,887
	3,976	5,550
Less: Amount due for settlement with 12 months shown under current liabilities	**(1,064)**	(1,056)
Amount due for settlement after 12 months shown under non-current liabilities	**2,912**	4,494

The weighted average incremental borrowing rates applied to lease liabilities range from 3.10% to 8.63% (2024: from 4.08% to 8.49%).

21. DEFERRED TAX

The following are the major deferred tax liabilities and (assets) recognised and movements thereon during the year:

	Accelerated tax depreciation HK$'000	Expected credit loss on trade and other receivables HK$'000	Right-of-use assets HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2023	1,024	(10,422)	5,302	(617)	(4,713)
Charged to profit or loss	73	630	–	–	703
Exchange realignment	45	–	–	–	45
At 31 March 2024 and 1 April 2024	1,142	(9,792)	5,302	(617)	(3,965)
Charged to profit or loss	(504)	761	(217)	15	55
Exchange realignment	(92)	–	–	–	(92)
At 31 March 2025	546	(9,031)	5,085	(602)	(4,002)

At the end of the reporting period, the Group had unused tax losses of approximately HK$35,905,000 (2024: HK$39,959,000) available for offset against future profits. No deferred tax asset has been recognised in respect of all of the tax losses due to the unpredictability of future profit streams as at 31 March 2025 and 2024. Included in the Group's unused tax losses are amount of approximately HK$35,162,000 (2024: HK$36,347,000) arising from Sri Lanka that will carried forward for up to 20 years. All remaining tax losses can be carried forward indefinitely.

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

	2025 HK$'000	2024 HK$'000
Deferred tax assets	(9,418)	(10,072)
Deferred tax liabilities	5,416	6,107
	(4,002)	(3,965)

22. GOODWILL

	2025 HK$'000	2024 HK$'000
At the beginning of the year	15,534	15,819
Exchange realignment	(174)	(285)
At the end of the year	15,360	15,534

Impairment testing

For the purpose of impairment testing, property, plant and equipment, right-of-use assets and goodwill arising from the business combinations has been allocated to the manufacturing and trading of apparel products CGU of the Group. The recoverable amount of this CGU has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period (2024: 5-year), and pre-tax discount rate of 15.1% (2024: 15.5%). The CGU's cash flows beyond the 5-year period (2024: 5-year) are extrapolated using a steady 2% growth rate (2024: 2%). The growth rate does not exceed the average long-term growth rate for the manufacturing and trading of apparel products business in which the CGU operates. Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which include budgeted gross margin of 18% (2024: 18%) and average revenue growth rate of 1% (2024: 1%), such estimation is based on the CGU's past performance and management's expectation for the market development.

During the year ended 31 March 2025 and 31 March 2024, management of the Group determined that there is no impairment on the CGU. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

23. INVENTORIES

	2025 HK$'000	2024 HK$'000
Raw materials and consumables	15,424	20,302
Work-in-progress	1,709	1,733
Finished goods	3,369	6,237
	20,502	28,272

24. TRADE AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables	107,061	172,953
Less: Loss allowances on trade receivables *(Note (a))*	(56,740)	(49,322)
Trade receivables, net *(Note (a))*	50,321	123,631
Prepayments	4,662	2,484
Other receivables *(Note (b))*	15,173	48,962
Utilities and sundry deposits	610	674
	20,445	52,120
Less: Loss allowances on other receivables *(Note (b))*	(10,000)	(22,197)
	10,445	29,923
Trade and other receivables	60,766	153,554

Notes:

(a) The ageing analysis of trade receivables at amortised cost at the end of reporting period, based on the invoice date, is as follows:

	2025 HK$'000	2024 HK$'000
0–30 days	11,480	57,793
31–90 days	179	4,815
91–180 days	–	2,924
181–365 days	936	35,553
Over 365 days	94,466	71,868
	107,061	172,953
Less: Loss allowances on trade receivables	(56,740)	(49,322)
	50,321	123,631

The credit period granted to the above trade debtors ranges 0–90 days from the invoice dates.

As at 31 March 2025, included in the Group's trade receivables are gross balances of HK$96,633,000 (2024: HK$127,167,000) due from Santai Group.

During the year ended 31 March 2025, trade receivables of HK$33,422,000 due from Santai Group were reclassified as loan and other receivables as disclosed in Note 25.

Loss allowance for ECL of HK$56,212,000 (2024: HK$47,812,000) had been provided on trade receivables due from Santai Group. Further details on the Group's ECL assessment and credit risk management are set out in Note 36(b)(ii).

24. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: (Continued)

(b) As at 31 March 2024, included in the Group's other receivables are amounts due from Santai Group of HK$42,860,000. The amounts represented advances made to Santai Group which were unsecured, interest-free and repayable on demand. A former executive director of the Company, resigned as executive director on 16 April 2025, is a director and a key management personnel of JPO.

During the year ended 31 March 2025, other receivables of HK$32,860,000 due from Santai Group were reclassified as loan and other receivables, as disclosed in Note 25. The remaining other receivables of HK$10,000,000 due from Santai Group are unsecured, interest-free and repayable on demand.

25. LOAN AND OTHER RECEIVABLES

	2025 HK$'000
Loan receivables	34,202
Other receivables	34,787
Less: Loss allowances	(9,613)
	59,376

As set out in the Company's announcement dated 30 August 2024 and 20 February 2025, and the Company's circular dated 26 February 2025, the Group entered into a loan agreement with Santai, pursuant to which the Company and Santai agreed to modify the terms of the advances of approximately HK$32,860,000 made by the Group to Santai Group, which was recognised and included as other receivables as at 31 March 2024 (see Note 24), and to modify letters of support up to HK$33,500,000 provided by the Group in favour of JPO with new agreements which set out the terms and conditions in regard of supply of inventories and provision of financial assistance (the "Financial Assistances"). The loan agreement and the Financial Assistances were approved in an extraordinary general meeting held on 14 March 2025 and accordingly, the Group reclassified its trade receivables of HK$33,422,000 and other receivables of HK$32,860,000 under the Financial Assistances relating to Santai Group to loan and other receivables.

Pursuant to loan agreement, interest on the loan shall accrue from and including the date of the loan agreement, which is on 30 August 2024, at the interest rate of 7% per annum on the principal amount of the loan receivables. As at 31 March 2025, the gross amount outstanding under the loan agreement together with related interest receivables was HK$34,202,000.

25. LOAN AND OTHER RECEIVABLES *(Continued)*

The loan receivables advanced to Santai Group is denominated in US$, secured by the shares of JPO and repayable in 2026. As the contractual maturity date of the loan receivables was after 12 months from the end of the reporting period, the amount was classified as non-current. Subsequent to the end of the financial reporting period, Santai had made early repayments of HK$27.3 million on the loan receivables.

Pursuant to Financial Assistances, the Group agreed not to enforce its right to collect any trade receivables from Santai Group up to a maximum amount of approximately HK$33,500,000 until the maturity date in 2026. Interest on the Financial Assistances shall accrue from and including the date of the Financial Assistances, which is on 30 August 2024, at the interest rate of 7% per annum on the outstanding amount of the relevant trade receivables. As at 31 March 2025, the gross amount outstanding under the Financial Assistances together with related interest receivables was HK$34,787,000.

The other receivables from Santai Group under the Financial Assistances is denominated in US$, secured by the shares of JPO, and repayable in 2026. As the contractual maturity date of the receivables from Santai Group was after 12 months from the end of the reporting period, the amounts were classified as non-current.

A loss allowance for ECL of HK$9,613,000 (2024: nil) had been provided on the loan and other receivables. Further details on the Group's ECL assessment and credit risk management are set out in Note 36(b)(ii).

26. PLEDGED BANK DEPOSIT AND CASH AND CASH EQUIVALENTS

Cash at banks earned interest at floating rates based on the daily bank deposits rates. Short-term time deposits are made for varying periods of less than three months and earn interest at the respective short term time deposit rates. The pledged bank deposit carried interest at a fixed rate and are pledged to secure short-term bank borrowings (Note 29).

Included in cash and cash equivalents of the Group was approximately HK$4,036,000 (2024: approximately HK$3,814,000) of bank balances denominated in Renminbi ("RMB") placed with the banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

27. TRADE, BILLS AND OTHER PAYABLES

	2025 HK$'000	2024 HK$'000
Trade payables	54,374	21,178
Bills payables	24,784	53,561
Other payables and accruals	16,381	16,239
	95,539	90,978

Bills payables have to be settled within four months from the date of issue.

The ageing analysis of trade payables based on invoice date are as follows:

	2025 HK$'000	2024 HK$'000
0–30 days	3,175	17,988
31–90 days	23,399	2,714
91–365 days	27,628	251
Over 365 days	172	225
	54,374	21,178

Credit terms granted by the suppliers are generally 0–90 days. All amounts have short maturity periods on their inception and hence the carrying amounts of trade, bills and other payables are considered to be a reasonable approximation to their fair values.

28. AMOUNTS DUE FROM/TO RELATED PARTIES

	2025 HK$'000	Maximum balance outstanding HK$'000	2024 HK$'000	Maximum balance outstanding HK$'000
Amounts due from related parties				
Win 20 Limited	2	2	–	–
Winfield Group Limited	42	42	–	2,656
	44		–	

	2025 HK$'000	2024 HK$'000
Amounts due to related parties		
Win 18 Limited	1,686	–
Win 19 Limited	1,426	–
Ms. Wong	3,321	–
	6,433	–

28. AMOUNTS DUE FROM/TO RELATED PARTIES *(Continued)*

Notes:

(a)

Name of entities	Relationship with the Group
Win 18 Limited, Win 19 Limited and Win 20 Limited	(i) Common director, Ms. Wong.
	(ii) Indirectly wholly owned by Ms. Wong.
Winfield Group Limited	(i) Common director, Ms. Wong.
	(ii) Directly wholly owned by Ms. Wong.

(b) The amounts are non-trade in nature, interest free and repayable on demand.

29. BANK BORROWINGS

	2025 HK$'000	2024 HK$'000
Interest bearing		
– trust receipt loans, secured	57,517	163,144
– term and revolving loans, secured	47,788	25,406
	105,305	188,550

Notes:

(a) All of the bank borrowings are repayable on demand (with demand clause) or within one year.

(b) The bank borrowings are secured by the assets held by the Group, Win 18 Limited and Win 19 Limited, and personal guarantee of Ms. Wong, Mr. Siu Yik Ming ("Mr. Siu"), a director of the Company and Mr. Choi Siu Wai William ("Mr. Choi"), a former director of the Company who resigned on 23 March 2020. On 30 August 2024, the Group entered into a guaranty fee agreement with Mr. Choi and Ms. Wong, pursuant to which the Group agreed to pay guaranty fees to (i) Mr. Choi in return for providing a personal guarantee to a bank; and (ii) Ms. Wong for providing personal guarantees and pledge of properties, which are directly or indirectly owned by her, to the banks to secure the backing facilities. The guaranty fees accrue at a rate of 2.5% per annum on the amounts to be provided by Mr. Choi and Ms. Wong since the date of the agreement.

The carrying amount of the assets of the Group pledged is as follows:

	2025 HK$'000	2024 HK$'000
Prepaid insurance premium *(Note 17)*	9,353	9,051
Pledged bank deposit *(Note 26)*	–	9,984

All of the banking facilities are subject to the fulfilment of both financial and non-financial covenants. If the Group was to breach the covenants, the drawn down facilities may become repayable on demand. In addition, the bank facilities contain clauses which give the banks the right at sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants. As at 31 March 2025, the management of the Group were aware the Group failed the compliance of financial covenants in relation to bank borrowings amounting to HK$67,517,000 for maintaining minimum amounts of tangible worth and current ratio. The Group has communicated with the banks about the breach and is currently in discussion with the relevant banks to obtain waiver from strict compliance of the financial covenants. Based on their discussion with the banks, the management of the Group consider it is likely the banks will grant the respective waivers in due course. Accordingly, the directors of the Company do not consider it is probable that the bank will exercise its discretion to demand repayment for so long as the Group continues utilising the facilities. Further details of the Group's management of liquidity risk are set out in Note 36(b)(iii).

29. BANK BORROWINGS *(Continued)*

Notes: (Continued)

(b) (Continued)

The range of effective interest rates, from the date of commencement of interests becoming chargeable, on the Group's bank borrowings are as follows:

	2025	2024
Effective interest rates (per annum):		
Bank borrowings	5.48%–6.58%	5.4%–7.23%

30. DEFINED BENEFIT OBLIGATION

The Group is liable to pay retirement benefits under the Payment of the Gratuity Act No. 12 of 1983 to an employee in Sri Lanka, who has a period of service of not less than five completed years, on termination (whether by the employer or workman, or on retirement or by the death of the workman, or by operation of law, or otherwise) of the services. Upon each year of completed service, the employee will be entitled to half a month's wage and salary.

The liability recognised in the consolidated financial statements in respect of the defined benefit obligation is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flow using the interest rates that apply to the currency in which the benefit will be paid and that have terms to maturity approximating to the terms of the related liability.

The actuarial valuations of defined benefit obligation were carried out by an independent actuarial consulting firm, Actuarial & Management Consultants (Pvt) Limited, using the Projected Unit Credit Method. The results of the valuation are shown as follows:

	2025 HK$'000	2024 HK$'000
Present value of defined benefit obligation – gratuity	3,079	2,966

The principal actuarial assumptions used for the valuation included a long-term rate of investment return net of salary increment of 11.5% per annum (2024: 12.0%), together with appropriate allowances for expected rates of mortality, turnover and retirement.

The liability is expected to be settled after more than one year. It is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also be related to future services rendered and future changes in actuarial assumptions and market conditions.

30. DEFINED BENEFIT OBLIGATION *(Continued)*

(a) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income are as follows:

	2025 HK$'000	2024 HK$'000
Amounts recognised in profit or loss:		
– Current service cost	**369**	362
– Interest cost	**404**	284

Movements in the present value of defined benefit obligation in the current year are as follows:

	2025 HK$'000	2024 HK$'000
At beginning of the year	**2,966**	2,219
Service cost	**369**	362
Interest cost	**404**	284
Actuarial (gain)/losses from remeasurement	**(166)**	182
Exchange difference	**138**	215
Benefits paid	**(632)**	(296)
At end of the year	**3,079**	2,966

The weighted average duration of the defined benefit obligation is 4.9 years (2024: 5.0 years).

30. DEFINED BENEFIT OBLIGATION *(Continued)*

(b) The significant actuarial assumptions (expressed as weighted average) and sensitivity analysis are as follows:

	2025	2024
Discount rate	**11.5%**	12.0%
Future salary increases	**8.0%**	10.0%

The below analysis shows how the defined benefit obligation at the end of the reporting period would have decreased/(increased) as a result of 1% change in the significant actuarial assumptions:

	2025 **HK$'000**	2024 HK$'000
If increase by 1% in:		
Discount rate	**123**	138
Future salary increases	**(128)**	(151)
If decrease by 1% in:		
Discount rate	**(134)**	(138)
Future salary increases	**120**	151

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

31. SHARE CAPITAL

	Number of shares	Nominal value of ordinary shares HK$'000
Authorised		
At 1 April 2023, 31 March 2024 and 31 March 2025	**2,500,000,000**	**100,000**
Issued and fully paid		
At 1 April 2023 and 31 March 2024	240,000,000	9,600
Share placement *(Note)*	105,600,000	4,224
At 31 March 2025	**345,600,000**	**13,824**

Note:

Pursuant to a subscription agreement dated 30 July 2024, independent private investors subscribed for 48,000,000 new ordinary shares of HK$0.11 each in the Group. Total net proceeds of HK$5,122,000 were raised after deducting the transaction costs attributable to issue of new shares. These new shares were issued on 16 August 2024 under the general mandate granted to the directors of the Group at the annual general meeting of the Group held on 12 September 2023 and they shall rank pari passu with other shares in issue in all respects.

Pursuant to a subscription agreement dated 17 December 2024, independent private investors subscribed for 57,600,000 new ordinary shares of HK$0.07 each in the Group. Total net proceeds of HK$3,951,000 were raised after deducting the transaction costs attributable to issue of new shares. These new shares were issued on 8 January 2025 under the general mandate granted to the directors of the Group at the annual general meeting of the Group held on 24 September 2024 and they shall rank pari passu with other shares in issue in all respects.

32. RESERVES

(a) The Group

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

(b) The Company

	Share premium HK$'000	Capital reserve HK$'000	Contributed reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2023	69,741	45,700	55,354	(168,385)	2,410
Loss and total comprehensive expenses for the year, net of tax	–	–	–	(3,130)	(3,130)
At 31 March 2024 and 1 April 2024	**69,741**	**45,700**	**55,354**	**(171,515)**	**(720)**
Loss and total comprehensive expenses for the year, net of tax	**–**	**–**	**–**	**(6,011)**	**(6,011)**
Shares placement, net of transaction costs *(Note 31)*	**4,849**	**–**	**–**	**–**	**4,849**
At 31 March 2025	**74,590**	**45,700**	**55,354**	**(177,526)**	**(1,882)**

32. RESERVES *(Continued)*

(c) The following describes the nature and purpose of each reserve within owner's equity:

Reserve	Description and purpose
Share premium	Capital injection in excess of registered capital.
Capital reserve	Deemed capital contribution arising from shareholders' loan.
Contributed reserve	Difference between the nominal value of shares issued by the Company and the aggregate fully paid registered capital of the subsidiaries pursuant to the Group Reorganisation completed on 18 September 2018.
Translation reserve	Gains/losses arising on retranslating the net assets of foreign operations into presentation currency.
Remeasurement reserve	Gains/losses arising on remeasuring the actuarial value of defined benefit plan.
Retained earnings/ (accumulated losses)	Cumulative net gains and loss recognised in profit or loss.

(d) Capital management

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies and processes during the reporting period.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		At 31 March	
	Notes	**2025 HK$'000**	2024 HK$'000
Non-current asset			
Investments in subsidiaries	34	**12,122**	12,122
Current assets			
Cash and bank balances		**2,283**	149
Current liabilities			
Other payables		**(269)**	(262)
Amounts due to subsidiaries		**(2,194)**	(3,129)
		(2,463)	(3,391)
Net current liabilities		**(180)**	(3,242)
NET ASSETS		**11,942**	8,880
CAPITAL AND RESERVES			
Share capital	31	**13,824**	9,600
Share premium	32(b)	**74,590**	69,741
Reserves	32(b)	**(76,472)**	(70,461)
TOTAL EQUITY		**11,942**	8,880

34. INVESTMENTS IN SUBSIDIARIES

The Company

	At 31 March	
	2025 HK$'000	2024 HK$'000
Unlisted investment, at cost	**61,354**	61,354
Less: Impairment	**(49,232)**	(49,232)
	12,122	12,122

34. INVESTMENTS IN SUBSIDIARIES *(Continued)*

The Company *(Continued)*

Details of the principal subsidiaries held by the Company at the end of the reporting period are set out below.

Name of subsidiary	Place and date of incorporation/ establishment and form of business structure	Percentage of equity attributable to the Company 2025	Percentage of equity attributable to the Company 2024	Issued and fully paid ordinary share capital or registered capital	Principal activities and principal place of business
Indirectly					
Sterling Apparel Limited	Hong Kong ("HK"), 19 June 2012, limited liability company	100%	100%	Registered and fully paid capital HK$10,000,000	Trading of apparel products, HK
Chiefway International Limited	HK, 21 January 2004, limited liability company	100%	100%	Registered and fully paid capital HK$400,000	Manufacturing and trading of apparel products, HK
Zhi Wei (Guangzhou) Garment Co., Limited	The People's Republic of China (the "PRC"), 5 February 2007, limited liability company	100%	100%	Registered and fully paid capital HK$8,000,000	Manufacturing and trading of apparel products, the PRC
Chiefway Katunayake (Private) Limited	Sri Lanka, 31 March 2017, limited liability company	100%	100%	Registered and fully paid capital Sri Lankan Rupee ("LKR") 696,190,000	Manufacturing and trading of apparel products, Sri Lanka
Chiefway (Private) Limited	Sri Lanka, 16 September 2011, limited liability company	100%	100%	Registered and fully paid capital LKR98,791,540	Manufacturing and trading of apparel products, Sri Lanka
Asiamax Holdings Limited	HK, 5 September 2018, limited liability company	100%	100%	Registered and fully paid capital HK$1	Trademark licensing, HK

35. RELATED AND CONNECTED PARTIES DISCLOSURES

Other than disclosed elsewhere in the consolidated financial statements, the Group entered into the following related party transactions.

(i) Transactions with related parties are as follows:

Name of entities	Relationship with the Group
Kam Li Fashion Factory	Common shareholder, Mr. Siu Chi Wai

Name of related parties	Nature of transactions	2025 HK$'000	2024 HK$'000
Kam Li Fashion Factory	Motor vehicle rental expenses	300	300
Ms. Wong	Interest expense on loans *(Note)*	357	–

Note:

During the year ended 31 March 2025, the Group borrowed an amount of HK$38,532,000 from Ms. Wong which was unsecured, bears interest at a rate of 6.5% per annum and repayable on demand. The loan was settled during the same year.

None of the related parties transactions disclosed above constituted connected transaction or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(ii) Key management personnel compensation

The key management personnel of the Group represent directors and other senior management of the Group. Details of the emolument paid to them are set out in Note 13.

(iii) Outstanding balances with related parties

Details of the Group's amounts due from/to related parties are included in Note 28.

35. RELATED AND CONNECTED PARTIES DISCLOSURES *(Continued)*

(iv) Connected parties transactions

Name of related parties	Nature of transactions	2025 HK$'000	2024 HK$'000
Win 18 Limited	Rental expense	1,560	1,560
Win 19 Limited	Rental expense	1,560	1,560
Ms. Wong	Guaranty fee on bank borrowings arrangement *(Note 29)*	3,321	–

The related parties transactions disclosed above constitute connected transactions as defined in Chapter 14A of the Listing Rules.

On 19 October 2023, the Group made payment of (i) US$400,000 (equivalent to approximately HK$3,120,000) for and on behalf of Ms. Wong to settle the consideration for the purchase of shares of JPO by Ms. Wong; and (ii) US$300,000 (equivalent to approximately HK$2,340,000) for and on behalf of Mr. Siu to settle the consideration for the purchase of shares of JPO by Mr. Siu. The above payments made by SAL for and on behalf of Ms. Wong and Mr. Siu constituted a financial assistance provided by the Group to Ms. Wong and Mr. Siu. Thereafter shortly on 24 and 25 October 2023, Ms. Wong and Mr. Siu repaid the relevant amount to the Group and the Group did not suffer any financial losses. In addition, each of Ms. Wong and Mr. Siu has paid interest of 7% per annum to compensate the Group for the financial assistance previously provided.

36. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table shows the carrying amount and fair value of financial assets and liabilities:

	2025 HK$'000	2024 HK$'000
Financial assets		
At FVTPL		
– Prepaid insurance premium	9,353	9,051
At amortised cost		
– Loan and other receivables	59,376	–
– Trade and other receivables	56,104	151,070
– Amounts due from related parties	44	–
– Pledged bank deposit	–	9,984
– Cash and cash equivalents	14,710	26,965
	139,587	197,070
Financial liabilities		
At amortised cost		
– Trade, bills and other payables	94,956	90,978
– Amounts due to related parties	6,433	–
– Bank borrowings	105,305	188,550
	206,694	279,528

36. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies

The Group's principal financial assets are prepaid insurance premium, trade and other receivables, loan and other receivables, amounts due from related parties, deposits and cash and bank balances that derive directly from its operations. Principal financial liabilities of the Group include trade, bills and other payables, amounts due to related parties, bank borrowings and lease liabilities. The main purpose of these financial liabilities is to finance the Group's operations.

The Group has not issued and does not hold any financial instruments for trading purposes. The main risks arising from the Group's financial instruments are currency risk, credit risk, liquidity risk and interest rate risk.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders.

(i) Currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to currency risk primarily through transactions that are denominated in currencies other than the functional currency of the operations to which they related. Cash and cash equivalents, trade and other receivables, bank borrowings and trade, bills and other payables denominated in foreign currencies expose the Group to currency risk.

The currencies giving rise to the risk are primarily United States Dollars ("US$"), Renminbi ("RMB") and Euro ("EUR").

As HK$ is pegged to US$, the Group does not expect any significant movements in US$/HK$ exchange rate. The currencies giving rise to this risk are primarily RMB and EUR.

	Liabilities		**Assets**	
	As at 31 March		**As at 31 March**	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
RMB	**(364)**	(1)	**208**	261
EUR	**(11)**	(170)	**1**	181
LKR	**(4,904)**	–	**1,460**	–

The Group currently does not have a foreign currency hedging policy but management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

In the opinion of the management of the Group, no sensitivity analysis is provided the impact on exchange rate fluctuation is considered as minimal.

36. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables, loan and other receivables amount due from related parties and deposits with banks. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

(i) Trade and other receivables and loan and other receivables

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit sales. These evaluations focus on the customer's history of making payments when due and ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 0 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 March 2025 and 2024, 87.1% and 61.5%, respectively, of the total trade receivables were due from the Group's largest debtors; and 99.7% and 98.7%, respectively of the total trade receivables were due from the Group's five largest debtors.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any loss allowance. The Group does not provide financial guarantee which would expose the Group to credit risk.

The Group applies the simplified approach to account for ECLs prescribed by HKFRS 9, which permit the use of the lifetime ECLs on trade receivables at amortised cost. Trade receivables relating to certain of its customers with known financial difficulties, with significant long-aged trade receivables balances in proportion to their respective total balance or balance being credit-impaired are assessed individually for provision of loss allowance. ECLs are also estimated by grouping the remaining trade receivables based on days past due for grouping of various customer segments sharing similar credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customer and its ageing category, and applying ECL rates to the respective gross carrying amounts of the trade receivables.

In developing the loss allowance, the ECL rates of trade receivables assessed individually are determined based on corresponding repayment and default histories, creditworthiness and on-going business relationship with them. For trade receivables assessed collectively, the ECL rates are determined based on historical credit losses data. The loss rates are determined by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies, and then adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the trade receivables.

36. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk *(Continued)*

(i) Trade and other receivables and loan and other receivables (Continued)

For other receivables and deposits, the management of the Group makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

For loan and other receivables, which are receivables relating to Santai Group, the management of the Group makes individual assessment for ECL on the same basis as the Group's trade and other receivables. Details of the measurement are set out below.

Measurement of expected credit loss on individual basis

As at 31 March 2025 and 2024, receivables relating to Santai Group included significant long-aged receivables balance in proportion to their respective total balance and were assessed individually for ECLs. The gross trade receivables, other receivables and loan receivables relating to Santai Group were HK$96,633,000 (2024: HK$127,167,000), HK$44,787,000 (2024: HK$42,860,000) and HK$34,202,000 (2024: nil) respectively, with accumulated loss allowance of HK$56,212,000 (2024: HK$47,812,000), HK$14,754,000 (2024: HK$22,197,000) and HK$4,859,000 (2024: nil) provided for ECLs respectively.

As disclosed in Note 25, trade receivables of HK$33,422,000 and other receivables of HK$32,860,000 relating to Santai Group were reclassified as loan and other receivables and are secured by the shares of JPO. Loss allowances of HK$6,192,000 in relation to these trade receivables and HK$7,338,000 in relation to these other receivables had been reversed based on the ECL assessment taken into consideration of the collateral held by the Group.

The Group considered that there was significant increase in credit risk in respect of receivables relating to Santai Group since initial recognition due to delayed repayments since 2020. However, the receivables relating to Santai Group were not considered as in default since the management of the Group are of the opinion that the balances are still recoverable after careful assessment of Santai Group's repayment history, creditworthiness, financial positions, collaterals available and ongoing business relationship. Accordingly, a net loss allowance for ECLs of HK$5,816,000 (2024: HK$10,158,000) on receivables relating to Santai Group was recognised during the year ended 31 March 2025.

In addition, on 28 June 2023, one of the Group's major customers announced that it had filed for voluntary petitions for relief under Chapter 11 of the United States Bankruptcy code to continue pursuing strategic alternatives and the management of the Group concluded that there was no realistic prospect of recovery for these receivables. Accordingly, the outstanding debts from this debtor were considered as defaulted. An impairment loss of HK$15,121,000 on trade receivables was recognised and all trade allowances of trade receivables from this customer were written-off during the year ended 31 March 2024.

36. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk *(Continued)*

(i) Trade and other receivables and loan and other receivables (Continued)

Measurement of expected credit loss on collective basis

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables assessed collectively as at 31 March 2025 and 2024:

As at 31 March 2025

	Expected loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000
Current	3.67%	9,381	344
Less than 1 month past due	3.67%	717	26
More than 1 month but less than 3 months past due	4.20%	179	7
More than 12 months past due	100%	151	151
		10,428	528

As at 31 March 2024

	Expected loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000
Current	3.25%	43,558	1,415
Less than 1 month past due	3.25%	1,281	42
More than 1 month but less than 3 months past due	3.75%	781	29
More than 3 months but less than 6 months past due	5.82%	19	1
More than 6 months but less than 12 months past due	15.59%	147	23
		45,786	1,510

36. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk *(Continued)*

(i) Trade and other receivables and loan and other receivables (Continued)

The below table reconciled the loss allowance for trade receivables for the year:

	HK$'000
At 1 April 2023	48,917
Recognised	17,856
Written-off	(17,451)
At 31 March 2024	**49,322**
Reversed	**(6,192)**
Recognised	**18,364**
Transferred to loan and other receivables	**(4,754)**
At 31 March 2025	**56,740**

The movement of loss allowances for other receivables during the year is as follows:

	HK$'000
At 1 April 2023	14,300
Recognised	7,946
Written-off	(49)
At 31 March 2024 and 1 April 2024	**22,197**
Reversed	**(7,338)**
Transferred to loan and other receivables	**(4,859)**
At 31 March 2025	**10,000**

36. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk *(Continued)*

(i) Trade and other receivables and loan and other receivables (Continued)

The movement of loss allowances for loan and other receivables during the year is as follows:

	HK$'000
At 1 April 2024	–
Transferred from trade and other receivables	9,613
At 31 March 2025	9,613

At the end of the reporting period, other than the collateral for the loan and other receivables as disclosed in Note 25, the Group did not hold other collateral as security or other credit enhancements over the impaired trade and other receivables.

(ii) Amount due from related parties

The Group regularly monitors the business performance of the related parties. The Group's credit risks in these balances are mitigated through the value of the assets held by these entities. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on twelve months ECL.

(iii) Cash and cash equivalents and pledged bank deposit

Most of the Group's cash and cash equivalents and pledged bank deposit are held in major reputable financial institutions in Hong Kong, the PRC and Sri Lanka, which management believes are of high credit quality.

36. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Liquidity risk

In the management of liquidity risk, the Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants in order to maintain sufficient reserves of cash and adequate committed lines of funding from major banks to meet its liquidity requirements in the short and long term. The liquidity policies have been followed by the Group during the reporting period and are considered to have been effective in managing liquidity risk.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates at the end of the reporting period.

	Weighted average effective interest rate	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	Within 2 years to 5 years HK$'000	Over 5 years HK$'000
At 31 March 2025						
Trade, bills and other payables	N/A	94,956	94,956	94,956	–	–
Amounts due to related parties	N/A	6,433	6,433	6,433	–	–
Bank borrowings:						
Trust receipt loans	6.58%	57,517	61,303	61,303	–	–
Bank borrowings:						
Term and revolving loans	5.48%to 5.55%	47,788	47,788	47,788	–	–
Lease liabilities	3.10% to 8.63%	3,976	11,024	1,170	1,492	8,362
		210,670	221,504	211,650	1,492	8,362
At 31 March 2024						
Trade, bills and other payables	N/A	90,978	90,978	90,978	–	–
Bank borrowings:						
Trust receipt loans	7.23%	163,144	174,928	174,928	–	–
Bank borrowings:						
Term and revolving loans	5.4% to 7.2%	25,406	25,406	25,406	–	–
Lease liabilities	4.08% to 8.49%	5,550	12,311	1,184	2,539	8,588
		285,078	303,623	292,496	2,539	8,588

36. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Liquidity risk *(Continued)*

The table that follows summarises the maturity analysis of bank loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the above maturity analysis. Taking into account the Group's financial position, the directors of the Company do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment, the directors of the Company believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	2025 HK$'000	2024 HK$'000
Term and revolving loans subject to repayment on demand clause based on scheduled repayments		
Carrying amount	**47,788**	25,406
Within three months	**15,918**	26,921
More than three months but less than one year	**17,180**	–
More than one year but less than five years	**16,548**	–
Total contractual undiscounted cash flow	**49,646**	26,921

36. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iv) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowings. Bank borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk respectively. The Group's interest rate profile as monitored by management is set out below.

The following table details the interest rate profile of the Group's bank borrowings at the end of the reporting period.

	2025		2024	
	Effective interest rate	HK$'000	Effective interest rate	HK$'000
Floating rate bank borrowings				
Bank borrowings: Trust receipt loans	6.58%	57,517	7.23%	163,144
Bank borrowings: Term and revolving loans	5.48% to 5.55%	47,788	5.4% to 7.2%	25,406
Total net bank borrowings		105,305		188,550

Sensitivity

The Group's cash flow interest rate risk relates primarily to interest bearing bank borrowings.

Sensitivity analysis

For the year, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after tax and accumulated losses by approximately HK$879,000 (2024: HK$1,575,000).

The sensitivity analysis above indicates the impact on the Group's results for the year and accumulated losses that would arise assuming that there is an annualised impact on interest income and expense by a change in interest rates. The analysis has been performed on the same basis during the reporting period.

36. FINANCIAL INSTRUMENTS *(Continued)*

(c) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth.

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 the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes in the objectives, policies or processes were made during the reporting period.

The Group monitors capital using a debt to capital ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as trade, bills and other payables, amounts due to related parties, bank borrowings and lease liabilities, and less cash and cash equivalents. Capital includes equity attributable to owners of the Company.

	2025 **HK$'000**	2024 HK$'000
Total debt	**211,253**	285,078
Less: Cash and cash equivalents	**(14,710)**	(26,965)
Net debt	**196,543**	258,113
Equity attributable to the owners of the Company	**30,505**	27,329
Net debt and equity	**227,048**	285,442
Debt to capital ratio	**86.6%**	90.43%

36. FINANCIAL INSTRUMENTS *(Continued)*

(d) Fair value

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair value.

The following table provides an analysis of financial and non-financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
At 31 March 2025				
Prepaid insurance premium	**–**	**9,353**	**–**	**9,353**
At 31 March 2024				
Prepaid insurance premium	–	9,051	–	9,051

There were no transfers between levels during the year.

37. NOTES SUPPORTING CASH FLOW STATEMENT

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Reconciliation of liabilities arising from financing:

	Amounts due to related parties HK$'000	Bank borrowings HK$'000	Lease liabilities HK$'000
As at 1 April 2024	–	188,550	5,550
Changes from financing cash flows:			
– Advance from a director	38,532	–	–
– Repayment to a director	(38,532)	–	–
– Proceeds from bank borrowings	–	398,546	–
– Repayment of bank borrowings	–	(481,791)	–
– Repayment of principal portion of lease liabilities	–	–	(869)
– Repayment of interest portion of lease liabilities	–	–	(283)
– Interest paid	(357)	(10,267)	–
Total changes from financing cash flow	(357)	(93,512)	(1,152)
Exchange adjustments:	–	–	(30)
Other changes:			
– Expenses accrued during the year	6,433	–	–
– Entering into new leases during the year	–	–	51
– Effect of lease modification	–	–	(726)
– Interest incurred for the year	357	10,267	283
As at 31 March 2025	6,433	105,305	3,976

37. NOTES SUPPORTING CASH FLOW STATEMENT *(Continued)*

	Bank borrowings HK$'000	Lease liabilities HK$'000
As at 1 April 2023	145,593	5,428
Changes from financing cash flows:		
– Proceeds from bank borrowings	679,333	–
– Repayment of bank borrowings	(636,376)	–
– Repayment of principal portion of lease liabilities	–	(965)
– Repayment of interest portion of lease liabilities	–	(330)
– Interest paid	(10,279)	–
Total changes from financing cash flow	32,678	(1,295)
Exchange adjustments:	–	(67)
Other changes:		
– Entering into new leases during the year	–	665
– Effect of lease modification	–	489
– Interest incurred for the year	10,279	330
As at 31 March 2024	188,550	5,550

38. EVENTS AFTER THE REPORTING PERIOD

As set out in the Company's announcement dated 24 April 2025, 30 April 2025, 8 May 2025 and 15 May 2025, subsequent to the end of the reporting period, Santai had made early repayments to the Group's loan receivables of an aggregate amount of HK$27.3 million.

Five-year Financial Summary

RESULTS

	Year ended 31 March				
	2021 HK$'000	2022 HK$'000	2023 HK$'000	2024 HK$'000	**2025 HK$'000**
Turnover	371,276	455,970	623,433	571,391	**477,728**
(Loss)/Profit for the year	(33,253)	(38,847)	19,927	(18,360)	**(6,143)**
Attributable to:					
Owners of the Company	(33,253)	(38,847)	19,927	(18,360)	**(6,143)**
Non-controlling interests	–	–	–	–	**–**
	(33,253)	(38,847)	19,927	(18,360)	**(6,143)**

ASSETS AND LIABILITIES

	At 31 March				
	2021 HK$'000	2022 HK$'000	2023 HK$'000	2024 HK$'000	**2025 HK$'000**
Total assets	384,578	324,238	301,574	321,480	**250,253**
Total liabilities	327,575	297,393	254,571	294,151	**219,748**
	57,003	26,845	47,003	27,329	**30,505**
Equity attributable to owners of the Company	57,003	26,845	47,003	27,329	**30,505**
Non-controlling interests	–	–	–	–	**–**
	57,003	26,845	47,003	27,329	**30,505**