SG Group Holdings Limited
樺欣控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1657)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2024

The board (the "**Board**") of directors (the "**Directors**") of SG Group Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries for the year ended 30 April 2024. This announcement, containing the full text of the 2024 annual report for the year ended 30 April 2024 of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") in relation to information to accompany preliminary announcement of the annual results.

By order of the Board
SG Group Holdings Limited
Choi King Ting, Charles
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 31 July 2024

As at the date of this announcement, the executive Directors are Mr. Choi King Ting, Charles and Mr. Choi Ching Shing; and the independent non-executive Directors are Mr. Lai Kwok Hung, Alex, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu.

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CORPORATE INFORMATION

REGISTERED OFFICE
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Unit B, 9/F
Mai Wah Industrial Building
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Kwai Chung
New Territories
Hong Kong

COMPANY'S TELEPHONE HOTLINE
(852) 2756 8980

COMPANY'S EMAIL ADDRESS
admin@jcfash.com

COMPANY'S WEBSITE
www.jcfash.com

EXECUTIVE DIRECTORS
Mr. Choi King Ting, Charles
(Chairman and Chief Executive Officer)
Mr. Choi Ching Shing

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Lai Kwok Hung, Alex
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

COMPANY SECRETARY
Mr. Chu Pui Ki, Dickson
(Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants)

AUTHORISED REPRESENTATIVES
Mr. Choi King Ting, Charles
Mr. Chu Pui Ki, Dickson

COMPLIANCE OFFICER
Mr. Choi King Ting, Charles

AUDIT AND RISK MANAGEMENT COMMITTEE
Mr. Lai Kwok Hung, Alex *(Chairman)*
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

REMUNERATION COMMITTEE
Mr. Yeung Chuen Chow, Thomas *(Chairman)*
Mr. Choi King Ting, Charles
Mr. Cüneyt Bülent Bilâloğlu

NOMINATION COMMITTEE
Mr. Choi King Ting, Charles *(Chairman)*
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS
Harneys Services (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Boardroom Share Registrars (HK) Limited
2103B, 21st Floor, 148 Electric Road
North Point
Hong Kong

PRINCIPAL BANKER
Hang Seng Bank Limited
20th Floor, 83 Des Voeux Road
Central, Hong Kong

AUDITOR
D & PARTNERS CPA LIMITED
Certified Public Accountant
Registered Public Interest Entity Auditor
2201, 22/F., West Exchange Tower,
322 Des Voeux Road Central,
Sheung Wan,
Hong Kong

MAIN BOARD STOCK CODE
1657

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of SG Group Holdings Limited (the "Company", and together with its subsidiaries, the "Group"), I am pleased to present the annual report of the Group for the year ended 30 April 2024 (the "Year") to you.

With the weakened global economy, brands and retailers suppressed their buying demand and managed to reduce their cost to serve with better stock management. The Group's revenue from the supply of apparel products to branded fashion retailers and wholesalers decreased by 19.0% to approximately HK$121.0 million for the Year.

Along with the rise of influencer marketing economy, the Group leveraged our integrated supply chain management and diversified cooperation with influencers. We create value for both customers and consumers by providing various influencer collaboration collections with design and sourcing services. With the deep understanding of customers' needs and better products, building relevance for our major customers would ensure the restoring of the core profitability of our operations.

Meanwhile, to transform with our supply chain management strengths, in December 2023, the Group has entered into a new business in respect of the provision of institutional catering to private institution. This is still a small part of our business but we are scaling it at pace. The Group has the confidence that this new business will be truly transformational for the Group, both for the profitability and cash generation of our business model.

Nonetheless, there is still uncertainty for the recovery pace and momentum of the global economy in the near term. The Board will continue to assess the impact on the Group's operations and financial performance and closely monitor the Group's exposure to the risks and uncertainties in connection therewith. The Group will take appropriate measures to adapt to the challenging environment when necessary including but not limited to prevailing cost control measures to increase the operating efficiency of the Group.

Looking ahead, the Group will continue to strengthen its customized comprehensive apparel designing and sourcing services to better fulfill our commitments to the existing and potential customers. The Group will actively approach the existing and potential customers to explore new business opportunities through its business network. The Directors believe that regular communications with the Group's customers allows the Group to better understand their needs and requirements, which in turn will strengthen the relationships between the Group and its customers. The Group will also continue to explore and optimise the Group's supplier base to strength its supply chan management services and increase the gross profit margin.

The Directors will continue to review and evaluate the business objectives and strategies and make timely execution taking into account the business risks and market uncertainties. The Directors will also continue, from time to time, to explore, in a prudent way, suitable investment opportunities to enhance the interests of the Company and its shareholders which in time will bring sustainable and stable development to the Group.

NOTE OF APPRECIATION

On behalf of the Board, I would like to extend my sincere appreciation to the Group's management and staff for their commitment and dedication. I would also like to express my deep gratitude to all of our business partners, customers, suppliers and the Shareholders for their continuous support.

SG Group Holdings Limited
Choi King Ting, Charles
Chairman

Hong Kong, 31 July 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The business operations of the Group consist of three major segments, namely (i) the traditional segment, where the Group primarily sources and supplies branded label apparel products to fashion retailers and wholesalers; (ii) the new retail segment, where the Group proactively collaborates with influencers, providing design, develop and supply both branded label and influencer collaboration label apparel products to fashion retailers and wholesalers; and (iii) the institutional catering segment, where the Group provides institutional catering to private institution.

During the Year, the Group record an increase in the traditional segment. The Group's revenue from such business segment has increased by 38.5% to approximately HK$91.8 million for the Year from approximately HK$66.3 million for the year ended 30 April 2023. The increase reflected the increase in sales orders from a major customer targeting US market.

In respect of new retail business, the Group's revenue decreased by 64.8% to approximately HK$29.2 million for the Year from approximately HK$83.0 million for the year ended 30 April 2023. The decrease reflected the decrease in sales orders from our major UK customers. The Group will continue to optimise the influencer collaboration collections and to provide our customers with the best and most relevant products with the leverage of promotional effect through empowerment by influencers so as to sustain and even boost sales order from our major UK customers.

In December 2023, the Group has entered into a new business in respect of the provision of institutional catering to private institution. The Group recorded approximately HK$1.9 million for the Year. Building on the successful start and high customer satisfaction, a number of letters of offer were received during the Year under negotiation. The Group is confident in growing the institutional catering business over the long term. The Group will continue to grow market share by providing a wide range of high-value menu offerings and customer-focused service.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by 17.7% to approximately HK$122.9 million for the Year from approximately HK$149.4 million for the year ended 30 April 2023. The decrease in revenue was mainly due to (i) the decrease in purchase orders from major customers headquartered in the UK; and (ii) sales discount granted to the customers upon our customers' requests. Most customers in UK reduced demand amid their end customers faced accelerating inflation and pressure on disposable incomes.

Traditional business

The Group record an increase in the traditional business segment. The Group's revenue has increased by 38.5% to approximately HK$91.8 million for the Year from approximately HK$66.3 million for the year ended 30 April 2023. The increase reflected the increase in sales orders from a major customer targeting US market.

New retail business

The Group recorded a significant decrease in revenue from the new retail business by 64.8% to approximately HK$29.2 million for the Year from approximately HK$83.0 million for the year ended 30 April 2023. The decrease reflected the decrease in sales orders from our major UK customers. The Group will continue to strengthen its customized comprehensive apparel designing and sourcing services with the leverage of promotional effect through empowerment by influencers so as to sustain and even boost sales order from our major UK customers.

Institutional catering business

In December 2023, the Group has entered into a new business in respect of the provision of institutional catering to private institution. The Group recorded approximately HK$1.9 million for the Year.

Cost of sales

The Group's cost of sales primarily consists of cost of goods sold and other direct costs. The cost of sales decreased by 20.0% to approximately HK$104.6 million for the Year as compared to HK$130.7 million for the year ended 30 April 2023. The cost of sales decreased along with the decrease in revenue for the Year.

Gross profit and gross profit margin

The Group's gross profit decreased to approximately HK$18.3 million for the Year from approximately HK$18.7 million for the year ended 30 April 2023, representing a decrease of approximately 2.1%. The Group's gross profit margin was approximately 14.9% for the Year and approximately 12.5% for the year ended 30 April 2023. Such increase in gross profit margin was primarily attributable to the continuous effort in optimization of both customer and supplier portfolio. Especially, in respect of the new retail business, the gross profit margin increased to 24.7% in the Year as compared to the gross profit margin of 15.9% for the year ended 30 April 2023.

Other gains and losses

The Group recorded other net gains on foreign exchange of approximately HK$59,000 for the Year, as compared to other net gains of approximately HK$1.3 million for the year ended 30 April 2023. The foreign exchange gains on depreciation of Renminbi ("RMB") mitigate the depreciation of Great British Pound ("GBP").

The Group recorded a net realised losses on financial assets at FVTPL of HK$1.6 million for the Year (for the year ended 30 April 2023: HK$Nil) and a net unrealised losses on financial assets at FVTPL of HK$1.2 million for the Year (for the year ended 30 April 2023: HK$1.4 million). However, the Group continues, from time to time, to explore, in a prudent way, suitable investment opportunities to enhance the interests of the Company and its shareholders.

The Group did not record an impairment loss recognised on property, plant and equipment and investment properties for the Year (for the year ended 30 April 2023: HK$5.9 million and HK$0.8 million respectively).

Impairment loss recognised on trade receivables

The Group recorded a provision for impairment loss recognised on trade receivables of approximately HK$1.4 million for the Year, as compared to a provision for impairment loss recognised on trade receivables of approximately HK$0.3 million for the year ended 30 April 2023. As a result of the increase in trade receivables of a UK customer, which are past due at the end of the Year and took into account the forward looking factor when assessing the expected credit loss on the trade receivables, the Group incurred a greater amount of credit loss allowance against the trade receivables as compared to the year ended 30 April 2023. There was no significant change of credit risk exposure for the major customers of the Group.

Administrative expenses

Administrative expenses primarily consist of employee benefit expenses, entertainment expenses, travelling expenses, depreciation of property and equipment and right of-use assets, legal and professional fees and other miscellaneous general and administrative expenses. Administrative expenses decreased to approximately HK$17.2 million for the Year from approximately HK$17.7 million for the year ended 30 April 2023, representing an decrease of approximately 2.8%. The decrease was mainly attributable to the decrease in employee benefit expenses of approximately HK$6.1 million (for the year ended 30 April 2023: HK$7.3 million) and office supplies of approximately HK$0.5 million (for the year ended 30 April 2023: HK$0.7 million), resulting in the optimisation of back office team so as to cope with the new market and new customers. Nonetheless, the Group continues to inspire the team talent amid the marked slowdown in demand driven by global economic uncertainty and ensures proper cost control measures on the employees' remuneration during the Year.

Selling and distribution expenses

The Group's selling and distribution expenses increased to approximately HK$15.4 million for the Year from approximately HK$13.8 million for the year ended 30 April 2023, representing an increase of approximately 11.6%. The increase was mainly due to the increase in marketing expenses of approximately HK$3.4 million (for the year ended 30 April 2023: HK$1.4 million), resulting in the enhancement and diversification of influencer collaboration. Nonetheless, the Group continues to inspire the team talent amid the marked slowdown in demand driven by global economic uncertainty and ensures proper cost control measures on the employees' remuneration during the Year.

Loss for the year

The Group recorded a loss for the year of approximately HK$17.1 million for the Year, as compared to loss for the year of approximately HK$16.4 million for the year ended 30 April 2023. The loss was mainly due to the decrease in revenue and the decrease in purchase orders from major customers headquartered in the UK, as well as the net realised and unrealised losses on financial assets at FVTPL recorded for the Year.

Total comprehensive expenses attributable to owners of the Company

Total comprehensive expenses attributable to owners of the Company amounted to approximately HK$17.6 million for the Year, as compared to total comprehensive expenses of approximately HK$19.2 million for the year ended 30 April 2023. The decrease was mainly attributable to (i) decrease in revenue and the decrease in purchase orders from major customers headquartered in the UK; (ii) the decrease in gross profit; and (iii) the increase in net realised and unrealised losses on trading securities; as a result of the downturn in the overall fashion retail and wholesale market and the continuous geopolitical tensions, high inflation and interest rate hikes as well as recession risk.

Basic loss per Share

The Company's basic loss per Share for the Year was approximately HK$0.536, as compared to the basic loss per Share of approximately HK$0.513 for the year ended 30 April 2023. The increase was in line with the loss for the year attributable to owners of the Company for the Year, as compared to that for the year ended 30 April 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains a healthy financial position. As at 30 April 2024 and 2023, the Group had net current assets of approximately HK$64.3 million and HK$83.8 million, respectively, which include bank balances and cash of approximately HK$32.4 million and HK$34.2 million, respectively. The Group's current ratio (that is, current assets divided by current liabilities) increased from approximately 4.4 as at 30 April 2023 to approximately 5.8 as at 30 April 2024.

Gearing ratio is calculated by dividing total debts by total equity as at the end of the reporting period. The total debts include bank borrowings and lease liabilities. The Group's gearing ratio was approximately 0.0716 as at 30 April 2024 (30 April 2023: 0.0597).

TREASURY POLICIES

The Group adopts prudent treasury policies. The Group's management performs an ongoing credit evaluation of the financial conditions of the customers in order to reduce the Group's exposure to credit risk. In addition to these ongoing credit evaluations, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

COMMITMENTS

As at 30 April 2024, the Group did not have any capital commitments contracted for but not provided in the audited consolidated financial statements (30 April 2023: HK$Nil). Such commitments related to capital expenditure in respect of renovation of an owned property and acquisition of intangible asset of the Group.

CAPITAL STRUCTURE

As at 30 April 2024 and 2023, the Company's issued share capital was HK$320,000 divided into 32,000,000 Shares of HK$0.01 each.

SIGNIFICANT INVESTMENTS

As at 30 April 2024 and 2023, the Group did not hold any significant investments.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as those disclosed in the prospectus dated 28 February 2017 for the listing of Shares of the Company on GEM of the Stock Exchange ("Prospectus"), the Group currently has no other plan for material investments and capital assets.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 April 2024 and 2023.

FOREIGN EXCHANGE EXPOSURE

As at 30 April 2024 and 2023, the Group's exposure to currency risk primarily related to HK$ and GBP. As HK$ is pegged to the functional currency of the Group, US$, the Group does not expect significant exchange rate risk from HK$. The management of the Group strives to change invoicing currency of sales from GBP to US$ to minimise exchange rate risk from fluctuations of GBP. The Group has set up a comprehensive foreign currency risk management policy that the Group may adopt to manage the risk it faces. The Group will review such policy from time to time. The Group currently does not undertake any foreign currency hedge.

PLEDGE OF ASSETS

Save for the disclosure set out in note 30 to the consolidated financial statements in this annual report, as at 30 April 2024 and 2023, the Group did not have any leased assets secured by the lessor's title under finance lease.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees were 46 and 44 as at 30 April 2024 and 2023, respectively. The Group's employee benefit expenses mainly include salaries, wages, other staff benefits, contributions to retirement schemes. For the years ended 30 April 2024 and 2023, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK$11.2 million and HK$12.0 million, respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to basic salary, year-end bonuses would be discretionarily offered to those employees with outstanding performance.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong and the People's Republic of China ("PRC"). To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong and the PRC during the Year.

The Group also complies with the requirements under the Companies Act (revised) of the Cayman Islands, the Rules Governing the Listings of Securities on the Stock Exchange (the "Listing Rules") and the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO") for the disclosure of information and corporate governance.

ENVIRONMENTAL POLICY

The Group aims to protect the environment by minimising environmental adverse impacts in daily operations, such as energy saving and recycling of office resources. The Group will continue to seek for better environmental practices and promote the right environmental attitudes within the organisation. The Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises employees as one of the valuable assets of the Group and the Group strictly complies with the labour laws and regulations in Hong Kong and regularly reviews the existing staff benefits for improvement. Apart from the reasonable remuneration packages, the Group also offers other employee benefits, such as medical insurance.

The Group provides good quality services to the customers and maintains a good relationship with them. The Group keeps a database to directly communicate with recurring customers for developing a long-term business relationship.

The Group also maintains effective communication and develops a long term trust relationship with the suppliers. During the Year, there was no material dispute or disagreement between the Group and its suppliers.

FUTURE PROSPECTS

Against the unfavourable economic environment, the Board expects the reduced appetite in discretionary spending and the drop in demand for apparel to continue through next 12 months. The Board will continue to assess the global economic backdrop on the Group's operations and financial performance and closely monitor the Group's exposure to the risks and uncertainties in connection therewith. The Group will take appropriate measures to adapt to the challenging environment when necessary including but not limited to prevailing cost control measures to increase the operating efficiency of the Group.

Meanwhile, the Group will continue to transform with our supply chain management strengths in catering sector. With the best and most relevant menu offerings and customer-focused service, the Group has the confidence to scaling up the institutional catering at pace and to deliver a sustainable and profitable growth for the Group.

Looking ahead, the Group will actively explore potential customers in different regions and continue to strengthen its customized comprehensive apparel designing and sourcing services to better fulfill our commitments to the existing and potential customers. Meanwhile, the Group will actively expand the peripheral business scope of fashion, including shoes, bags. The Group will also continue to optimize (i) its display and promote sample products in showroom in Hong Kong, the PRC and the UK for customers' visits; (ii) e-promotion via online platforms tailored for individual customers; and (iii) explore the opportunities of the collaboration between the Group and international influencers to improve the Group's corporate image and recognition. The Directors believe that regular communications with the Group's customers allows the Group to better understand their needs and requirements, which in turn will strengthen the relationships between the Group and its customers.

The Directors will continue to review and evaluate the business objectives and strategies and make timely execution taking into account the business risks and market uncertainties. The Directors will also continue, from time to time, to explore, in a prudent way, suitable investment opportunities to enhance the interests of the Company and its shareholders which in time will bring sustainable and stable development to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL RISKS AND UNCERTAINTIES

There are certain other risks involved in the Group's current operations. In particular, the Group relies on several major customers and the Group does not enter into any long-term contracts with the customers and therefore they have no commitment to place future orders with the Group, which exposes the Group to the risk of uncertainty and potential volatility in the Group's revenue. The Group also faces business risks such as (i) customers' reliance on the Group's ability to respond to changes in end consumers' preference in a timely manner; (ii) if there is a significant decrease in the orders from our customers in the UK, the Group cannot guarantee that it would be able to make up the loss of sales from other markets; (iii) the Group operates in a competitive market and the intense competition it faces may lead to a decline in the Group's market share and lower profit margins; (iv) the Group is exposed to credit risk from our customers and the payments may not be collected from our customers in the future; (v) costs increase due to fluctuations in the price, availability and quality of raw materials which could affect the supplies of the Group; and (vi) some of our customers are sensitive to social responsibility and social compliance standards if our approved suppliers have or are perceived to have failed to comply with these standards, our reputation as a design and sourcing service provider could be adversely affected and customers may choose not to continue their business with us.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Choi King Ting, Charles (蔡敬庭) ("Mr. Charles Choi"), aged 46, is an executive Director, the chairman and chief executive officer of the Company. Mr. Charles Choi was appointed as the chairman and the chief executive officer of our Group on 15 August 2016. He is the chairman of the nomination committee of the Board (the "Nomination Committee") and a member of the remuneration committee of the Board (the "Remuneration Committee"). Mr. Charles Choi is the director of JC FASHION GROUP LIMITED, JC Fashion Group Limited (旺利多時裝集團有限公司), JC Fashion (UK) Company Limited, JC Fashion (Shenzhen) Limited (旺利多時裝(深圳)有限公司), JC Fashion (Overseas) Development Company Limited, JC Capital Development Company Limited, A Dim Sum Story (HK) Limited and LOST INK LIMITED, all of which are wholly-owned subsidiaries of the Company. He is also a director of JC Fashion International Group Limited (a company wholly-owned by Mr. Charles Choi and is the controlling shareholders of the Company). Mr. Charles Choi is the younger half-brother of Mr. Choi Ching Shing. Mr. Charles Choi is primarily responsible for the overall management, operations and reviewing of corporate directions and strategies of our Group, and managing customer relationships and marketing. Mr. Charles Choi has more than 20 years of experience in the apparel designing and sourcing industry. Mr. Charles Choi joined our Group in September 2011. Mr. Charles Choi worked as a general manager in JC Fashion Company Limited (旺利多有限公司) from November 2001 to December 2011.

Mr. Charles Choi obtained a bachelor of commerce degree from the University of Toronto in Canada in November 2000. Mr. Charles Choi is also a director of the Federation of Hong Kong Garment Manufacturers, which is an organisation incorporated in 1964 to promote and protect the interests of garment manufacturers and merchants in Hong Kong. He become a member of Young President Organization since April 2020.

Mr. Choi Ching Shing (蔡清丞) ("Mr. Benny Choi"), aged 47, is an executive Director, the head of design and development team and the elder half-brother of Mr. Charles Choi. He was appointed as a Director on 18 July 2016 and re-designated as an executive Director on 15 August 2016. He has been the head of the design and development team since 1 April 2016. Mr. Benny Choi is the director of JC Design & Consultancy Company Limited, JC Fashion Group Limited (旺利多時裝集團有限公司) and JC FASHION GROUP LIMITED, all of which are wholly-owned subsidiaries of the Company. Mr. Benny Choi is primarily responsible for the overall management, operations, reviewing of corporate directions and strategies of our Group and is responsible for determining the design and development of our apparel products. Mr. Benny Choi has more than 16 years of experience in the garment industry. Mr. Benny Choi joined our Group in November 2014. Mr. Benny Choi was employed at Wintako Company Limited as a merchandiser from December 2000 to November 2007. Mr. Benny Choi was a general manager and director of Wintako Fashion Company Limited from November 2007 to October 2014 and July 2007 to July 2016, respectively.

Mr. Benny Choi obtained a bachelor of commerce degree from the University of Toronto in Canada in June 2001.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lai Kwok Hung, Alex (黎國鴻), ("Mr. Lai"), aged 59, has been appointed as an independent non-executive Director and the chairman of the audit and risk management committee of the Board (the "Audit and Risk Management Committee") on 21 February 2017. Mr. Lai has over 31 years' solid experience in corporate governance, financial advisory and management, funds raising, business development and management. Mr. Lai is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of the United Kingdom. He is also a Chartered Secretary and Chartered Governance Professional and an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Currently, Mr. Lai is an associate member of Urban Land Institute, a member of both the Hong Kong Institute of Directors and The American Chamber of Commerce in Hong Kong. Mr. Lai has been appointed as an executive director and a member of the investment committee of Gemini Investments (holdings) limited ("Gemini") (a company listed on the Main Board of the Stock Exchange, stock code: 174) since 9 August 2013, and appointed as the chief executive officer of Gemini since 31 December 2020.

Mr. Lai obtained a Bachelor of Arts degree in Accountancy awarded by The City University of Hong Kong in 1993, a Diploma in Legal Studies awarded by The University of Hong Kong in 2002 and a Master's Degree in Professional Accounting awarded by The Hong Kong Polytechnic University in 2004.

Mr. Yeung Chuen Chow, Thomas (楊存洲) ("Mr. Yeung"), aged 48, was appointed as an independent non-executive Director on 21 February 2017. He is the chairman of the Remuneration Committee and a member of the Nomination Committee and Audit and Risk Management Committee. Mr. Yeung has more than 18 years of experience in the garment industry. Since September 1998, Mr. Yeung has served as a director of Wall Street Uniforms International Limited, which is a uniform supplier. Mr. Yeung has served as a director of The Federation of Hong Kong Garment Manufacturers since January 2000.

Mr. Yeung obtained a bachelor of science degree in business administration from the Tepper School of Business of Carnegie Mellon University in the US in May 1998.

Mr. Cüneyt Bülent Bilâloğlu ("Mr. Bilâloğlu"), aged 49, was appointed as an independent non-executive Director on 21 February 2017. He is a member of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee. Mr. Bilâloğlu has approximately 16 years of experience in the legal industry. From February 2008 to July 2010, Mr. Bilâloğlu was a legal trainee at the judicial district of the Berlin Court of Appeal in Germany. From 1 October 2009 to 31 December 2009, Mr. Bilâloğlu was a legal trainee at the Shanghai office of King & Wood (currently known as King & Wood Mallesons), a firm which at the time of Mr. Bilâloğlu's training specialised in foreign direct investments, banking, employment, mergers and acquisition and copyright law. From August 2010 to October 2011, Mr. Bilâloğlu worked as a freelance legal consultant giving advice on various areas of law, inducing structuring a company for expansion into European and Asian markets. He joined LOBERT Partnerschaft Rechtsanwälte as a partner from September 2012 to June 2014. He was a founding partner of BBvB Dr. Alt & Böhmke Partnerschaft mbB, Rechtsanwälte from December 2014 to June 2019. Currently, he is a partner of Gùwèn Rechtsanwälte Dr. Alt Part mbB since July 2019.

He obtained a diploma in jurist from Humboldt University of Berlin in Germany in March 2006. Mr. Bilâloğlu further obtained a MA in media consultancy from Technical University of Berlin in Germany in July 2009.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. Lau Wai Ching, Maggie (劉慧清) ("Ms. Lau"), aged 57, was appointed as the Group's account manager with effect from 1 February 2016. Ms. Lau is primarily responsible for the financial management of the Group. Ms. Lau has accumulated approximately 30 years of experience in accounting. Prior to joining the Group in February 2013, Ms. Lau worked as a cashier in the accounts department of Henderson Real Estate Agency Limited from February 1992 to September 1992. Ms. Lau worked as an accounts clerk in Bambi (Hong Kong) Limited from February 1993 to February 1994, in Flexico Co. Limited from March 1994 to March 2003 and in Tsuen Shing Enterprises Limited from November 2003 to November 2006. She served as a senior account clerk in Cathay Clothing International Limited from November 2006 to March 2009. She was an account clerk and shipping supervisor in Kennetex International Limited from April 2009 to August 2011 and an accounts supervisor in Yield Growth Foods Trading Co. Limited from October 2011 to February 2013.

Ms. Lau completed her form 5 secondary school education at Pak Kau English School in July 1984.

Ms. Li Li Mei (李麗美) ("Ms. Li"), aged 47, was appointed as the Group's administration and human resources manager with effect from 1 February 2016. Ms. Li is primarily responsible for the administration and human resources management of the Group. Ms. Li has more than 20 years of experience in the bookkeeping and administrative field. Prior to joining the Group in March 2015, Ms. Li worked as an accounts clerk in G.E. Logistics Inc. from July 1997 to August 2000 and an accounts supervisor in Deltamax Freight System Limited from September 2000 to July 2009. She served as an operation clerk in Chin Yang Enterprises Company Limited from May 2010 to September 2010, Ms. Li was an accounts clerk in Kennetex International Limited from November 2010 to February 2015.

Ms. Li obtained a diploma in international trade studies from Song Shan High School of Commerce in Taiwan in July 1995. She further obtained a diploma in international trade studies from Taipei College of Maritime Technology (formerly known as China College of Maritime Technology and Commerce) in Taiwan in June 2004.

Mr. Yu Xu Ming (俞旭明) ("Mr. Yu"), aged 60, was appointed as the Group's quality assurance manager with effect from 1 December 2017. Mr. Yu is primarily responsible for the overall quality control process. Mr. Yu has approximately 36 years of experience in the garment industry. Prior to joining the Group in September 2017, Mr. Yu worked as a sewing machine operator in Zhejiang Huzhou City Xiaoshi Silk Fashion Factory (浙江湖州市曉市絲綢服裝廠) from December 1981 to December 1984. Mr. Yu served as a production supervisor and sample room supervisor respectively in Hong Mu Dan Silk Fashion Company Limited (紅牡丹絲綢時裝有限公司) from December 1984 to August 1988 and December 1988 to February 1999 respectively. Besides, Mr. Yu served as a sample room supervisor in Baozi Fashion Factory (寶姿時裝廠) in March 1999 to February 2006. Mr. Yu served as a quality assurance supervisor in Dashing Fashion (Shenzhen) Company Limited (好利高時裝(深圳)有限公司) from March 2006 to May 2008, and served as a quality assurance supervisor in KC Fashion (Shenzhen) Company Limited (港絲時裝(深圳)有限公司) from June 2008 to August 2017.

Mr. Yu completed his high school course in June 1980 at Anjixian Xiaoshi High School in Zhejiang Province (浙江省安吉縣曉市中學). Mr. Yu did not hold any directorships in any securities listed companies in or on any securities market in Hong Kong or overseas in the past three years.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Mr. Chu Pui Ki, Dickson (朱沛祺) ("Mr. Chu"), aged 39, was appointed as the company secretary of the Company on 1 March 2019. Mr. Chu is primarily responsible for overseeing the company secretarial affairs of the Group.

Mr. Chu has over 10 years of relevant experience in accounting and auditing and has experience in tax, internal control matters and holding the positions of company secretary and authorised representative in other companies listed on the Stock Exchange. He is currently serving as the company secretary and providing professional corporate services to companies listed in the main board and GEM of the Stock Exchange.

Mr. Chu graduated from the Hong Kong Baptist University in Hong Kong with a bachelor's degree of business administration in accounting in November 2006 and he has been a member of Hong Kong Institute of Certified Public Accountants since February 2011.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

The Company's corporate governance code are based on the principles of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules. The Company is committed to ensure a quality board and transparency and accountability to shareholders. The CG Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Charles Choi is the chairman and chief executive officer of the Company, which constitutes a deviation from the code provision C.2.1.

Since Mr. Charles Choi has been operating and managing JC Fashion Group Limited (旺利多時裝集團有限公司), the main operating subsidiary of the Company since its incorporation, the Board believes that it is in the best interest of the Group to have Mr. Charles Choi taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance. The Directors also believe that a balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and professional individuals including three independent non-executive Directors. The Board shall nevertheless review the structure from time to time in light of prevailing circumstances.

The Company complied with all code provisions in the CG Code during the Year, save for code provisions C.2.1.

The Board has reserved for its decision and consideration issues in relation to (i) formulating the strategic objectives of the Group; (ii) considering and deciding the Group's significant operational and financial matters, including but not limited to substantial mergers and acquisitions and disposals; (iii) overseeing the Group's corporate governance practices; (iv) ensuring a risk management control system in place; (v) directing and monitoring senior management in pursuit of the Group's strategic objectives; and (vi) determining the remuneration packages of all Directors and the Group's senior management, including benefits in kind, pension rights and compensation payments for loss or termination of their office or appointment. Implementation and execution of Board policies and strategies and the daily administrative matters are delegated to the respective Board committees and the management team of the Company.

The Board will conduct at least four regular Board meetings a year and additional meetings will be held or resolutions in writing signed by all Directors in lieu of a meeting will be arranged as and when required. If a substantial shareholder of the Company or a Director has a conflict of interest in a transaction which the Board determines to be material, it will be considered and dealt with by the Board at a duly convened Board meeting. Comprehensive information on matters to be discussed at the Board meeting will be supplied to the Directors in a timely manner to facilitate discussion and decision making.

COMPOSITION OF THE BOARD

At the date of this report, the Board comprises two executive Directors and three independent non-executive Directors, the name and office of each of the members of the Board and the Board committees of the Company are as follows:

Board member	Office
Mr. Choi King Ting, Charles *(Chairman and Chief Executive Officer)*	Executive Director
Mr. Choi Ching Shing	Executive Director
Mr. Lai Kwok Hung, Alex	Independent non-executive Director
Mr. Yeung Chuen Chow, Thomas	Independent non-executive Director
Mr. Cüneyt Bülent Bilâloğlu	Independent non-executive Director

Audit and Risk Management Committee member

Mr. Lai Kwok Hung, Alex *(Chairman)*
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

Remuneration Committee member

Mr. Yeung Chuen Chow, Thomas *(Chairman)*
Mr. Choi King Ting, Charles
Mr. Cüneyt Bülent Bilâloğlu

Nomination Committee member

Mr. Choi King Ting, Charles *(Chairman)*
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

Pursuant to the articles of association of the Company (the "Articles"), all Directors were appointed for an initial term of three years. At each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, 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 by rotation at least once every three years.

The Board composition is regularly reviewed to ensure that it has a balance of skills and experience appropriate for the requirement of the business of the Group. A balanced composition of executive Directors and independent non-executive Directors is maintained to ensure independence and effective management. The Company has satisfied the relevant provision of the Listing Rules in having at least one of the independent non-executive Directors with appropriate professional qualifications or accounting or related financial management expertise. Save as the fact that Mr. Charles Choi is the younger half-brother of Mr. Benny Choi, there is no relationship among the members of the Board.

The appointment of Directors is recommended by the Nomination Committee and approved by the Board based on a formal written procedure and policy for the appointment of new Directors. When selecting potential candidates for the Directors, their skills, experience, expertise, devotion of time and non-conflicts of interests are the key factors.

The daily operation and management of the business of the Group, among other matters, the implementation of strategies, are delegated to the executive Directors. They report periodically to the Board on their work and business decisions.

All Directors have been fully consulted about any matters proposed for inclusion in the agenda for regular meetings. The chairman of the Board has delegated the responsibility for drawing up the agenda for each Board meeting to the company secretary of the Company (the "Company Secretary").

With the assistance of the Company Secretary, the chairman of the Board seeks to ensure that all Directors are properly briefed on issues arising at the Board meetings and have received adequate and reliable information in a timely manner.

Notices of at least 14 days are given to the Directors for regular meetings, while the Board papers are sent to the Directors not less than three days before the intended date of a Board or Board committee meeting. With respect to other meetings, the Directors are given as much notice as is reasonable and practicable in the circumstances. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Articles. The Company Secretary ensures that the procedures and all applicable rules and regulations are complied with. Minutes of the Board meetings and meetings of the Board committees are kept by the Company Secretary and are available for inspection at any time on reasonable notice by any Director.

The Directors have full access to information of the Group and are able to obtain independent professional advice whenever they deem necessary. Memorandums are issued to the Directors from time to time to update them with legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

Draft minutes are normally circulated to Directors or members of the relevant Board committees for comment within a reasonable time after each meeting.

Any material transaction, which involves a conflict of interests between a substantial shareholder or a Director and the Company, will be considered and dealt with by the Board at a duly convened Board meeting with the presence of the non-executive Directors and the independent non-executive Directors. Directors are abstained from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

The Company has received from each of the independent non-executive Directors an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

Responsibilities

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include (i) regular board meetings focusing on business strategy, operational issues and financial performance; (ii) monitoring the quality, timeliness, relevance and reliability of internal and external reporting; (iii) monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in connected transaction; and (iv) ensuing processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

Director’s Responsibilities for the Consolidated Financial Statements

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and ensure that the consolidated financial statements of the Group are accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the consolidated financial statements of the Group. In preparing the accounts for the Year, the Directors have, among other things:

- selected suitable accounting policies and applied them consistently;
- approved adoption of all Hong Kong Financial Reporting Standards which are in conformity with the International Financial Reporting Standards; and
- made judgments and estimates that are prudent and reasonable; and have prepared the accounts on the going concern basis.

CORPORATE GOVERNANCE REPORT

The Directors confirm that, to the best of their knowledge, information and belief, and having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

Board Diversity Policy

The Board has adopted a "Board Diversity Policy" (the "Policy") which sets out the approach to achieve diversity on the Board and the Nomination Committee is responsible for monitoring the implementation of the Policy. In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Policy, including but not limited to gender, age, cultural and educational background, or professional experience etc. The Nomination Committee will discuss any revisions which may be required, and recommend any such revisions to the Board for consideration and approval.

The Board will review the implementation and effectiveness of the Policy on an annual basis to ensure its continued effectiveness. The Group will also ensure that there is gender diversity when recruiting staff at mid to senior level and engage more resources in career development and training female staff with the aim of promoting them to the senior management or directorship of the Company; and will continue to apply the principle of appointments based on merits with reference to the Policy as a whole.

The Board places emphasis on diversity (including gender diversity) across all levels of the Group. The employee gender ratio of the Group as at 30 April 2024 is approximately 1 male: 1.42 female. The Group when hiring employees considers a number of factors, including but not limited to gender, age, cultural and education background, qualification, ethnicity, professional experience, skills, knowledge and length of service, and the Group will make sure achieving gender diversity across the workforce. The Board considers that the gender ratio in the workforce (including senior management) is satisfactory. Yet, the Group will still (i) periodically review internal records on gender diversity; (ii) identify suitable female candidates for relevant positions within the Company; and (iii) try to ensure that there is gender diversity when recruiting staff at mid to senior level and engage more resources in career development and training female staff with the aim of promoting them to the senior management or directorship of the Company. The Board will ensure that any successors to the Board shall follow the Policy.

The Board currently comprised of 5 male Directors. To achieve Board diversity, the Company is contemplating to include a female director to join the Board by December 2024.

During the year ended 30 April 2024, the Nomination Committee has reviewed the independence of the independent non-executive Directors, to consider the qualifications of the retiring directors standing for election at the 2024 annual general meeting, to review the structure, size and composition of the Board and to review the Policy. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

Delegation by the Board

The Board has established three committees, namely the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee. Specific responsibilities of each committee are described below. All committees have defined terms of reference which are no less exacting than those set out in the CG Code.

Audit and Risk Management Committee

The Audit and Risk Management Committee was established with written terms of reference in compliance with the CG Code on 21 February 2017 and amended on 27 December 2018 and 16 March 2020. The Audit and Risk Management Committee consists of three independent non-executive Directors, namely Mr. Lai Kwok Hung, Alex, serving as the chairman, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu.

The primary responsibilities of the Audit and Risk Management Committee are to (i) oversee the Company's relationship with the external auditor; (ii) review the financial information of the Company; (iii) oversee the Company's financial reporting system, risk management and internal control systems; (iv) oversee the Company's corporate governance function; and (v) perform other duties assigned by the Board. All committee members possess appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules.

Subsequent to 30 April 2024 and up to the date of this annual report, four meetings of the Audit and Risk Management Committee were held in which the members review and consider, inter alias, the audited financial statements of the Group for the Year and the re-appointment of independent auditor of the Group. There was no disagreement between the Board and the Audit and Risk Management Committee on the selection and appointment of external auditors.

The Company's financial statements for the Year have been reviewed by the Audit and Risk Management Committee. The Audit and Risk Management Committee considered that the relevant financial statements have been prepared in compliance with the applicable accounting principles and requirements of the Stock Exchange and disclosures have been fully made.

Remuneration Committee

The Remuneration Committee was established with written terms of reference in compliance with the CG Code on 21 February 2017 and amended on 16 March 2020 and 28 July 2023. The Remuneration Committee consists of two independent non-executive Directors, namely Mr. Yeung Chuen Chow, Thomas, serving as the chairman, and Mr. Cüneyt Bülent Bilâloğlu, and one executive Director, namely Mr. Charles Choi.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure of all remuneration of Directors and senior management and the establishment of a formal and transparent procedure for developing a policy on such remuneration, assess the performance of executive Directors and approve the terms of executive Directors' service contracts. The Remuneration Committee has duly performed their duties during the Year.

The Remuneration Committee and the Board will review the terms of reference of the Remuneration Committee at least annually. The terms of reference of the Remuneration Committee are in line with the requirements of the Listing Rules.

According to the terms of reference of the Remuneration Committee, the Remuneration Committee will make recommendations to the Board about the remuneration of non-executive Directors. In determining the emoluments payable to the Directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group.

Subsequent to 30 April 2024 and up to the date of this annual report, a meeting of the Remuneration Committee was held.

There was no discretionary bonus paid to the Directors and the five highest paid individuals for the Year (30 April 2023: HK$Nil). Details of the directors' remuneration and five highest paid individuals for the Year as regarded to be disclosed pursuant to the CG Code are provided in note 11 to the consolidated financial statements.

During the Year, the remuneration of the senior management is listed below by band:

	Number of individuals
HK$ nil to HK$1,000,000	3
HK$1,000,001 to HK$1,500,000	–

Nomination Committee

The Nomination Committee was established with written terms of reference in compliance with the CG Code on 21 February 2017 and amended on 27 December 2018 and 16 March 2020. The Nomination Committee consists of two independent non-executive Directors, namely Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu, and one executive Director, namely Mr. Charles Choi, serving as the chairman.

The Nomination Committee is responsible for (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, (ii) identifying individuals suitably qualified to become Board members, (iii) assessing the independence of the independent non-executive Directors; and (iv) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Director.

The Nomination Committee and the Board will review the terms of reference of the Nomination Committee at least annually. The terms of reference of the Nomination Committee are in line with the requirements of the Listing Rules.

Subsequent to 30 April 2024 and up to the date of this annual report, a meeting of the Nomination Committee was held in which the Nomination Committee members (i) reviewed and considered that the structure, size, diversity and composition of the Board are appropriate; (ii) assessed the independence of independent non-executive Directors; (iii) recommended the re-appointments of Directors; and (iv) recommended the aforesaid matters to the Board for approval.

The Nomination Committee will review the Board composition by considering the benefits of all aspects of diversity, including but not limited to those described under the heading of Board Diversity Policy in this report. The Board Diversity Policy shall be reviewed by the Nomination Committee, as appropriate, to ensure its effectiveness.

Nomination Policy

The Board adopted a nomination policy (the "Nomination Policy") on 27 December 2018. A summary of the Nomination Policy, together with the selection criteria and the nomination procedures made towards achieving those objectives are disclosed below:

Summary of the Nomination Policy

The Nomination Policy provides the key selection criteria and general principles of the Nomination Committee in making any recommendation on the appointment and re-appointment of the Directors. It aims to ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Group's business.

Selection criteria

When making recommendation(s) regarding the appointment of any proposed candidate(s) for directorships to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a number of criteria including but not limited to the followings:

(a) Character and integrity;

(b) Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;

(c) Measurable objectives adopted for achieving diversity on the Board;

(d) Requirements of the Board to have independent directors in accordance with the Listings Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;

(e) Potential contributions he/she will bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

(f) Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and

(g) Other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Articles and other applicable rules and regulations. The progress made towards achieving the objectives set out in the Nomination Policy will be disclosed periodically in the corporate governance report of the Company.

Nomination procedures

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

(a) Appointment of new director

(i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents;

(ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship;

(iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable;

(iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

(b) Re-election of Director at General Meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board;

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above;

(iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

Review of Nomination Policy

The Nomination Committee will conduct regular reviews on the structure, size and composition of the Board and this Policy and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and business needs.

Attendance of meetings

During the Year, the attendance of each member of the board meetings, general meeting and the above committee meetings are recorded as below:

	Number of meetings attended/Number of meetings held				
Name of Directors	Board Meeting	Audit and Risk Management Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	General Meeting
Executive Directors:					
Mr. Choi King Ting, Charles	4/4	N/A	1/1	1/1	1/1
Mr. Choi Ching Shing	4/4	N/A	N/A	N/A	1/1
Independent Non-Executive Directors:					
Mr. Lai Kwok Hung, Alex	4/4	4/4	N/A	N/A	1/1
Mr. Yeung Chuen Chow, Thomas	4/4	4/4	1/1	1/1	1/1
Mr. Cüneyt Bülent Bilâloğlu	4/4	4/4	1/1	1/1	1/1

INDEPENDENT VIEWS AND INPUT

During the year ended 30 April 2024, the Board also reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. Taking into account the following channels, the Board considered that the Company had in place mechanisms which remain effective to ensure a strong independent element on the Board:

- a sufficient number of three independent non-executive Directors representing more than one-third of the Board and all of them continue to devote adequate time contribution to the Company;
- the independent non-executive Directors have an equal status to other Board members;
- all independent non-executive Directors share their views and opinions through regular quarterly meetings;
- annual meeting between the Chairman and all independent non-executive Directors without presence of other Directors providing effective platform for the Chairman to listen independent views on various issues concerning the Group;
- interaction with management and other Board members including the Chairman outside the boardroom upon request by the Directors; and
- independent professional advice would be provided to independent non-executive Directors upon reasonable request to assist them to perform their duties to the Company.

CORPORATE GOVERNANCE REPORT

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Appendix C3 to Listing Rules (the "Model Code"). In response to the specific enquiry made by the Company of the Directors, all Directors have confirmed that they had compiled with the required standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company throughout the Year.

Pursuant to B.13 of the Model Code, the Directors have also requested any employee of the Company or director or employee of subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she were a Director.

CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS

Directors must keep abreast of their collective responsibilities. Before the Listing, each newly appointed Director received training from the legal advisor of the statutory and regulatory obligations of a director of a listed company in Hong Kong. The Directors are continually updated with business and market changes, and legal and regulatory developments to facilitate the discharge of their responsibilities through various Board meetings, resolutions, memorandum, Board papers, and updates on corporate governance practices and director's responsibilities under the Listing Rules, applicable laws and other relevant statutory requirements.

Up to date of this report, the current Board members participated in the following training programs:

	Types of training	
Name of Directors	**Attending seminar, and/or meeting, and/or forum, and/or briefing**	**Reading materials updating on new rules and regulations**
Executive Directors		
Mr. Choi King Ting, Charles	✓	✓
Mr. Choi Ching Shing	✓	✓
Independent non-executive Directors		
Mr. Lai Kwok Hung, Alex	✓	✓
Mr. Yeung Chuen Chow, Thomas	✓	✓
Mr. Cüneyt Bülent Bilâloğlu	✓	✓

DIRECTORS AND OFFICERS INSURANCE

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group and, as at the date of this report, the Directors and officers of the Company are indemnified under a directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the Directors and officers of the Company. The Directors and officers of the Company shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is responsible for monitoring the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

During the Year, the Board, through the Audit and Risk Management Committee, conducted an annual review of both design and implementation effectiveness of the risk management and internal control systems of the Group, which covered all material controls including financial, operational and compliance controls. Such annual review was done with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit and Risk Management Committee communicated any material issues to the Board.

There is currently no internal audit function within the Group. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs.

During the Year, the Group appointed APEC RISK MANAGEMENT LIMITED ("ARML") to:

- assist in identifying and assessing the risks of the Group through a series of workshops and interviews; and

- independently perform internal control review and assess effectiveness of the Group's risk management and internal control systems.

The results of the independent review and assessment were reported to the Audit and Risk Management Committee and the Board. Moreover, improvements in internal control and risk management measures, as recommended by ARML, to enhance the risk management and internal control systems of the Group and to mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of ARML, as well as the comments of the Audit and Risk Management Committee, the Board considered the internal control and risk management systems are effective and adequate.

Enterprise Risk Management Framework

The Group established its enterprise risk management framework during the Year. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritised and allocated treatments. The Group's risk management framework follows the COSO Enterprise Risk Management—Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit and Risk Management Committee that oversights risk management and internal audit functions of the Group.

Principal Risks

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of principal risks including currency risk, interest rate risk, credit risk and liquidity risk. Furthermore, there are certain other risks involved in the Group's operations which are beyond its control. In particular, the Group relies on several major customers and the Group does not enter into any long term contracts with them and therefore they have no commitment to place future orders with the Group, which exposes the Group to the risk of uncertainty and potential volatility in the Group's revenue. The Group also faces business risks such as (i) customers' reliance on the Group's ability to respond to changes in end customers' preference in a timely manner; (ii) if there is a significant decrease in the orders from our customers in the UK, the Group cannot guarantee that it would be able to make up the loss of sales from other markets; (iii) the Group operates in a competitive market and the intense competition it faces may lead to a decline in the Group's market share and lower profit margins; (iv) the Group is exposed to credit risk from our customers and the payments may not be collected from our customers in the future; (v) costs increase due to fluctuations in the price, availability and quality of raw materials which could affect the supplies of the Group; and (vi) some of our customers are sensitive to social responsibility and social compliance standards if our approved suppliers have or are perceived to have failed to comply with these standards, our reputation as a design and sourcing service provider could be adversely affected and customers may choose not to continue their business with us.

Risk Control Mechanism

The Group adopts a "three-layer" corporate governance structure with (i) operational management and controls performed by operations management, (ii) coupled with risk management monitoring carried out by the finance team, and (iii) independent internal audit outsourced to and conducted by ARML. The Group maintains a risk register to keep track of all identified major risks of the Group. The risk register provides the Board, the Audit and Risk Management Committee and management with a profile of its major risks and records management's action taken to mitigate the relevant risks. Each risk is evaluated at least annually based on its likelihood of occurrence and potential impact upon the Group. The risk register is updated at least annually by the management as the risk owners with addition of new risks and/or removal of existing risks, if applicable, after the annual risk evaluation has been performed. This review process can ensure that the Group proactively manages the risks faced so that all risk owners have access to the risk register and are aware of those risks in their area of responsibility and they can adopt follow-up actions in an efficient manner.

The Group's risk management activities are performed by management on an ongoing basis. The Company has adopted risk management policy and procedures (the "Risk Management Policy"). The effectiveness of the Group's risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. The management is committed to ensure that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Company will continue to engage external independent professionals to review the Group's system of internal controls and risk management annually in order to further enhance the Group's internal control and risk management systems.

RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group and ensure that the preparation of the consolidated financial statements of the Group is in accordance with statutory requirements and applicable accounting standards.

AUDITOR'S REMUNERATION AND RESPONSIBILITIES

The Company has appointed D & PARTNERS CPA LIMITED as the auditor of the Group. For the Year, D & PARTNERS CPA LIMITED received HK$500,000 for audit services, HK$150,000 for non-audit services in connection with the Group's interim review for the period ended 31 October 2023. The reporting responsibilities of D & PARTNERS CPA LIMITED are set out in the Independent auditor's reports on pages 70 to 76 of this report.

There was no disagreement between the Board and the Audit and Risk Management Committee on the selection and appointment of the external auditors during the Year.

DIVIDEND POLICY

Under the Dividend Policy, the declaration and payment of dividends shall be determined by the Board and subject to all the applicable requirements under, including but not limited to, the Companies Law of the Cayman Islands and the articles of association of the Company.

The Company do not have any pre-determined dividend payout ratio. In deciding whether to propose a dividend and in determining an appropriate basis for dividend distribution, the Board will take into account, inter alia, the Group's results of operations, cashflows and financial condition, general business conditions and strategies, operating and capital requirements, future prospects, legal and tax considerations and other factors the Board deems appropriate. Our Directors will consider as to whether if there is any material adverse impact on our Group's financial and liquidity position arising out of the dividend payments. Dividends may be paid out by way of cash or by other means that our Group considers appropriate.

The Company will continually review the Dividend Policy from time to time. There is no guarantee that any particular amount of dividends will be distributed for any specific periods.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with its shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The disclosure of the Group's information in a reasonable and time manner by the Board is to facilitate the shareholders as well as the investors to have a better understanding of the business performance, operations and strategies of the Group.

Our website at *www.jcfash.com* allows the Company's potential and existing investors as well as the public to get access to and acquire the Company's up-to-date corporate and financial information.

Shareholders are provided with contact details of the Company, such as telephone hotline, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. The contact details of the Company are provided in this report, the "Corporate Information" section of this annual report and the Company's website.

The Board welcomes views of shareholders and encourages them to attend general meetings to raise any concerns that they may have with the Board or the management directly. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

The Board will regularly review the shareholders communication policy to ensure its effectiveness. During the year ended 30 April 2024, the Board reviewed the implementations and effectiveness of the policy and considered that the policy remained effective and was properly implemented given the multiple channels of communication in place during the year.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

To safeguard shareholders' interests and rights, separate resolutions are proposed at general meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. Besides, pursuant to article 64 of the Articles, one or more shareholders of the Company holding, at the date of deposit of the requisition, no less than one-tenth of the paid-up capital of the Company and having the right of voting at general meetings may make a requisition to convene a general meeting and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner.

Shareholders may send written enquiries to the Company or put forward any enquiries or proposals to the Board. The contact details are as follows:

Board of Directors
SG Group Holdings Limited
Address: Unit B, 9/F, Mai Wah Industrial Building, 1-7 Wah Sing Street, Kwai Chung, New Territories, Hong Kong
Telephone hotline: 2756 8980
Email address: admin@jcfash.com

To put forward proposals at an annual general meeting or an extraordinary general meeting, the shareholders shall submit a written notice of those proposals with detailed contact information to the Board/Company Secretary at the Company's principal place of business in Hong Kong.

The request will be verified with the Company's branch share registrar in Hong Kong and upon its confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the proposed resolution in the agenda for the general meeting.

Moreover, the notice period concerning the notice to be given to all the shareholders for consideration of the proposals submitted by the shareholders concerned varies as follows pursuant to article 65 of the Articles:

(a) for an annual general meeting and any extraordinary general meeting at which the passing of a special resolution is to be considered, it shall be called by at least 21 clear days' notice in writing; and

(b) for all other extraordinary general meetings, they may be called by not less than 14 clear days' notice in writing.

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the Company's address abovementioned and provide their full names, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

CONSTITUTIONAL DOCUMENTS

On 31 October 2023, an annual general meeting was held and shareholders' approval was obtained to approve the proposed amendments to the existing memorandum and articles of association of the Company and the adoption of the amended memorandum and articles of association of the Company. For details, please refer to the announcements of the Company dated 20 September 2023 and 31 October 2023 and the circular of the Company dated 27 September 2023. The second amended and restated memorandum and articles of association of the Company was effective on 31 October 2023 and is available for viewing on the websites of the Company and the Stock Exchange.

Save as disclosed above, there had been no significant changes in the constitutional documents of the Company during the year ended 30 April 2024 and up to the date of this annual report.

WHISTLEBLOWING POLICY

The whistleblowing policy has been put in place for all employees and those who have business dealings with the Group (including customers and suppliers) to deal with concerns related to fraudulent or unethical acts or non-compliances with laws and the Group's policies that have or could have significant adverse financial, legal or reputational impacts on the Group. They may raise concerns about the possible improprieties in any matters related to the Group, in person or in writing to the company secretary of the Company who shall report to the chairman of the Audit Committee in confidence and anonymity. The chairman of the Audit Committee shall then determine the course of action to pursue, with power to delegate, with respect to the report.

ANTI-CORRUPTION POLICY

The Group has formulated its own anti-corruption policy to ensure the Directors and employees within the Group comply with the Hong Kong Prevention of Bribery Ordinance, the Criminal Law of the PRC, the Anti-Unfair Competition Law of the PRC and the Anti-Money Laundering Law of the PRC, where applicable. The policy sets out the integrity and conduct requirements and policies or controls in place which applies to all Directors and employees of the Group at all levels, and external parties doing business with the Group and those acting in an agency or fiduciary capacity on behalf of the Group (e.g., agents, consultants and contractors). The policy is reviewed from time to time to ensure that it remains appropriate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EXECUTIVE SUMMARY

Mandatory Disclosure

Governance Structure

Summary and Reporting Boundary

The Group's Board of Directors is delighted to present the Environmental, Social, and Governance Report (referred to as the "Report") for the fiscal year ending on 30 April 2024 (the "Reporting Year"). This Report has been crafted in accordance with the guidelines outlined in the Environmental, Social, and Governance Reporting Guide found in Appendix 27 of the Stock Exchange's Listing Rules. It provides a summary of the Group's primary operations in Hong Kong and Mainland China, specifically in Shenzhen City and Hong Kong. The Group intends to assess the comprehensiveness and efficacy of the Report and expand disclosure as needed.

The Group operates as an apparel design and sourcing service provider for branded fashion retailers and wholesalers, offering consultation services as well. Revenue for the Reporting Year was generated from supplying apparel products to online and traditional fashion retailers, along with providing consultation services. The Group is committed to promoting sustainable development and upholding corporate responsibility. It actively pursues opportunities while considering environmental, social, and ethical factors to strike a balance between business growth, societal expectations, and environmental impacts.

Moreover, the Group prioritizes the concerns of various stakeholders such as customers, investors, shareholders, suppliers, employees, and other organizations. It aims to maximize shareholder profits while safeguarding stakeholder interests through close engagement and addressing environmental and social issues. By focusing on sustainable development, policies, and core competencies, the Group aims to deliver high-quality services, understand customer needs, and offer tailored value-added services.

In preparing the Report, the Group conducted a comprehensive review of its existing environmental and social policies to enhance performance in environmental, social, corporate governance, and operational aspects. The Group sets sustainable business development as a long-term goal, striving to minimize environmental impact, integrate climate-related issues, and embed environmental, social, and governance elements into its strategic planning.

To achieve sustainable development, the Group has adopted strategies including environmental sustainability, respect for human rights and community culture, stakeholder communication, employee support and a positive work environment, local community development, and a strengthened commitment to customers. The Report received approval from the board of directors on 31 July 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE STRUCTURE

The Company's Board of Directors (referred to as the "Board") holds ultimate responsibility for the Group's Environmental, Social, and Governance (ESG) strategy and reporting. The Board oversees and assesses corporate governance practices throughout the Group, considering ESG-related risks in decision-making and ensuring effective risk management and internal control systems. The Executive Directors are tasked with developing ESG management policies, strategies, objectives, and annual reporting, as well as driving their implementation with allocated resources. They also identify, assess, review, and address significant ESG issues, risks, and opportunities. Meanwhile, management from various business units is responsible for coordinating, promoting, and executing various ESG-related initiatives under the Group's ESG management policies and strategies. This management is expected to provide regular progress reports to the directors.

The Board strives to ensure that the Group's operations align with sustainability principles, overseeing daily operations and risk management matters related to ESG risks. It engages in regular communication with senior management from key business divisions, monitors daily operations through management reports, reviews stakeholder feedback, and updates internal policies as needed. Material ESG-related issues and tasks are regularly reported to various stakeholders within the Group under the Board's oversight. This process aims to review and adjust policies and plans to achieve goals and targets effectively.

Recognizing the significance of sustainable development, the Group actively endorses the concept of carbon neutrality. As a result, the Group has established short-term and long-term visions and goals for sustainable development to continually reduce emissions in accordance with governmental regulations. Specific emission reduction targets and corresponding strategies have been defined, with sustainable development considerations integrated into the Group's strategic planning, business model, and decision-making processes. The Board consistently evaluates the effectiveness of the management approach, including reviewing the Group's environmental, social, and governance performance, and adjusts action plans accordingly to facilitate the successful implementation of emission reduction targets and advance sustainable development.

REVIEWING PROGRESS

The board ensures a robust framework for reviewing progress against ESG-related goals and targets while highlighting the relevance of ESG considerations to the businesses by the following measures and practices:

1. Regular ESG Performance Reviews: The board should conduct periodic reviews of the organization's progress towards ESG goals and targets to assess performance against set metrics. These reviews should include a detailed analysis of the impact of ESG initiatives on the issuer's core business operations and long-term sustainability.

2. Integration of ESG into Business Strategy: The board should ensure that ESG considerations are integrated into the organization's overall business strategy. By aligning ESG goals with the issuer's business objectives, the board can effectively demonstrate how ESG efforts contribute to creating long-term value for the company and its stakeholders.

3. Key Performance Indicators (KPIs) Alignment: The board should establish clear and relevant KPIs that directly link to ESG goals and targets. These KPIs should be measurable, disclosed transparently, and tied to the issuer's business activities to provide a comprehensive view of ESG performance.

4. Stakeholder Engagement and Reporting: The board should actively engage with key stakeholders, including investors, customers, employees, and the community, to gather feedback on ESG-related initiatives. Transparent and comprehensive reporting on ESG progress, including how it enhances the issuer's businesses, should be a key aspect of this engagement.

5. Training and Capacity Building: The board should prioritize ESG education and training for all relevant stakeholders, including board members, executives, and employees. By enhancing the understanding of how ESG factors relate to the issuer's businesses, stakeholders can effectively contribute to achieving ESG-related goals and targets.

REPORTING PRINCIPLES

The ESG Report has been divided into two main sections, focusing on environmental and social aspects. Each section includes various elements detailing relevant policies, key performance indicators (KPIs), and compliance status with applicable laws and regulations as outlined in the ESG Reporting Guide. The Group has met the disclosure requirements specified in the ESG Reporting Guide, including both the "mandatory disclosure requirements" and the "comply or explain" provisions found in Appendix 27 of the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited. Key performance indicators deemed significant by the Group for the Reporting Year are disclosed in the ESG Report, with a commitment to enhancing and refining the disclosure of KPIs.

Throughout the preparation process, the Group upholds reporting principles such as materiality, quantitative, balance, and consistency by:

Reporting Principles	Interpretation	Application
Materiality	The report should disclose significant impacts on the environment and society, or aspects that materially affect how the stakeholders assess the Group and make decisions.	The Group administers a survey to grasp stakeholder expectations. Using the survey findings, the Group identifies and discloses the significant sustainability issues affecting the Group.
Quantitative	The key performance indicators disclosed in the report shall be calculable and comparable where applicable.	When possible, the Group documents, computes, and reveals quantitative data, then compares it with previous performance.
Balance	The issuer should objectively and truthfully report its current year ESG performance.	The Group adheres to the principles of accuracy, objectivity, and fairness when reporting its progress and obstacles in sustainable development.
Consistency	The ESG report should be prepared in a consistent manner, its ESG's key performance indicators can be compared to understand corporate performance.	The Group guarantees consistency in compiling the report and organizes its ESG data for future reference and comparison.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONTACT AND FEEDBACK

The Group's ongoing enhancements rely on your valuable feedback regarding the content and format of this Report. Please feel free to share any suggestions or comments on the Group's Environmental, Social, and Governance Report by emailing us at admin@jcfash.com.

REPORTING BOUNDARY

Stakeholders Engagement

The Group actively pursues opportunities to comprehend and involve our stakeholders, aiming to enhance the Group's product offerings and services. The Group firmly believes that our stakeholders are essential contributors to the ongoing success of our business endeavors.

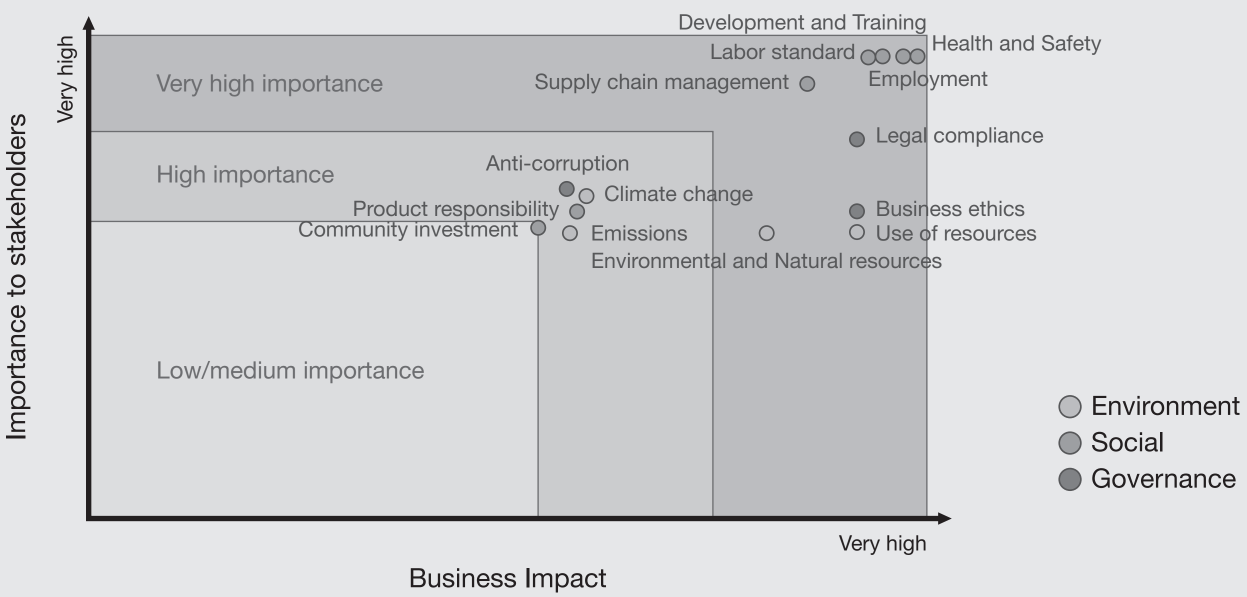
Stakeholders	Possible events	Engagement
Stock Exchanges	Adherence to the Listing Rules and promptly and accurately publishing announcements	Meetings, educational sessions, workshops, initiatives, website updates, and notifications
Governments	Compliance to legal requirements, backing local economic advancement, offering social welfare, and combating tax evasion	Interactions and visits, governmental audits, tax filings, and additional details
Suppliers	Compliance with agreements, ensuring a stable supply, fostering mutual benefits, and achieving win-win outcomes	Frequent communication, scheduled collaboration meetings
Investors	System of corporate governance, transparent business strategies and performance, effective communication, and return on investment	Organizing and attending conferences, visits, and interviews, convening general meetings, offering financial reports or business updates to investors, the press, and analysts
Media	Corporate governance, environmental preservation, and human rights	Sharing messages on the corporate website
Customers	Product/service quality, pricing fairness, service value, labor force protection, and workplace safety	On-site inspections and post-purchase assistance
Employees	Employee rights and benefits, salary, professional growth, and workplace health and safety	Organizing team-building events, training sessions, interviews, distribution of employee handbook, and internal memos
Community	Environmental sustainability, employment practices, community growth, and social welfare	Organizing community activities, posting of activities on social platforms, employees volunteering activities and community welfare, sponsorship and donations

MATERIALITY ASSESSMENT

With a growing population, various challenges like climate change, energy security, resource scarcity, human well-being, and job opportunities need attention to ensure people's well-being. To address these issues effectively, the Group is focused on identifying key concerns that impact its stakeholders and business, shaping its strategic priorities. Therefore, the Group views materiality assessment as a crucial component of its ESG management and reporting.

By adopting a stakeholder-centered approach, the Group evaluates the significance of ESG factors and pinpointed 14 key issues relevant to its operations. Through surveys, stakeholders (management and workers) were asked to rank these issues based on their importance to both the Group and the stakeholders themselves. This approach allows the Group to understand stakeholder needs and expectations, integrating their feedback into management and sustainability strategies. By collaborating with stakeholders, the Group aims to enhance operational efficiency and strengthen its governance practices.

Materiality Matrix



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENT

Emissions

Types of emissions covered

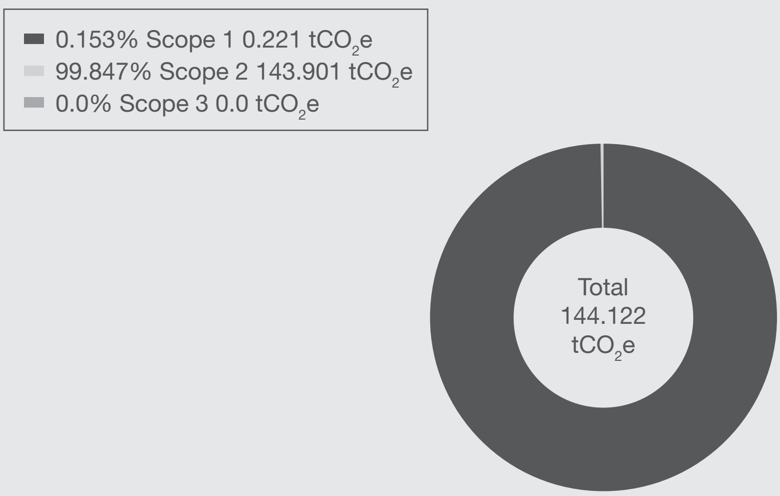
Scope 1 **Direct Emissions**

Category	Activity
Mobile Combustion	Company Vehicles: Motor Gasoline (Cars)
Mobile Combustion	Company Vehicles: Diesel Oil (Cars)

Scope 2 **Indirect Emissions**

Category	Activity
Electricity	Grid mix
Purchased Energy	Purchased Gas - Towngas

Scope 1 & Scope 2 GHG (tonnes), intensity (unit of production volume, facility)



Intensity
May 2023 - Apr 2024

- tCO_2e
Per unit output

MAX 15.253 tCO_2e
in Apr 2024

AVG 12.01 tCO_2e
Per Month

MIN 5.743 tCO_2e
in Apr 2024

Category	2024 (2023) Emissions	2024 %
Total	144.122 tCO_2e (145.36)	100%
Scope 1	0.221 tCO_2e (N/A)	0.153%
Scope 2	143.901 tCO_2e (144.66)	99.847%
Scope 3	N/A (0.7)	N/A

Intensity Type	2024 (2023) Emissions
Per revenue HK$ million	1.187 tCO_2e (0.97)
Per kWh of electricity consumed	0.00052 tCO_2e (N/A)
Per Staff	3.13 tCO_2e (N/A)

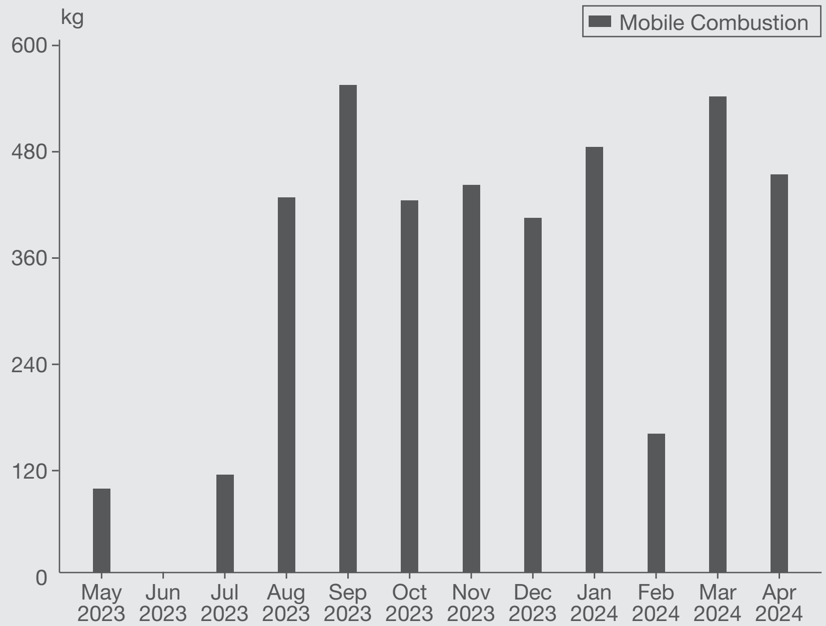
In 2024, the Group experienced a slight decrease in total emissions, with emissions amounting to 144.122 tonnes of carbon dioxide equivalent (tCO_2e) compared to 145.36 tonnes in 2023. This reduction reflects the Group's efforts to manage and reduce its carbon footprint over the reporting period.

A notable development in 2024 was the introduction and utilization of motor gasoline cars for the delivery of resources, semi-and-final products. This change led to an increase in Scope 1 direct emissions to 0.221 tCO_2e, contrasting with the absence of Scope 1 emissions in 2023. Despite this new emission source, which contributed to the overall emissions total, the Group's focus on sustainability and efficiency resulted in a slight decrease in total emissions.

Moreover, although the headcount increased by two individuals in 2024 compared to 2023, the Group managed to reduce its Scope 2 emissions stemming from electricity purchases. The total tCO_2e for Scope 2 emissions decreased from 144.66 in 2023 to 143.901 in 2024, indicating improvements in energy efficiency and consumption practices within the organization, as well as demonstrating a commitment to environmental stewardship and sustainability.

Scope 3 emissions data, which is related to indirect emissions that are associated with activities outside the organization's direct control, such as supply chain emissions, is not reported in 2024. The Group is in the process of gathering and assessing such data for future reporting.

Scope 1 GHG (tonnes), intensity (unit of production volume, facility)



Intensity
May 2023 - Apr 2024
Scope 1

- tCO_2e
Per unit output

MAX 0.03 tCO_2e
in Sep 2023

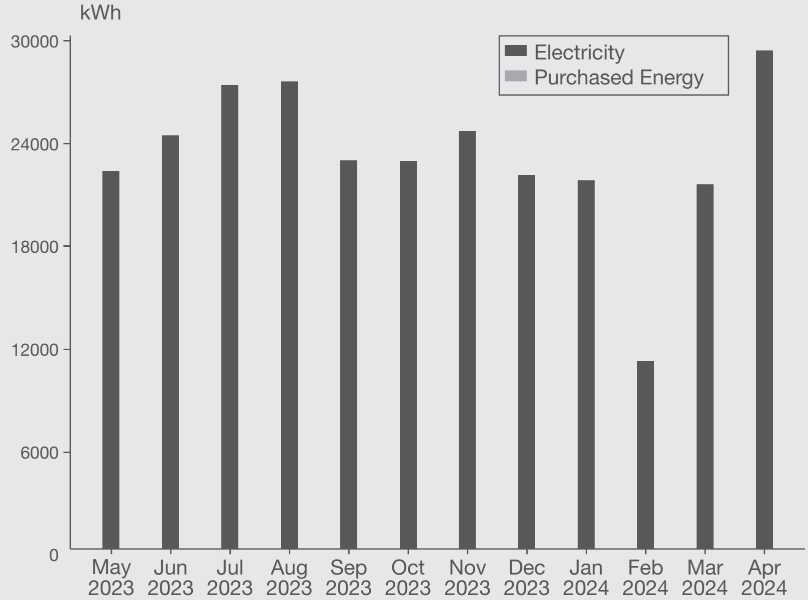
AVG 0.03 tCO_2e
Per Month

MIN 0.03 tCO_2e
in Sep 2023

Scope 1 Activity Emissions details

Category	Activity	Emission
Mobile Combustion	Company Vehicles: Motor Gasoline (Cars)	0.221 tCO_2e
Mobile Combustion	Company Vehicles: Diesel Oil (Cars)	0.0 tCO_2e

Scope 2 GHG (tonnes), intensity (unit of production volume, facility)



Scope 2 GHG (tonnes), intensity(unit of production volume, facility)

Category	**Activity**	**Emission**
Electricity	Grid mix	143.901 tCO_2e
Purchased Energy	Purchased Gas – Towngas	0.0 tCO_2e

Total Hazardous Waste (If Any)

Recovery Operations	Total Amount	Onsite	Offsite
Total Hazardous Waste	0	0	0
Preparation for reuse	0	0	0
Recycling	0	0	0
Other Recovery Operations	0	0	0
Total Non-hazardous Waste	36.4	36.4	0
Preparation for reuse	36.4	36.4	0
Recycling	0	0	0
Other Recovery Operations	0	0	0
Total	36.4	36.4	0

In the year 2024, the Group did not produce a noteworthy quantity of hazardous waste. The absence of significant hazardous waste generation underscores the Group's commitment to environmentally conscious practices and adherence to regulations governing hazardous waste management in the garment industry.

By focusing on sustainable production processes, efficient resource utilization, and the use of environmentally friendly methods, the Group did not only mitigate potential environmental risks associated with hazardous waste disposal but also demonstrated the Group's responsibility and dedication to operating in an environmentally sustainable manner. Additionally, the lack of notable hazardous waste generation reflected the Group's efforts to uphold high standards of waste management and sustainability in its garment production activities.

Total Non-Hazardous Waste

The Group's own activities resulted in the generation of a total of 36.4 tonnes of non-hazardous waste, primarily in the form of textile fabrics. Remarkably, nearly all of this waste was redirected from onsite disposal through preparations for reuse. As a result, the Group did not generate any substantial amount of non-recycled waste. This indicates a strong commitment to sustainable waste management practices, where the majority of textile fabric waste was effectively repurposed or reused instead of being discarded, highlighting the Group's efforts to minimize waste and promote a circular economy. This proactive approach not only reduces the environmental impact of waste disposal but also showcases the Group's dedication to maximizing resource efficiency and minimizing waste generation within its operations.

Remarks

Waste Management

The Group adheres to the principles of the 3R approach, which involve reducing, reusing, and recycling waste generated from its operations, distinguishing between hazardous and non-hazardous waste. Given the nature of its business, the Group generates minimal hazardous waste in its daily activities, resulting in no recorded data on hazardous waste for the Reporting Year. However, the Group recognizes the environmental risks associated with hazardous waste, particularly the pollution caused by discarded electronic products containing heavy metals that can harm the soil, water, plants, animals, and ecosystems.

To address this, the Group proactively manages hazardous waste generation, ensuring compliance with relevant regulations by effectively segregating and controlling its disposal. For instance, concerning general office waste like batteries and light tubes, employees are encouraged to deposit these items in designated government recycling bins. Employees are also reminded to recycle old electronic products whenever possible. The Group commits to disclosing future data on hazardous waste generation.

Recognizing the environmental benefits of recycling non-hazardous waste to minimize pollution, the Group emphasizes reducing the use of office supplies, particularly paper, to lower carbon emissions and support sustainable practices. Non-hazardous waste typically includes standard office waste such as used stationery and paper. The Group promotes conservation, environmental sustainability, and the recycling of reusable items among its employees. Staff are encouraged to minimize non-hazardous waste production in their daily work routines, emphasizing digital communication over paper use. Electronic communication software is the primary channel for daily operations, facilitating internal communication via email instead of printouts. The Group implements double-sided printing to optimize resource utilization and favors refillable office stationery options, reducing unnecessary replacements.

Moreover, the Group ensures that non-hazardous waste is managed, collected, and processed according to legal and ethical standards. When procuring office supplies, the Group prioritizes products with enhanced recyclability, increased recycled content, reduced packaging, and greater durability. By consciously reducing paper usage and promoting electronic communication, employees have adopted a sustainable communication habit within the organization.

Description of how hazardous and non-hazardous wastes are handled

Fabric Waste Management

Circular economy is an economic model that aims to eliminate waste and promote the continual use of resources through recycling, reusing, and reducing environmental impact. This is also an effective approach that the Group is embracing, in terms of minimizing waste generation and maximizing the reuse of materials to create a closed-loop system.

The Group has demonstrated a commitment to circular economy principles by efficiently managing its fabric waste. Despite generating 36.4 tonnes of fabric waste (non-hazardous waste), the Group has implemented practices to reuse this waste in its production processes for creating new clothing items. By incorporating these fabric wastes back into its manufacturing processes, the Group reduces its reliance on virgin materials, conserves resources, and minimizes the environmental footprint associated with its operations.

Moreover, the absence of hazardous waste in the Group's records signifies a responsible approach to waste management and environmental stewardship. By ensuring that no hazardous materials are produced or disposed of during its operations, the Group prioritizes the health and safety of its employees, customers, and the environment. These practices not only benefits the Group's bottom line but also contributes to a greener and environmentally conscious textile industry.

Risk Management

Physical Acute Risk

The Group has recognized severe weather conditions like typhoons, heavy rainfall, thunderstorms, and flooding as sources of immediate physical danger. These conditions could lead to delays in deliveries or shipments, harm to documents, equipment, and staff, as well as damage to the clothing sent by the group. These outcomes could result in financial losses and higher operational expenses for the organization. To address these risks, the group has implemented various measures to prevent and reduce the adverse impact of extreme weather.

Physical Acute Risk

Extreme weather	Preventive, adaptive, and mitigation measures
Tropical cyclones	– Place duct tape on windows as a protective measure to prevent harm – Transfer equipment to secure locations ahead of time – Strengthen equipment and parts susceptible to being carried away by wind – Notify and discuss with customers and third-party vendors about potential delays beforehand – Ensure that third-party suppliers adhere to local weather recommendations when transporting goods to guarantee the safety of both the goods and the personnel involved – Organize remote work for employees based on the directives provided by the local observatory
Heavy rain and flooding	– Verify that all windows are tightly closed for maximum security – Fortify equipment and assets that are at risk of being damaged or carried away by wind – Create electronic backups of crucial files in advance – Organize remote work for employees based on the directives provided by the local observatory
Strong thunder and lightning	– Switch off the power source of relevant equipment to avoid potential damage from lightning strikes – Maintain proper condition of grounding devices – Instruct employees to save their data frequently

Physical Chronic Risk

The Group has recognized that prolonged high temperatures throughout the year pose a long-term physical risk. Potential outcomes include reduced sales of autumn/winter products, a higher risk of employees experiencing heatstroke, elevated turnover rates, and more work-related injuries. The need for cooling the work environment will rise, potentially increasing power consumption and operational costs for the organization. To address these challenges, the Group has implemented various measures to prevent and mitigate the adverse effects of extreme weather.

Physical Chronic Risk

Extreme weather	**Preventive, adaptive, and mitigation measures**
Persistent high temperatures	– Regularly check refrigeration equipment to confirm it is functioning correctly during periods of extreme heat – Adapt the impact by creating and advertising a greater variety of summer/spring products – Ensure that a first-aid kit is readily available – Provide access to cool water around the clock

Transition Risk

In response to transition risks, government regulations on the Group's existing products and services in operational regions may necessitate adjustments to meet new requirements, potentially raising overall operating costs. The Group has been and will be continuous to promptly adapt its development strategies to align with policy changes to ensure that expenses support the sustainable growth of the organization.

USE OF RESOURCES

Scope 1, 2 energy consumption

Category	**Activity**	**2024 Consumption**	**2023 Consumption**
Mobile Combustion	Company Vehicles: Motor Gasoline (Cars)	4048.72 kg	0.0 kg
Mobile Combustion	Company Vehicles: Diesel Oil (Cars)	0.0 kg	0.0 kg
Electricity	Grid mix	275.146 kWh (in ’000s)	257.77 kWh (in ’000s)
Purchased Energy	Purchased Gas - Towngas	0.0 unit	0.0 unit

Targets

The Group understands the importance of environmental conservation for the sustained well-being of both the organization and society. It closely monitors the green business strategies prevalent in specific regions, continually enhances environmental management practices, and actively responds to the challenges and opportunities arising from climate change risks. As such, the Group promotes emission reduction, energy conservation, and resource efficiency, striving to achieve sustainable operations. Environmental targets have been set by the Group to reduce greenhouse gas (GHG) emissions, improve energy and water efficiency, and strengthen the overall environmental management practices.

While the Group's operations do not involve the emission of air pollutants, it encourages employees to prioritize eco-friendly transportation methods to support the green development of the region. Although specific deadlines for emission reduction targets have not been established yet, the Group remains dedicated to implementing and monitoring these objectives. Ongoing progress reviews and the exploration of additional opportunities for various environmental conservation goals are integral to the Group's commitment to environmental sustainability.

Environmental aspects	Targets	Steps taken to achieve the targets
Control of greenhouse gas emissions	The Group will proactively carry out plans and initiatives to conserve electricity and resources in order to either maintain or decrease the greenhouse gas emission intensity.	– Implementing LED lighting in selected offices – Maintaining the air-conditioning system temperature within the range of 25°C to 26°C – Turning off lights and energy-consuming devices when not in use – Raising awareness about environmental conservation through slogans or posters in the office – Encouraging the use of on-demand and double-sided printing – Opting for online meetings whenever feasible to minimize employee air travel

Environmental aspects	Targets	Steps taken to achieve the targets
Waste reduction	The Group will actively execute a plan and initiatives for conserving materials to either sustain or decrease the intensity of waste generation.	– Categorizing waste as hazardous or non-hazardous in accordance with government guidelines – Implementing the 3R (Reduce, Reuse, Recycle) approach for managing general office waste – Employing an electronic document management system to reduce paper usage – Promoting double-sided printing or photocopying when suitable – Emphasizing quality management practices to minimize waste and pollution
Energy efficiency	The Group will proactively execute plans and initiatives to conserve electricity and either sustain or decrease the intensity of electricity usage.	– Introducing LED lighting in selected office spaces – Adjusting the air-conditioning system temperature within the range of 25°C to 26°C – Turning off lights and unnecessary energy-consuming devices when they are not in use
Water conservation	The Group will actively execute plans and initiatives to conserve water and either sustain or decrease the intensity of water consumption.	– Promoting employee awareness of water conservation – Raising environmental awareness, including water and electricity conservation, through slogans or posters in the office – Installing water-efficient fixtures like faucets and other water-saving devices – Regularly inspecting and repairing water taps, pipes, and storage systems to prevent water wastage

The Environment and Natural Resources

Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them

The Group places a strong emphasis on safeguarding the environment and preserving natural resources throughout its operations. It pledges to avoid causing significant harm to the environment and refrain from overexploiting natural resources. While the Group does not have a specific policy dedicated solely to reducing its environmental impact, it integrates environmental protection measures into its daily activities to raise employees' awareness of environmental issues and promote the Company's sustainable development.

A core focus of the Group is to optimize resource utilization by minimizing energy, water, paper, and raw material consumption, thereby reducing carbon emissions and contributing to environmental conservation. The Group adheres to the principles of 3R: recycling reusable materials, reducing the use of non-reusable materials, and appropriately disposing of materials that are no longer reusable.

To further enhance environmental consciousness, the Group conducts educational initiatives and training programs to inform and engage employees on environmental matters. It seeks the active participation of employees in enhancing the Group's environmental performance and advocates for environmental awareness among customers, business partners, and shareholders.

Additionally, the Group actively supports community initiatives related to environmental protection and sustainability. It regularly evaluates and monitors the impact of its past and present business activities on health, safety, and environmental aspects to ensure compliance with environmental standards.

Although the Group's primary business activities are deemed to have minimal environmental impact, it remains steadfast in its commitment to environmental stewardship and sustainable practices.

Climate Changes

Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them

Climate change has led to an increase in the frequency of extreme weather events, impacting the Group's business operations. The Group proactively identifies, evaluates, manages, and monitors climate-related risks to understand how these risks affect its operations. To address these challenges, the Group has integrated the four key components of the Task Force on Climate-Related Financial Disclosures (TCFD) into its climate risk management framework to mitigate potential risks stemming from climate change. This approach allows the Group to well prepare for the incoming IFRS S2 Climate-related Disclosures being adopted by HKEX next year to identify its potential risks and opportunities.

In terms of governance, the Group's Board of Directors empowers department heads to implement measures aimed at mitigating climate risks within their respective operational activities. The Board regularly aligns the Group's development strategy with its Environmental, Social, and Governance (ESG) performance, demonstrating a commitment to sustainability and responsible business practices.

Regarding strategy, the Group conducts thorough analyses of both current and potential impacts of climate-related risks on its business operations. To enhance preparedness for disasters and accidents triggered by extreme weather events, the Group's departments continuously improve their disaster response capabilities under the guidance of the Board of Directors.

In pursuit of effective climate risk management, the Group has established a general target, and endeavors to provide more concrete targets in the short future. By setting and striving to achieve these targets, the Group aims to proactively address climate-related risks and build resilience in its business operations.

SOCIAL

Employment

Total workforce by gender, employment type (for example, full- or part-time), age group and region.

Workforce by Gender

Gender	2024 (2023) amount	Unit
Female	27 (27)	person
Male	19 (17)	person

Employment Type

Employment type	2024 (2023) amount	Unit
Full-time	46 (44)	person
Part-time	0	person
Contract	0	person

Age Group

Age group	Amount	Unit
Under 30	7	person
30 - 49	26	person
50 or above	13	person

Employee turnover* rate by gender, age group and region

By Gender

Gender	%
Female	0
Male	0

By Age Group

Age group	%
Under 30	0
30 – 49	0
50 or above	0

Note:

*According to HKEX's *Appendix 27 the ESG Reporting Guide,* the calculation method of employee turnover rate is Turnover rate (per category) = L(x)/E(x) * 100. In this calculation formula, L(x) means employees in the specified category leaving employment. E(x) means number of employees in the specified category during the reporting year. Due to the restructuring of the Group's business, some of the Group's employees left.

In the absence of any turnover, there has been a stable retention of staff within the Group. As of the previous year in 2023, the workforce consisted of 44 employees. Currently, in 2024, the staff count has slightly increased to 46 individuals, indicating a growth of two new male staff members joining the team. This demonstrates a positive trend in terms of workforce stability and growth within the company. The addition of two new male staff members highlights a strategic expansion of the team to accommodate business needs and enhance the organizational capacity. It also reflects a continuous effort to diversify the workforce and bring in fresh perspectives and skills to drive innovation and success within the company.

HEALTH AND SAFETY

Number and rate of work-related fatalities occurred in each of the past three years including the reporting year

2024

	Amount	Unit
Number of fatally injured workers	0	person
Employed workers	0	person
Fatalities rate	N/A	%

2023

	%
Number of fatally injured workers	0
Employed workers	0
Fatalities rate	N/A

2022

	%
Number of fatally injured workers	0
Employed workers	0
Fatalities rate	N/A

Lost days due to work injury

May 2023 – Apr 2024

	Amount	Unit
Number of days lost due to injury/illness	0	day

The Group's consistent safety record with no fatally injured worker cases and zero lost days due to work injuries in 2021, 2022, and 2023 highlights the company's unwavering commitment to employee well-being. This achievement is a result of robust safety policies, regular training, provision of safety equipment, strong safety culture, proactive inspections, and employee engagement in safety initiatives. By maintaining these practices, JC Fashion continues to prioritize a safe and healthy work environment for its employees.

Occupational health and safety

The Group's business operations do not involve high-risk activities, yet the Group prioritizes the occupational safety, hygiene, and health of its employees. Adhering strictly to occupational health and safety regulations, such as the Occupational Safety and Health Ordinance in Hong Kong and relevant laws, Labour Law, Law on the Prevention and Treatment of Occupational Diseases, and Fire Protection Law, for instance, in Mainland China, the Group is dedicated to creating a safe and comfortable working environment for its employees.

Recognizing the potential health risks associated with prolonged desk work, the Group encourages employees to manage their schedules effectively, take regular breaks, and engage in stretching exercises to alleviate muscle strain and maintain mental well-being, thus enhancing productivity. Regionalized lighting design in offices aims to provide suitable lighting conditions, preventing discomfort and promoting a conducive work environment.

Regular occupational safety and health communications, along with discussions on organizing outdoor activities, are conducted to promote employee safety, health, and efficiency. The Group's commitment extends to providing insurance coverage, including medical benefits, in addition to employee compensation insurance.

Thanks to the Group's proactive safety management initiatives, no work-related fatalities or lost workdays due to injuries have been recorded in the past three years, including the Reporting Year.

DEVELOPMENT AND TRAINING

Employees Trained

Total Trained Employees

	%
All Employees	100.0

Employees Trained by Gender

Gender	%
Female	100.0
Male	100.0

Employees Trained by Employee Category

Employee category	%
Junior employees	100.0
Mid-level management	100.0
Senior management	100.0

Average Training hours

Average Training Hours of All Employees

	2024 (2023) amount	Unit
All Employees	3.09 (3.04)	hour

Average Training Hours by Gender

Gender	2024 (2023) amount	Unit
Female	3.33 (3.48)	hour
Male	2.74 (2.35)	hour

Average Training Hours by Employee Category

Employee category	2024 (2023) amount	Unit
Junior employees	3.57 (3.10)	hour
Middle-level management	2.75 (4.00)	hour
Senior management	2.29 (1.80)	hour

In 2024, the Group significantly enhanced its employee training programs compared to the previous year, 2023, evident in the increase in average training hours provided. The average training hours rose to 3.09 in 2024, up from 3.04 in 2023, showcasing a dedication to developing and upskilling the workforce.

Notably, junior employees benefited from a substantial boost in training opportunities, with the average training hours soaring to 3.57 in 2024 from 3.10 in 2023. This increase reflects the Group's focus on nurturing and advancing the skills of entry-level staff members to support their professional growth and career development within the organization.

Moreover, senior management also experienced a significant rise in training hours, with the average increasing to 2.29 in 2024 from 1.80 in 2023. This emphasis on training for senior leadership demonstrates the Group's commitment to enhancing the capabilities and leadership skills of key executives, aligning with strategic objectives and fostering continuous learning and improvement at all levels of the organization. Overall, the increase in training opportunities signifies the Group's investment in employee development, aiming to enhance performance, promote career progression, and drive overall organizational success.

LABOUR STANDARDS

Description of measures to review employment practices to avoid child and forced labour

In its unwavering commitment to eradicating child labor and forced labor, the Group has established a comprehensive framework of stringent measures to uphold ethical labor practices and protect the rights of its workforce.

The Policies and Procedures meticulously crafted by the Human Resources and Administration Department serve as a cornerstone in guiding the Group's recruitment process. These guidelines set forth clear and specific criteria that every potential employee must meet, ensuring a thorough and transparent selection process. Through meticulous screening procedures, the Group conducts in-depth investigations into each applicant, meticulously verifying their personal information to not only comply with employment laws but also to affirm the absence of any instances of child labor or forced labor. By adhering to these rigorous standards, the Group showcases its unwavering dedication to ethical employment practices and social responsibility.

Central to the Group's core values is the unwavering commitment to safeguarding the rights and well-being of its employees. Emphasizing the principle of voluntary employment, the Group ensures that all individuals within its workforce have willingly chosen to be a part of the organization. Furthermore, the Group unequivocally denounces any form of coerced labor and strictly prohibits the exploitation of its employees in any manner. In situations where employees are required to work overtime for extended periods, the Group takes proactive measures to provide adequate compensation, be it in the form of rest time or appropriate remuneration. This commitment not only underscores the Group's dedication to upholding fair labor practices but also demonstrates its prioritization of employee welfare and work-life balance.

By adhering to these robust policies and practices, the Group sets a high standard for ethical labor management within its industry. Through its proactive measures and steadfast commitment to upholding the rights and dignity of its workforce, the Group serves as a beacon of responsible corporate citizenship and an advocator for sustainable and ethical business practices.

Steps taken to eliminate such practices

Should any instances of child labor or forced labor be uncovered within the Group, immediate and decisive action will be taken by the management. This swift response includes the prompt termination of relevant labor contracts implicated in such practices. Furthermore, thorough investigations will be conducted to ascertain the extent of the issue and identify those responsible for perpetrating or enabling such violations. Disciplinary measures will then be implemented against individuals found to be involved in or complicit in these unethical practices. By taking active and resolute action, the Group demonstrates its zero-tolerance policy towards any form of exploitation in the workplace.

The Group's commendable record throughout the Reporting Year, with no reported incidents of child labor or forced labor, reflects its steadfast commitment to upholding ethical labor standards and promoting a safe and respectful work environment. This achievement underscores the Group's dedication to prioritizing the well-being and rights of its employees, as well as its unwavering adherence to principles of integrity and social responsibility.

SUPPLY CHAIN MANAGEMENT

Geographical Region

Region	2024 (2023) amount	Unit
Hong Kong, SAR	19 (15)	supplier
Mainland China	7 (5)	supplier
Cambodia	1 (0)	supplier

The Group maintains strict control and oversight of the supply chain. Written policies and guidelines, such as the Supplier Selection Criteria, have been established to guide the careful selection and ongoing monitoring of approved suppliers. The Group conducts regular evaluations of suppliers' environmental and social impacts on an annual basis. Based on supplier performance and customer satisfaction, the Group engaged a higher number of high-quality suppliers during the reporting period. In the Reporting Year, the Group worked with a total of 27 suppliers (up from 20 in 2023), including 19 from Hong Kong (compared to 15 in 2023), 7 from Mainland China (up from 5 in 2023), and introduced 1 new supplier from Cambodia in the reporting year (compared to none in 2023).

The Group's dedicated supply chain management department prioritizes product quality and the compliance of approved suppliers. The quality inspection team conducts on-site inspections at supplier factories and implements product quality control measures to ensure alignment with the Group's standards. Third-party manufacturers are evaluated based on environmental and social criteria, which include bans on child and forced labor, non-discrimination policies, provision of safe working conditions, environmental-friendly products and services, adherence to internal environmental requirements, and strict compliance with laws. Suppliers that do not meet these environmental and social standards are not utilized by the Group, and cooperation may be terminated if violations occur. To ensure supplier operations align with ethical standards (such as health and safety, labor, and environmental protection), the Group engages specialized firms to conduct SEDEX Members Ethical Trade Audits (SMETA) upon customer request. The Group only procures from specified suppliers if customers are satisfied with the audit results of potential suppliers.

If approved suppliers do not adhere to laws, regulations, product quality, or safety requirements, the Group will require them to correct their actions and will follow up with inspections to ensure that the necessary corrective measures are implemented. After the suppliers have completed the required corrections, the Group will reassess them and resume purchasing only if noticeable improvements are observed. If the supplier persists in failing to address the issues, the Group will contemplate ending further cooperation with the supplier.

The Group embraces the principles of environmentally friendly procurement and actively acts as a reliable intermediary bridging green production and consumption. Apparel suppliers with environmentally harmful production processes are not chosen by the Group. Preference is given to apparel suppliers offering products that have minimal adverse effects on the environment, such as eco-friendly garments with recyclable, low-pollution, and resource-efficient attributes.

Furthermore, the Group considers the specific characteristics of the apparel retail sector in which it operates. It evaluates approved suppliers based on factors like experience, reputation, technology, financial stability, human resources, operational efficiency, quality control effectiveness, and ethical standards within the garment industry to select the most suitable partners.

PRODUCT RESPONSIBILITY

Percentage of total products sold or shipped subject to recalls for safety and health reasons

The absence of any product recalls due to safety or health reasons during the Reporting Year reflects the Group's robust quality control measures, commitment to customer satisfaction, operational efficiency, and positive reputation within the industry. This accomplishment highlights the Group's dedication to ensuring the safety and quality of its products, which in turn contributes to building trust with customers and stakeholders, fostering brand loyalty, and reinforcing its position as a reliable and reputable player in the market.

Number of products and service-related complaints received and how they are dealt with

The absence of any complaints about products and services during the Reporting Year underscores the Group's unwavering commitment to providing safe and high-quality offerings. This achievement not only demonstrates the Group's dedication to meeting customer expectations but also signifies its focus on building strong relationships based on trust and reliability. By consistently delivering satisfactory products and services without eliciting complaints, the Group reinforces its reputation as a dependable and customer-centric organization in the industry, fostering long-term loyalty and positive brand perception among its customer base and stakeholders.

Description of practices relating to observing and protecting intellectual property rights

In the realm of apparel supply chain management services, the Group places significant emphasis on the protection of intellectual property rights. Within the organization, a strong culture of respect for intellectual property prevails, with employees diligently following legal regulations to ensure the safeguarding of intellectual products and trademarks.

Compliance with relevant laws governing intellectual property is a top priority for the Group, with a particular focus on adhering to the intricacies outlined in the Trademark Law of the People's Republic of China and the Trade Marks Ordinance of Hong Kong. By upholding these legal frameworks, the Group underscores its commitment to upholding the integrity of intellectual property rights and fostering a fair and transparent business environment.

To fortify its commitment to protecting intellectual property, the Group has implemented robust policies and procedures designed to safeguard both its own intellectual assets and those of its valued customers. These measures serve as a safeguard against unauthorized use or exploitation of trademarks, reinforcing the Group's dedication to maintaining the trust and confidence of its clientele.

Given the sensitivity and proprietary nature of product design sketches and instruction sheets, which often contain confidential information related to the unique product designs of customers, the Group exercises heightened caution in handling and storing such materials. These confidential documents are securely stored in designated locations, with access strictly limited to authorized personnel such as the responsible merchandising team, design staff, and other pre-approved individuals.

By upholding these stringent protocols and best practices, the Group not only ensures compliance with intellectual property laws and regulations but also cultivates a culture of respect, integrity, and confidentiality within the realm of apparel supply chain management. This commitment underscores the Group's dedication to ethical business practices, customer trust, and the protection of valuable intellectual property assets.

Description of quality assurance process and recall procedures

The Group has developed a comprehensive document outlining the testing and inspection procedures for ensuring product quality, known as the "Policy and Procedures for Quality Control," and an independent QA/QC Department has been established. As a provider of design and procurement services, the Group follows a meticulous process before mass production begins with an authorized supplier. This process involves obtaining customer confirmation on design specifications, safety and material health considerations, sample patterns, format, and product labeling.

The Group's quality control department plays a pivotal role in overseeing and selecting authorized suppliers, ensuring strict adherence to quality standards. To validate product quality, inspectors are deployed to supplier facilities to conduct thorough inspections of raw materials, work-in-progress items, and finished products on a sampling basis. This proactive approach aims to guarantee that apparel products meet the Group's quality benchmarks and align with customer requirements and expectations.

In terms of product quality responsibilities, the Group primarily and reasonably assumes accountability for customer claims related to product defects. Upon receiving a complaint or claim from a customer regarding a product defect, the Group initiates an investigation to identify the root causes of the issue - this could be internally or externally induced. If the defect is attributed by the Group's carelessness, it will recall the products, make compensation to the clients, and review the internal QA/QC procedures. If it is caused by an authorized external supplier, the Group reserves the right to file a claim against the supplier, thereby clearing the product responsibility risk from the supplier.

By implementing robust quality control policies, conducting thorough inspections, and promptly addressing customer complaints, the Group demonstrates its commitment to delivering high-quality products that meet customer expectations. This proactive approach not only safeguards the Group's reputation but also fosters trust and confidence among customers and stakeholders.

Description of consumer data protection and privacy policies, and how they are implemented and monitored

The Group refrains from placing advertisements for its products during its operations to ensure a focused and streamlined approach. In line with a commitment to data privacy, the Group assures that all personal information collected is securely stored and retained solely for business purposes.

To uphold the privacy and personal data of customers, the Group has instituted comprehensive guidelines within its Staff Instructions. These guidelines explicitly prohibit employees from disclosing any confidential information belonging to the Group, whether during their employment tenure or post-termination. The Group underscores the critical importance of information security through regular employee training sessions and internal meetings.

In order to maintain a secure environment and prevent unauthorized disclosure of customer information, the Group enforces a strict zero-tolerance policy against any breaches of confidentiality by employees. Violations may result in termination of employment or legal action in accordance with established management regulations. Additionally, the Group enters into confidentiality agreements with authorized suppliers to ensure that customer data and product designs remain confidential and are not disclosed to third parties without prior written consent.

To oversee the implementation of these stringent measures, the Group has established an internal management team tasked with monitoring compliance with the prescribed procedures. Notably, during the Reporting Year, the Group did not receive any complaints related to the leakage of customer information, indicating the effectiveness of its data protection protocols.

Furthermore, the Group has instituted a feedback mechanism to address opinions and complaints from customers, suppliers, and other stakeholders. Any feedback or comments can be directly submitted to the Group for prompt handling and resolution, underscoring the Group's commitment to transparency, accountability, and proactive engagement with its stakeholders.

ANTI-CORRUPTION

Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases

No cases regarding corrupt practices

Throughout the Reporting Year, the Group remained free from any legal entanglements related to bribery, extortion, fraud, or money laundering. No litigations or court cases concerning corrupt practices were initiated against the Group during this period. This exemplary record underscores the Group's steadfast commitment to upholding the highest ethical standards and conducting its business with integrity and transparency. By steering clear of legal disputes associated with illicit activities, the Group reaffirms its dedication to ethical business practices and sets a positive example within the industry. This commitment not only enhances the Group's reputation as a trustworthy and responsible entity but also demonstrates its unwavering resolve to operate in compliance with legal and ethical guidelines.

Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored

The Group is fully committed to upholding legal and regulatory standards related to the prevention of bribery, extortion, fraud, and money laundering in both Hong Kong and Mainland China. This commitment encompasses adherence to key legislations such as the Prevention of Bribery Ordinance (Cap 201 of the Laws) in Hong Kong, the Securities and Futures Ordinance, and the Anti-Money Laundering and Counter-Terrorist Financing guidelines issued by the Securities and Futures Commission. In Mainland China, compliance with the Criminal Law of the People's Republic of China is paramount.

To ensure compliance and safeguard the Group's interests, employees are mandated to strictly adhere to these laws and regulations to prevent any occurrences of bribery, extortion, fraud, or money laundering. The Group has outlined specific guidelines and policies within its Staff Instructions that delineate the expected behavior of employees in relation to these matters. Upon joining the Group, employees are required to pledge their commitment to abstain from any activities that may lead to corruption.

For example, if an employee receives a gift or monetary benefit exceeding HK$500 from a supplier or any affiliated party, they are obligated to promptly report the incident to the administration department. The Group strictly prohibits acceptance of such gifts beyond this threshold to uphold ethical standards.

Additionally, any instances of non-compliance or concerns regarding adherence to the set guidelines can be reported directly to the personnel and administration department. In cases where the subject of the report involves the personnel and administration department itself, employees are instructed to escalate the issue to the general manager. The Group assures that all reports will be thoroughly investigated and handled fairly and impartially.

By maintaining a stringent framework of compliance and reporting mechanisms, the Group aims to foster a culture of integrity, transparency, and accountability among its employees, ultimately safeguarding its reputation and operations in both Hong Kong, Mainland China, and beyond.

COMMUNITY INVESTMENT

Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)

The Group recognizes the transformative power of investing in local communities, as it can play a crucial role in empowering marginalized groups, enhancing the social fabric, and fostering a more equitable and compassionate society. Regrettably, during the past reporting year, the Group did not allocate specific resources towards initiatives benefiting wider communities.

Looking ahead, the Group is committed to venturing into community investments that aim to mitigate any adverse effects arising from its operations on local communities. By proactively engaging in community-focused projects and initiatives, the Group seeks to make a positive impact and create sustainable value for those living in the areas where it operates.

Resources contributed (e.g. money or time) to the focus area

In the near future, the Group will, step by step, focus on the following five key areas for community investment to create shared value, and drive positive social and environmental change. These areas include:

1. Education: Supporting educational initiatives such as scholarships, mentorship programs, school infrastructure development, and skills training can help empower individuals and communities, leading to long-term socio-economic development.

2. Health and Well-being: Investing in programs that promote healthcare access, disease prevention, mental health support, and overall well-being can improve the quality of life for community members and contribute to a healthier society.

3. Environmental Conservation: Supporting environmental projects such as tree planting, clean energy initiatives, waste management programs, and biodiversity conservation can help protect natural resources, mitigate climate change impacts, and promote sustainable practices.

4. Social Inclusion and Diversity: Investing in initiatives that promote diversity, equity, and inclusion within communities can help create a more inclusive society where all individuals have equal opportunities to thrive and contribute.

5. Community Development: Investing in infrastructure projects, community centers, public spaces, and cultural initiatives can enhance the quality of life within communities and foster a sense of belonging and pride among residents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT INDICATOR INDEX OF THE STOCK EXCHANGE

Category	Content	Section in the report
A1: Emissions	The followings that relate to exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	
A1.1	Types of emissions and respective emissions data (tonne)	N/A
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonne) and (if applicable) intensity (per unit of output)	Scopes 1, 2, 3 Emissions
A1.3	Total hazardous waste generated (in tonne) and (if applicable) intensity (per employee)	Waste Management
A1.4	Total non-hazardous waste generated (in tonne) and (if applicable) intensity (per employee)	Waste Management
A1.5	Descriptions of steps taken to mitigate emissions and results	Targets
A1.6	Descriptions of how hazardous and non-hazardous wastes are handled and descriptions of steps taken to mitigate waste disposal	Fabric Waste Management
A2: Use of Resources	Policies on the efficient use of resources, including energy, water and other raw materials	
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total ('000 kWh) and intensity (per unit of output)	Use of Resources
A2.2	Water consumption (tonnes) in total and intensity (per unit of output)	Use of Resources
A2.3	Descriptions of measures taken to improve energy use efficiency and results	Targets
A2.4	Descriptions of issues (if any) in sourcing water that is fit for purpose, the water efficiency targets and the steps taken to achieve such targets	Use of Resources
A2.5	Total packaging material used for finished products (in tonne)	N/A

Category	Content	Section in the report
A3: Environment and Natural Resources	Policies on minimizing the issuer's significant impact on the environment and natural resources	
A3.1	Descriptions of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them	Environment and Natural Resources
A4: Climate Change	Policies on identifying and responding to significant climate-related matters that have and may have an impact on the issuer	Climate Change
A4.1	Descriptions of significant climate-related matters and that have and may have an impact on the issuer and responses	
B1: Employment	The followings that relate to compensation and dismissal, recruitment and promotion, working hours, leaves, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	
B1.1	Total number of employees by gender, employment type (e.g. full-time or part-time), age group and region	Employment
B1.2	Employee turnover rate by gender, age group and region	Employment
B2: Occupational Health and Safety	The followings that relate to providing a safe working environment and protecting employees from occupational hazards: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	
B2.1	Number and rate of work-related fatalities in each of the last 3 years (including the reporting year)	Health and Safety
B2.2	Lost days due to work injury	Health and Safety
B2.3	Descriptions of occupational health and safety measures adopted, and how they are implemented and monitored	Health and Safety
B3: Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Descriptions of relevant training activities	

Category	Content	Section in the report
B3.1	The percentage of employee received trainings by gender and employee level (e.g. senior management and mid-level management)	Development and Training
B3.2	The average training hours completed per employee by gender and employee category	Development and Training
B4: Employment Standards	The followings that relate to preventing child and forced labour: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	
B4.1	Descriptions of measures adopted to review recruitment practices to avoid child and forced labour	Labour Standards
B4.2	Descriptions of steps taken to eliminate such practices when discovered	Labour Standards
B5: Management of Supply Chain	Policies on managing environmental and social risks of the supply chain	
B5.1	Number of suppliers by region	Supply Chain Management
B5.2	Descriptions of practices of supplier engagement and number of suppliers where the practices are being implemented	Supply Chain Management
B5.3	Descriptions of the practices for identifying environmental and social risks at each stage of the supply chain and related implementation and monitoring methods	Supply Chain Management
B5.4	Descriptions of practices to promote the use of environment-friendly products and services when selecting suppliers, and related implementation and monitoring methods	Supply Chain Management
B6: Product Liability and Quality of Services	The followings that relate to health and safety, advertising, labelling and privacy matters pertaining products and services provided and remedial methods: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	

Category	Content	Section in the report
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Quality Control
B6.2	Number of product/service-related complaints received and how they are dealt with	Quality Control
B6.3	Descriptions of practices of intellectual property right maintenance and protection	Intellectual Property Rights
B6.4	Descriptions of quality assurance process and product recall procedures	Quality Control
B6.5	Descriptions of consumer data protection and privacy policies, and how they are implemented and monitored	Data Privacy
B7: Anti-corruption	The followings that relate to prevention of bribery, extortion, fraud and money laundering: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	
B7.1	Number of closed corruption lawsuits filed against the issuer or its employees during the Reporting Period, and the outcomes of the cases	No cases regarding corrupt practices
B7.2	Descriptions of preventive measures and whistleblowing procedures, and how they are implemented and monitored	Anti-corruption section
B7.3	Descriptions of anti-corruption trainings provided to the chairman and staff	Anti-corruption section
B8: Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	
B8.1	Focus areas of contribution (e.g. education, environmental matters, labour needs, health, culture and sports)	Community Investment section
B8.2	Resources contributed to the focus area (e.g. capital and time)	

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The Group is principally engaged in supply of apparel products to online fashion retailers and fashion retailers, the provision of consultation services, and the provision of institutional catering to private institution.

RESULTS AND DIVIDEND

Details of the audited consolidated results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 77 of this annual report.

The Board does not recommend the payment of a final dividend for the Year (30 April 2023: Nil).

BUSINESS REVIEW

A discussion and analysis of the Group's performance during the Year, the key factors affecting its results and financial position, and the information on the compliance with laws and regulations, environmental policy and relationships with stakeholders are set out in the section headed "Management Discussion and Analysis" of this annual report. Furthermore, a fair review of, and an indication of likely future development in the Group's business are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. Save as disclosed in this annual report, since the end of the Year, no important event affecting the Group has occurred.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong for the Year.

The Group also complies with the requirements under the Companies Act (revised) of the Cayman Islands, the Listing Rules and the SFO for the disclosure of information and corporate governance.

REPORT OF THE DIRECTORS

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of principal risks including currency risk, interest rate risk, credit risk and liquidity risk. The risk management policies and practices of the Group are shown in note 32 to the consolidated financial statements.

Other risks facing by the Group are set out in the section headed "Principal Risks and Uncertainties" of Management Discussion and Analysis and "Risks relating to the business of the Group" of the announcement relating to the Transfer of Listing dated 11 March 2020.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the latest five financial years is set out on page 148 of this annual report. This summary does not form part of the consolidated financial statements.

SUBSIDIARIES

Details (including the principal activities) of the Company's subsidiaries as at 30 April 2024 are set out in note 36 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 15 to the consolidated financial statements.

CHARITABLE DONATIONS

The Group did not make any charitable and other donations during the Year and the year ended 30 April 2023.

DISTRIBUTABLE RESERVES

As at 30 April 2024, the Company did not have any reserves available for distribution, calculated in accordance with the Companies Act (revised) of the Cayman Islands (30 April 2023: Nil). Such amount represented share premium after setting off accumulated losses of the Company, which may be distributable provided that immediately following the date on which the dividend is proposed to distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Island, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders unless otherwise required by the Stock Exchange.

REPORT OF THE DIRECTORS

SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in note 28 to the consolidated financial statements.

DIRECTORS

During the Year and thereafter up to the date of this report, the Directors are named as follows:

Executive Directors
Mr. Choi King Ting, Charles
(Chairman and Chief Executive Officer)
Mr. Choi Ching Shing

Independent non-executive Directors
Mr. Lai Kwok Hung, Alex
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

Pursuant to article 109 of the Article, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules as at the date of this report and considers all the independent non-executive Directors to be independent.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 11 to 14 of this annual report.

DIRECTORS' SERVICE CONTRACTS

The Company has entered into service contracts with all executive Directors for a term of three years. The contracts shall be continuing thereafter unless and until terminated by either party thereto giving to the other not less than six months written notice.

In addition, the Company has entered into letter of appointments with independent non-executive Directors for a term of three years.

No Directors proposed for re-election at the 2024 annual general meeting have service contracts, which are not determinable by the Company within one year without payment of compensation, other than statutory compensation.

TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance in relation to the business of the Group to which the Company, or its holding company, or any of its subsidiaries was a party and in which a director or a connected entity of a director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year, nor was there any transaction, arrangements or contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder (as defined in the Listing Rules) or any of its subsidiaries for the Year. There was also no contract of significance between the Company or one of the subsidiaries and the controlling shareholders or any of its subsidiaries.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the Year.

DIRECTORS' EMOLUMENTS

Details of the remuneration of the Directors on a named basis during the Year are set out in note 10 to the consolidated financial statements.

REMUNERATION POLICY

The emolument policy for the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company provides a comprehensive benefit package for all employees as well as career development opportunities. This includes retirement schemes, medical insurance, other insurances, in-house training, on-the job training, external seminars and programs organised by professional bodies and educational institutions.

PERMITTED INDEMNITY PROVISION

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group.

Pursuant to the Articles, the Directors shall be indemnified and secured harmless out of the assets of the Company from all actions, costs, charges, losses, damages and expenses, which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

As at 30 April 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 13 of Appendix D2 to the Listing Rules, were as follows:

Name of Directors	Nature of interest	Number of Shares held	Percentage of shareholding in the Company's issued share capital
Mr. Charles Choi (Note 1)	Interest in controlled corporation	23,000,000(L)	71.88%
	Beneficial owner	1,000,000(L)	3.12%
	Total	24,000,000	75.00%
Mr. Lai Kwok Hung, Alex	Beneficial owner	10,000(L)	0.03%

Notes:

1. Mr. Charles Choi directly owns 100% of JC Fashion International Group Limited ("JC International"), which in turn holds 71.88% of the issued share capital of the Company. Mr. Charles Choi is deemed, or taken to be interested in, all the Shares held by JC International for the purpose of the SFO.

2. The letter "L" denotes the person's long position in the Shares.

Save as disclosed above, as at 30 April 2024, none of the Directors nor chief executive of the Company has registered an interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rule 13 of Appendix D2 to the Listing Rules.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed under the paragraphs headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any specified undertaking of the Company or any other associated corporations" above, at no time during the Year were any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or the chief executive of the Company or any of their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

So far as the Directors are aware, as at 30 April 2024, the following persons (not being Directors or chief executive of the Company) will have or be deemed or taken to have an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholder	Nature of interests	Number of Shares held	Percentage of shareholding in the Company's issued share capital
JC International (Note 1)	Beneficial owner	23,000,000(L) (Note 2)	71.88%

Notes:

1. Mr. Charles Choi directly owns 100% of JC International, which in turn holds 71.88% of the issued share capital of the Company. Mr. Charles Choi is deemed, or taken to be interested in, all the Shares held by JC International for the purpose of the SFO.

2. The letter "L" denotes the person's long position in the Shares.

Save as disclosed above, as at 30 April 2024, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDER

Our Directors believe that our Group is capable of carrying on our business independently of our Controlling Shareholder in view of the Group has maintained independence on management independence, operational independence and financial independence since the Listing Date of the Company. Details of the independence from the controlling shareholders are set out in the section headed "Relationship with the Controlling Shareholders" of the Prospectus.

SHAREHOLDERS' INTERESTS IN SECURITIES OF SIGNIFICANCE

Other than the interests disclosed above in respect of the substantial shareholders, as at 30 April 2024, no other person is individually or collectively entitled to exercise or control the exercise of 5% or more of the voting power at the general meetings of the Company and are able, as a practicable manner, to direct or influence the management of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales for the Year generated from the Group's major customers is as follows:

– The largest customer	48.4%
– Five largest customers	86.6%

The percentage of suppliers for the Year attributable to the Group's major suppliers is as follows:

– The largest supplier	28.3%
– Five largest suppliers	77.2%

None of the Directors, their close associates (as defined in the Listing Rules) or any shareholder (which to the knowledge of the Directors, owns more than 5% of the Company's share capital) had any beneficial interest in any of the Group's five largest customers or its five largest suppliers for the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year and up to the date of this annual report, the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

During the Year and up to the date of this report, none of the Directors or the controlling shareholders or substantial shareholders (as defined in the Listing Rules) of the Company or their respective close associates (as defined in the Listing Rules) were considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause any other conflicts of interest with the Group, as required to be disclosed under the Listing Rules.

NON-COMPETITION UNDERTAKING

Each of the covenants of the deed of non-competition dated 21 February 2017 ("Non-Competition Undertakings"), Mr Charles Choi and JC International ("Covenants"), has made annual declarations to the Company that during the years ended 30 April 2023 and 2024, they have complied with the terms of the Non-Competition Undertakings. Details of the Non-Competition Undertakings are set out in the section headed "Relationship with our Controlling Shareholders" of the Prospectus.

The independent non-executive Directors have reviewed the status of compliance by each of the Covenants with the undertakings in the Non-Competition Undertakings and as far as the independent non-executive Directors can ascertain, the undertakings have been fully complied with and enforced during the years ended 30 April 2023 and 2024. The executive Directors and the independent non-executive Directors also confirm that there are no other matters in relation to the aforesaid undertaking which should be brought to the attention of the Shareholders and the potential investors of the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has set up an Audit and Risk Management Committee on 21 February 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and section D3 of the CG Code. The duties of the Audit and Risk Management Committee are to review relationship with the Company's external auditors, review the Company's financial information, oversee the Company's financial reporting system and internal control procedures and oversee the Company's continuing connected transactions. The Audit and Risk Management Committee comprises all three independent non-executive Directors, namely Mr. Lai Kwok Hung, Alex, who is the chairman of the Audit and Risk Management Committee, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu. The audited consolidated financial statements of the Group for the Year have been reviewed by the Audit and Risk Management Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Listing Rules and legal requirements, and adequate disclosures have been made.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the Year are set out in note 34 to the consolidated financial statements in this annual report. None of these related party transactions constituted a connected transaction as defined under the Listing Rules for the Year.

SUFFICIENCY OF PUBLIC FLOAT

From the information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital are held by the public at all times throughout the Year and thereafter up to the date of this report.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holdings of the Shares.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to implementing good corporate governance practices. Information on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 15 to 30 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events affecting the Group after the Year and up to the date of this report.

INDEPENDENT AUDITORS

D & PARTNERS CPA LIMITED was appointed as the auditor of the Company by the Board with effect from 4 December 2020 to fill the causal vacancy following the resignation of Deloitte Touche Tohmatsu. Save for the above, there was no other change in the auditor of the Company since the Company listed on GEM on 21 March 2017.

The financial statements for the Year have been audited by D & PARTNERS CPA LIMITED. D & PARTNERS CPA LIMITED will retire and, being eligible, offer themselves for re-appointment. A resolution to re-appoint D & PARTNERS CPA LIMITED as the auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Choi King Ting, Charles
Chairman, Executive Director
and Chief Executive Officer

Hong Kong, 31 July 2024

INDEPENDENT AUDITOR'S REPORT

D & PARTNERS
CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS OF SG GROUP HOLDINGS LIMITED
樺欣控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of SG Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 70 to 147, which comprise the consolidated statement of financial position as at 30 April 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 April 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the 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.

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 MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on supply of apparel products	
We identified the recognition of revenue pertaining to the supply of apparel products to fashion retailers as a key audit matter due to the significance of the amount contributed to total revenue as disclosed in the consolidated statement of profit or loss and other comprehensive income. The judgement on the point of revenue recognition by the management is significant. Revenue from the supply of apparel products is recognised when the customer obtains the control of the apparel products, being when the apparel products are delivered to the customers at the designated location and the control has passed to the customers. The accounting policy for revenue recognition is disclosed in note 5 to the consolidated financial statements. The Group recognised revenue from the supply of apparel products of HK$121,042,000 (2023: HK$149,362,000) for the year ended 30 April 2024, which is disclosed in note 5 to the consolidated financial statements.	Our procedures in relation to revenue recognition on supply of apparel products included: • Obtaining an understanding of the Group's revenue business process on supply of apparel products and the key controls over revenue recognition on supply of apparel products performed by the management; • Testing the key controls over revenue recognition from contracts with customers on supply of apparel products; • Sampling the contracts with customers on supply of apparel products and evaluating the content of the contracts with reference to Hong Kong Financial Reporting Standard 15 "Revenue from Contracts with Customers"; • Applying analytical procedures technique to identify any unusual patterns of revenue on supply of apparel products for the year and, inquiring of management and evaluating the management's response to any unusual patterns identified pertaining to revenue on supply of apparel products identified; and • Agreeing the details of a sample of revenue transactions on supply of apparel products to the corresponding supporting documents such as invoices, bills of lading and acknowledgements of receipt.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables	
We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses ("ECL") of the Group's trade receivables at the end of the reporting period. As at 30 April 2024, the Group's net trade receivables amounting to approximately HK$11,564,000 (2023: approximately HK$39,169,000) which represented approximately 11% (2023: 30%) of total assets of the Group. As disclosed in note 4 to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables individually. The provision rates are based on external credit ratings considering the individual debtor's historical default rate, adjusted with considering forward-looking information that is reasonable and supportable available without undue costs or effort that are specific to each debtor. As disclosed in note 33 to the consolidated financial statements, the Group had impairment loss recognised on trade receivables of approximately HK$1,381,000 (2023: HK$275,000) for the year ended 30 April 2024.	Our procedures in relation to impairment assessment of trade receivables included: • Understanding key controls on how the management estimates the loss allowance for trade receivables; • Testing the accuracy of information used by management in determining credit loss allowance, including trade receivables ageing analysis as at 30 April 2024, on a sample basis, by comparing individual items in the analysis with the relevant sales agreements, sales invoices and other supporting documents; • Discussing with the management and assessing the reasonableness of the management's basis and judgement in determining credit loss allowance on trade receivables as at 30 April 2024, including their identification of credit impaired trade receivables and the basis of estimated loss rates applied in each category (with reference to historical default rates and forward-looking information); and • Evaluating the disclosures regarding the impairment assessment of trade receivables in note 33 to the consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment, intangible assets and right-of-use assets	
We identified the impairment of property, plant and equipment, intangible assets and right-of-use assets as a key audit matter because of its significance to the consolidated financial statements and high degree of management judgement involved in determining the recoverable amounts. As disclosed in notes 15, 18 and 16 to the consolidated financial statements, the carrying amounts of property, plant and equipment was HK$15,944,000 (2023: HK$13,497,000), the carrying amount of intangible assets was HK$1,982,000 (2023: HK$3,617,000) and the carrying amount of right-of-use assets was HK$2,280,000 (2023: HK$Nil) as at 30 April 2024. The calculation of the recoverable amount requires the management of the Group to estimate the higher of fair value less costs of disposal and value in use of those assets. Management reviewed the recoverable amounts of the property, plant and equipment, intangible assets and right-of-use assets at the end of the reporting period by estimating the respective fair value less costs of disposal and value in use of these assets to determine the impairment amount required to write down these assets to their recoverable amounts. As disclosed in note 7 to the consolidated financial statements, no impairment loss was provided for property, plant and equipment (2023: HK$5,948,000), no impairment loss was provided for intangible assets and right-of-use assets for the year ended 30 April 2024.	Our procedures in relation to impairment of property, plant and equipment, intangible assets and right-of-use assets included: • Understanding how the management performs the impairment assessment in respect of the property, plant and equipment, intangible assets and right-of-use assets; • Evaluating the management's assessment in estimating recoverable amount of the property, plant and equipment, intangible assets and right-of-use assets; • Testing and checking the accuracy of the calculation of recoverable amount of the property, plant and equipment, intangible assets and right-of-use assets; and • Comparing the Group's cash flow forecast with the historical financial information upon which the cash flow forecast is based.

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 THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance 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, related safeguards applied.

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

From the matters communicated with those charged with governance, 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 partner on the audit resulting in the independent auditor's report is Lau, Ming Tak Simeon.

D & PARTNERS CPA LIMITED
Certified Public Accountants
Lau, Ming Tak Simeon
Practising Certificate Number: P07579
Hong Kong

31 July 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2024

	NOTES	2024 HK$'000	2023 HK$'000
Revenue	5	**122,905**	149,362
Cost of sales and services		**(104,586)**	(130,689)
Gross profit		**18,319**	18,673
Other income	6	**1,294**	2,924
Other gains and losses	7	**(2,768)**	(6,012)
Impairment loss recognised on trade receivables		**(1,381)**	(275)
Administrative expenses		**(17,176)**	(17,707)
Selling and distribution expenses		**(15,408)**	(13,774)
Finance costs	8	**(239)**	(346)
Loss before tax	9	**(17,359)**	(16,517)
Income tax credit	12	**212**	90
Loss for the year		**(17,147)**	(16,427)
OTHER COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR			
Item that will not be reclassified to profit or loss:			
Fair value loss on:			
Investment in financial instruments at fair value through other comprehensive income ("FVTOCI")		**–**	(2,925)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(484)**	133
Other comprehensive expense for the year		**(484)**	(2,792)
Total comprehensive expense for the year		**(17,631)**	(19,219)
Loss per share			
– basic and diluted (Hong Kong dollars)	14	**(0.536)**	(0.513)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2024

	NOTES	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	15	**15,944**	13,497
Right-of-use assets	16	**2,280**	–
Investment properties	17	**6,456**	6,600
Intangible assets	18	**1,982**	3,617
Financial instrument at fair value through other comprehensive income ("FVTOCI")	21	**–**	–
Deferred tax assets	26	**–**	48
		26,662	23,762
Current assets			
Inventories	19	**45**	1,783
Trade and other receivables	20	**39,888**	61,795
Tax recoverables		**946**	–
Financial assets at fair value through profit or loss ("FVTPL")	22	**4,326**	11,118
Bank balances and cash	23	**32,430**	34,165
		77,635	108,861
Current liabilities			
Contract liabilities	24	**518**	205
Trade and other payables	24	**7,586**	17,620
Lease liabilities	25	**1,038**	–
Bank borrowings	27	**4,094**	6,388
Tax payables		**113**	804
		13,349	25,017
Net current assets		**64,286**	83,844
Total assets less current liabilities		**90,948**	107,606
Non-current liabilities			
Lease liabilities	25	**1,266**	–
Deferred tax liabilities	26	**338**	631
		1,604	631
Net assets		**89,344**	106,975

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2024

	NOTE	**2024** **HK$'000**	2023 HK$'000
Capital and reserves			
Share capital	28	**320**	320
Reserves		**89,024**	106,655
Total equity		**89,344**	106,975

The consolidated financial statements on pages 77 to 147 were approved and authorised for issue by the Board of Directors on 31 July 2024 and are signed on its behalf by:

Mr. Choi King Ting Charles
DIRECTOR

Mr. Choi Ching Shing
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2024

	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000 (Note)	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 May 2022	320	39,201	456	–	271	85,946	126,194
Loss and total comprehensive (expense) income for the year	–	–	–	(2,925)	133	(16,427)	(19,219)
At 30 April 2023	320	39,201	456	(2,925)	404	69,519	106,975
Loss and total comprehensive expense for the year	–	–	–	–	(484)	(17,147)	(17,631)
At 30 April 2024	320	39,201	456	(2,925)	(80)	52,372	89,344

Note: Amount represents statutory reserve of the subsidiary of the Company established in the People's Republic of China (the "PRC"). According to the relevant laws in the PRC, the subsidiary is required to transfer at least 10% of its net profit after tax, as determined under the relevant accounting principles and financial regulations applicable to enterprises established in the PRC, to a non-distributable reserve fund until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2024

	2024 HK$'000	2023 HK$'000
OPERATING ACTIVITIES		
Loss before tax	**(17,359)**	(16,517)
Adjustments for:		
Depreciation of property, plant and equipment	**1,602**	1,257
Depreciation of right-of-use assets	**502**	234
Depreciation of investment properties	**144**	160
Amortisation of intangible assets	**1,635**	1,634
Finance costs	**239**	346
Impairment loss on trade receivables	**1,381**	275
Change in fair value of financial assets at FVTPL	**1,203**	1,399
Net realised loss in fair value of financial assets at FVTPL	**1,624**	–
Interest income	**(376)**	(490)
Impairment loss recognised on property, plant and equipment	**–**	5,948
Impairment loss recognised on investment properties	**–**	762
Gain on early termination of lease	**–**	(190)
Operating cash flows before movements in working capital	**(9,405)**	(5,182)
Decrease in inventories	**1,738**	2,452
Decrease (increase) in trade and other receivables	**20,501**	(15,237)
(Decrease) increase in trade and other payables	**(9,999)**	2,616
Increase in contract liabilities	**313**	–
Cash generated from operations	**3,148**	(15,351)
Hong Kong Profits Tax (paid) refunded	**(1,669)**	2,112
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	**1,479**	(13,239)
INVESTING ACTIVITIES		
Interest received	**376**	490
Purchase of property, plant and equipment	**(4,104)**	(26)
Proceeds from disposal of financial assets at FVTPL	**3,965**	–
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	**237**	464

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2024

	2024 HK$'000	2023 HK$'000
FINANCING ACTIVITIES		
Bank borrowings raised	–	6,144
Repayments of lease liabilities	(475)	(231)
Interest paid	(239)	(346)
Repayment of bank borrowings	(2,294)	(5,136)
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	(3,008)	431
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,292)	(12,344)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	34,165	46,110
Effect of foreign exchange rate changes	(443)	399
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	32,430	34,165

1. GENERAL

SG Group Holdings Limited (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 8 October 2015. The ordinary shares of the Company was listed on GEM of The Stock Exchange of Hong Kong Limited in 2017. On 20 March 2020, the ordinary shares of the Company transferred and listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In the opinion of the directors, the immediate and ultimate holding company is JC Fashion International Group Limited which was incorporated in the British Virgin Islands ("BVI"). Its ultimate controlling party is Mr. Choi King Ting Charles ("Mr. Charles Choi") who is also a director and the chief executive of the Company.

The registered office of the Company is situated at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands.

The address of the head office and the principal place of business of the Company is Unit B, 9/F., Mai Wah Industrial Building, 1-7 Wah Sing Street, Kwai Chung, New Territories, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the supply of apparel products with design and sourcing services to fashion retailers and the provision of consultation services.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is different from the functional currency of the Company, being United States dollars ("US$"). The directors of the Company consider that presenting the financial information in HK$ is preferable as the principal place of business of the Company and its principal subsidiaries are in Hong Kong.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 May 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the amendments to HKFRSs 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.

Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. In accordance with the transition provision: (i) the Group has applied the new accounting policy retrospectively to leasing transactions and provisions for decommissioning and restoration that occurred on or after 1 May 2022; (ii) the Group also, as at 1 May 2022, recognized a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities and decommissioning and restoration and the corresponding amounts recognized as part of the cost of the related asset.

The application of the amendments has had no material impact on the Group's financial position and performance.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

Impacts on application of Amendments to HKAS 12 Income Taxes International Tax Reform – Pillar Two Model Rules

The Group has applied the amendments for the first time in the current year. HKAS 12 is amended to add the exception to recognizing and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development (the "Pillar Two legislation"). The revised standard requires that entities apply the amendments both retrospectively and immediately upon issuance. The revised standard also requires entities to separately disclose its qualitative and quantitative exposure relative to the Pillar Two. This disclosure requirement is effective for Pillar Two legislation enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 May 2023.

The Group is yet to apply the temporary exception during the current year because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Company and several subsidiaries are operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory and voluntary MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "Abolition"). The Abolition will officially take effect on 1 May 2025 (the "Transition Date"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19.

The change in accounting policy in the current year had no material impact on the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

Amendments to HKFRSs in issue but not yet effective

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

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 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after January 1, 2024.

3 Effective for annual periods beginning on or after January 1, 2025.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 (the "2020 Amendments") and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 (the "2020 Amendments") and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments") (CONTINUED)

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with HKFRSs 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 of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in note 5 and 24.

Property, plant and equipment

Property, plant and equipment held for use or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress for administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than construction in progress, 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Borrowing costs

Borrowing costs which are not eligible for capitalisation to qualifying assets are recognised in profit or loss in the year in which they are incurred.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to lease of property 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 lease are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

The Group presents right-of-use assets as separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (Continued)

The Group as a lessor (Continued)

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Government grants

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 related to income that are receivables 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".

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of 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 translation 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 foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Exchange differences relating to the retranslation of the Group's net assets in US$ to the Group's presentation currency (i.e. HK$) are recognised directly in other comprehensive income and accumulated in exchange reserve. Such exchange differences accumulated in the exchange reserve are not reclassified to profit or loss subsequently.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all costs necessary to make the sale.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and intangible 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment on property, plant and equipment and intangible assets (Continued)

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. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. 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.

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.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. 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 and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 “Business Combinations” applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other gains and losses" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables and bank balances) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 1 year (2023: 1 year) past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) 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, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

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.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities, including trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme and government-managed retirement benefit schemes, which are defined contribution retirement benefit plans, are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 base 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 assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Taxation (Continued)

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 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.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

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 "Income Taxes" requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible 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.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCE OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, 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 estimates are revised if the revision affects only that period, or in the period of the revision and the future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition from sales of apparel products at a point in time

Under HKFRS 15, control of the asset is transferred over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Significant judgment is required in determining whether the terms of the Group's contracts with customers in relation to apparel products create an enforceable right to payment for the Group. The Group has considered the relevant local laws that apply to those relevant contracts. Based on the assessment of the Group's management, the apparel products have alternative use which do not create an enforceable right to payment for the Group. Accordingly, the sales of apparel products are considered to be performance obligation satisfied at a point in time.

Key source of estimation uncertainty

The following is the key source of estimation uncertainty at the end of the reporting period that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year from the end of the reporting period.

Provision of ECL for trade receivables

The Group uses individual assessment to calculate ECL for the trade receivables. The provision rates are based on external credit ratings considering the individual debtor's historical default rate, adjusted after considering forward-looking information that is reasonable and supportable available without undue costs or effort that are specific to each debtor. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. As at 30 April 2024, the carrying amount of trade receivables is HK$11,564,000 (2023: HK$39,169,000) and impairment loss of HK$2,878,000 (2023: HK$1,497,000). The information about the ECL is disclosed in note 33.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCE OF ESTIMATION UNCERTAINTY (CONTINUED)

Fair value measurement of financial instruments

In the absence of current prices in active market for similar unlisted equity interests, the Group determines the fair values by using discounted cash flow valuation technique with input not based on observable market data and other available information.

The carrying amounts of the unlisted investments as at 30 April 2024 was HK$Nil (2023: HK$Nil), further details of which are set out in note 21.

Estimated impairment of property, plant and equipment, intangible assets and right-of-use assets

Property, plant and equipment, intangible assets and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Where the actual future cash flows are less than expected, a material impairment loss may arise. The fair value less costs of disposal of certain assets have been determined from market available information.

As at 30 April 2024, the carrying amounts of property, plant and equipment, intangible assets and right-of-use assets subject to impairment assessment were HK$15,944,000, HK$1,982,000 and HK$2,280,000 (2023: HK$13,497,000, HK$3,617,000 and HK$Nil) respectively, after taking into account the impairment losses of HK$Nil (2023: HK$5,948,000) was recognised in respect of property, plant and equipment, no impairment loss was recognised for intangible assets and no impairment loss was recognised for right-of-use assets. Details of the impairment of property, plant and equipment, intangible assets and right-of-use assets are disclosed in notes 15, 18 and 16 respectively.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on supply of apparel products and provision of institutional catering.

The Group determines its operating segments based on the reports reviewed by the executive directors, being the chief operating decision makers (the “CODM”), which are used to make strategic decisions for the purposes of resource allocation and assessment of segment performance. The Group mainly sells apparel products with designing and sourcing services to fast fashion clothing retailers and newly provide institutional catering this year.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The details of the Group's each reportable segment is as follows:

Supply of Apparel Products – Traditional	Supply of branded label apparel products with designing and sourcing services to fashion retailers.
Supply of Apparel Products – New Retail	Supply of both branded label and influencer collaboration label apparel products with designing and sourcing services to fashion retailers.
Provision of institutional catering	Provision of institutional catering to private institution

This operating segments also represent the Group's reportable segments.

Segment revenue and results

For the year ended 30 April 2024

	Supply of Apparel Products – Traditional HK$'000	Supply of Apparel Products – New Retail HK$'000	Institutional catering HK$'000	Total HK$'000
Segment revenue				
Supply of Apparel Products				
Womenswear	54,072	28,188	–	82,260
Childrenswear	15,241	–	–	15,241
Menswear	22,519	1,022	–	23,541
	91,832	29,210	–	121,042
Institutional catering	–	–	1,863	1,863
	91,832	29,210	1,863	122,905
Segment loss	(3,801)	(8,256)	(457)	(12,514)
Unallocated income				663
Unallocated gains and losses				(2,974)
Unallocated expenses				(2,534)
Unallocated finance costs				–
Loss before tax				(17,359)

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

For the year ended 30 April 2023

	Supply of Apparel Products – Traditional HK$'000	Supply of Apparel Products – New Retail HK$'000	Total HK$'000
Segment revenue			
Supply of Apparel Products			
Womenswear	37,553	82,574	120,127
Childrenswear	16,691	–	16,691
Menswear	12,069	475	12,544
	66,313	83,049	149,362
Segment loss	(7,880)	257	(7,623)
Unallocated income			845
Unallocated gains and losses			(6,574)
Unallocated expenses			(3,097)
Unallocated finance costs			(68)
Loss before tax			(16,517)

Segment loss represents the loss from each segment without allocation of unallocated income and expenses mainly including certain depreciation on property, plant and equipment, depreciation on investment properties, change in fair value of financial assets at FVTPL, general office expenses, certain finance costs, and net foreign exchange gains. This is consistent with the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

There were no inter-segment sales for both years.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue by type of products

	2024 HK$'000	2023 HK$'000
At a point in time:		
Supply of apparel products		
Womenswear	**82,260**	120,127
Childrenswear	**15,241**	16,691
Menswear	**23,541**	12,544
Institutional catering	**1,863**	–
	122,905	149,362

Revenue from the supply apparel products is recognised at a point in time, when control of the goods has transferred, being when the goods have been shipped to the designated location (delivery) and the control has passed to the customers.

Revenue from provision of institutional catering is recognised at a point in time when services have been provided to customers.

Segment assets and liabilities

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM of the Group.

Geographical information

Information about the Group's revenue from external customers is presented based on the geographic locations of where the customers received the goods and provision of services is detailed below:

	2024 HK$'000	2023 HK$'000
Revenue from external customers		
United States of America	**49,401**	36,180
United Kingdom (the "UK")	**37,700**	63,741
Canada	**23,496**	14,127
Germany	**9,990**	31,390
Hong Kong	**1,863**	–
Ireland	**374**	474
Others	**81**	237
Middle East	**–**	2,114
The PRC	**–**	1,099
	122,905	149,362

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

The following is an analysis of the carrying amounts of the Group's non-current assets (including property, plant and equipment, right-of-use assets, investment properties and intangible assets), analysed by the geographical area in which the assets are located:

	2024 HK$'000	2023 HK$'000
Hong Kong	**20,381**	22,586
The PRC	**5,552**	1,128
The UK	**729**	–
	26,662	23,714

Information about major customers

Revenue from major customers which accounted for 10% or more of the Group's revenue for the reporting period is set out below:

	2024 HK$'000	2023 HK$'000
Customer A[1]	**59,500**	35,339
Customer B[1]	**25,849**	80,935
Customer C[1]	**13,676**	18,172

[1] Revenue generated from supply of apparel products segment.

Supply of Apparel Products – Traditional

Revenue arising from sales of branded label apparel products with designing and sourcing services to fashion retailers is recognised at a point in time when the customer obtains the control of the goods has been transferred to the customer at the point of deliver to customer.

Supply of Apparel Products – New Retail

Revenue arising from sales of both branded label and influencer collaboration label apparel products with designing and sourcing services to fashion retailers is recognised at a point in time when the customer obtains the control of the goods has been transferred to the customer at the point of deliver to customer.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue from provision of institutional catering

The Group recognises revenue from the provision of institutional catering to private institution. Revenue from provision of institutional catering is recognised at the point in time when services have been provided to customers. A receivable is recognised by the Group when the services are rendered to the customers at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Refund liabilities

The Group recognises a refund liability if the Group expects to refund some or all of the consideration received from customers.

Sale with a right of return/exchange

For a sale of products with a right of return/exchange for dissimilar products, the Group recognises all of the following:

(a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned/exchanged);

(b) a refund liability/contract liability; and

(c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

6. OTHER INCOME

	2024 HK$'000	2023 HK$'000
Dividend income	74	170
Government grants (Note)	230	1,782
Interest income	376	490
Rental income	187	185
Sample income	237	–
Others	190	297
	1,294	2,924

Note: During the current year, the Group recognised government grants HK$230,000 of which HK$197,000 (2023: HK$975,000) relates to Greater Bay Area Youth Employment Scheme, HK$33,000 (2023: HK$Nil) relates to SME Export Marketing Fund, HK$Nil (2023: HK$778,000) relates to Employment Support Scheme in respect of COVID-19 related subsidies and HK$Nil (2023: HK$29,000) relates to Technology Voucher Programme ("TVP") provided by the Hong Kong Government.

7. OTHER GAINS AND LOSSES

	2024 HK$'000	2023 HK$'000
Net exchange gains	59	1,251
Net unrealised loss on financial assets at FVTPL	(1,203)	(1,399)
Net realised loss on financial assets at FVTPL	(1,624)	–
Recovery of bad debt	–	656
Impairment loss recognised on property, plant and equipment	–	(5,948)
Impairment loss recognised on investment properties	–	(762)
Gain on termination of lease	–	190
	(2,768)	(6,012)

8. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest on:		
Bank borrowings	187	254
Lease liabilities	52	92
	239	346

9. LOSS BEFORE TAX

	2024 HK$'000	2023 HK$'000
Loss before tax has been arrived at after charging (credit):		
Directors' remuneration (note 10)	1,448	1,466
Other staff costs	9,065	9,638
	10,513	11,104
Retirement benefit schemes contributions for other staffs	665	912
Total staff costs	11,178	12,016
Depreciation of property, plant and equipment	1,602	1,257
Depreciation of right-of-use assets	502	234
Depreciation of investment properties	144	160
Amortisation of intangible assets	1,635	1,634
Impairment loss recognised on property, plant and equipment	–	5,948
Impairment loss recognised on investment properties	–	762
Gain on termination of lease	–	(190)
Rental expenses in respect of short-term leases	1,145	1,827
Auditor's remuneration	500	500
Marketing expenses	3,392	1,389
Testing charges	868	1,277
Transportation	1,606	1,566
Cost of inventories recognised as expenses	99,068	119,872

10. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE

Mr. Charles Choi is a director and the chief executive of the Company and his emoluments are disclosed below include the service rendered by him as the chief executive.

Mr. Choi Ching Shing Benny ("Mr. Benny Choi"), who is the sibling of Mr. Charles Choi, is an executive director of the Company. Mr. Benny Choi was also a director of the operating subsidiaries of the Group during the year ended 30 April 2024.

10. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE (CONTINUED)

Directors and Chief Executive

Below details are the emoluments including fees, salaries and allowances and retirement benefit schemes contributions paid by the group entities to the directors of the Company and the chief executive of the Company during the year.

	Fees HK$'000	Salaries and allowances HK$'000	Performance bonus HK$'000	Retirement benefit schemes contributions HK$'000	Total HK$'000
For the year ended 30 April 2024					
Executive directors					
Mr. Charles Choi	**–**	**936**	**–**	**26**	**962**
Mr. Benny Choi	**–**	**120**	**–**	**6**	**126**
	–	**1,056**	**–**	**32**	**1,088**
Independent non-executive directors					
Mr. Lai Kwok Hung, Alex	**120**	**–**	**–**	**–**	**120**
Mr. Yeung Chuen Chow, Thomas	**120**	**–**	**–**	**–**	**120**
Mr. Cüneyt Bülent Bilâloğlu	**120**	**–**	**–**	**–**	**120**
	360	**–**	**–**	**–**	**360**
	360	**1,056**	**–**	**32**	**1,448**
For the year ended 30 April 2023					
Executive directors					
Mr. Charles Choi	–	936	–	44	980
Mr. Benny Choi	–	120	–	6	126
	–	1,056	–	50	1,106
Independent non-executive directors					
Mr. Lai Kwok Hung, Alex	120	–	–	–	120
Mr. Yeung Chuen Chow, Thomas	120	–	–	–	120
Mr. Cüneyt Bülent Bilâloğlu	120	–	–	–	120
	360	–	–	–	360
	360	1,056	–	50	1,466

10. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE (CONTINUED)

Directors and Chief Executive (Continued)

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

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

None of the directors waived or agreed to waive any emoluments during the years ended 30 April 2024 and 2023.

11. EMPLOYEES' EMOLUMENTS

Employees

Included in the five individuals with the highest emoluments in the Group is Mr. Charles Choi whose emoluments are included in the disclosure in note 10 above. The accumulated emoluments of the remaining four (2023: four) highest paid individuals are as follows:

	2024 HK$'000	2023 HK$'000
Salaries and allowances	**1,830**	2,019
Retirement benefit schemes contributions	**52**	94
	1,882	2,113

The number of the five highest paid individuals, whose emolument fell within the following bands is as follows:

	2024 Number of employees	2023 Number of employees
Nil to HK$1,000,000	**5**	5

During the year, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX CREDIT

	2024 HK$'000	2023 HK$'000
Current tax		
Hong Kong Profits Tax	–	–
UK Corporate Tax	29	–
Underprovision in prior years:		
Hong Kong	4	100
	33	100
Deferred tax credit (note 26)	(245)	(190)
	(212)	(90)

Under the two-tiered profits tax rates regime, 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 group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for the year. No provision for EIT is made for the years ended 30 April 2024 and 2023 as the Group has no assessable profit arising in the PRC or the assessable profits are wholly absorbed by tax losses brought forward from prior years.

The UK Corporate Tax is calculated at 19% of the taxable profits of subsidiary established in the UK.

12. INCOME TAX CREDIT (CONTINUED)

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

	2024 **HK$'000**	2023 HK$'000
Loss before tax	**(17,359)**	(16,517)
Tax at Hong Kong Profits Tax rate of 16.5% (2023: 16.5%)	**(2,864)**	(2,725)
Tax effect of expenses not deductible for tax purposes	**805**	1,455
Tax effect of income not taxable for tax purposes	**(6)**	(415)
Tax effect of tax losses not recognised	**1,987**	1,604
Tax effect of utilisation of tax losses not previously recognised	**(33)**	(106)
Tax effect of deductible temporary difference not recognised	**40**	43
Utilisation of deductible temporary differences previously not recognised	**(3)**	(51)
Tax effect of different rate of subsidiaries operating in other jurisdictions	**(142)**	5
Underprovision in prior years	**4**	100
Income tax credit	**(212)**	(90)

Details of deferred taxation are set out in note 26.

13. DIVIDEND

No dividend was paid or proposed for the ordinary shareholders of the Company during the year ended 30 April 2024 (2023: Nil), nor has any dividend been proposed since the end of the reporting period.

14. LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

	2024 **HK$'000**	2023 HK$'000
Loss:		
Loss for the purpose of calculating basic loss per share (loss for the year)	**(17,147)**	(16,427)
	'000	'000
Weighted average number of shares:		
Number of ordinary shares for the purpose of calculating basic loss per share	**32,000**	32,000

No diluted loss per share for both years was presented as there were no potential ordinary shares in issue for both years.

15. PROPERTY, PLANT AND EQUIPMENT

	Owned properties HK$'000	Fixture and furniture HK$'000	Leasehold improvement HK$'000	Catering equipment HK$'000	Total HK$'000
COST					
At 1 May 2022	15,544	2,861	5,920	–	24,325
Additions	–	26	–	–	26
Exchange realignment	–	(133)	(6)	–	(139)
At 30 April 2023	15,544	2,754	5,914	–	24,212
Additions	–	48	3,972	84	4,104
Exchange realignment	–	(131)	(5)	–	(136)
At 30 April 2024	15,544	2,671	9,881	84	28,180
DEPRECIATION AND IMPAIRMENT					
At 1 May 2022	1,921	1,252	391	–	3,564
Provided for the year	536	469	252	–	1,257
Impairment	4,250	–	1,698	–	5,948
Exchange realignment	–	(53)	(1)	–	(54)
At 30 April 2023	6,707	1,668	2,340	–	10,715
Provided for the year	361	338	898	5	1,602
Exchange realignment	–	(78)	(3)	–	(81)
At 30 April 2024	7,068	1,928	3,235	5	12,236
CARRYING VALUES					
At 30 April 2024	8,476	743	6,646	79	15,944
At 30 April 2023	8,837	1,086	3,574	–	13,497

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives, using the straight-line method and at the following rates per annum:

Owned properties	2% to 3.5% or over the lease term, whichever is shorter
Fixture and furniture	20%
Leasehold improvement	over the shorter of the term of the lease
Catering equipment	20%

Impairment assessment

For the year ended 30 April 2024 and 2023, the Group has performed impairment assessment on property, plant and equipment, intangible assets and right-of-use assets. Certain subsidiaries were loss making during the year due to the economic downturn. Impairment assessment is performed on subsidiaries with operating losses which is considered as an impairment indicator for the years ended 30 April 2024 and 2023.

The management of the Group concluded there was indication for impairment and conducted impairment assessment on certain property, plant and equipment, intangible assets with finite useful lives and right-of-use assets with carrying amounts of HK$15,944,000, HK$1,982,000 and HK$2,280,000 (2023: HK$13,497,000, HK$3,617,000 and HK$Nil) respectively. The recoverable amount of owned properties and related leasehold improvement, are estimated individually.

The recoverable amounts of the owned properties and related leasehold improvement have been determined based on their fair value less costs of disposal. The Group uses direct comparison to estimate the fair value less costs of disposal of the assets which is based on the recent transaction prices for similar properties adjusted for nature, location and conditions of the property. The fair value measurement is categorised into Level 3 fair value hierarchy. The relevant assets were impaired to their recoverable amount of HK$Nil (2023: HK$12,370,000), which is their carrying values at year end and the impairment of HK$Nil (2023: HK$5,948,000) has been recognised in profit or loss within the relevant functions to which these assets relate during the year.

In addition, the Group estimates the recoverable amount of the cash-generating unit of supply of apparel products to which the asset belongs when it is not possible to estimate the recoverable amount individually, including allocation of corporate assets when reasonable and consistent basis can be established.

The recoverable amount of cash-generating units ("CGU") have been determined based on a value in use calculation. The Group engaged independent qualified valuer to assist in determining the value in use of the relevant CGU. That calculation uses cash flow projections based on financial budgets approved by the management of the respective subsidiary covering the following 5 years with a pre-tax discount rate is 14.3% (2023: 13.1%) as at 30 April 2024. The annual growth rate used is 2.7% (2023: 2.4%), which is based on the human resources capacity and future business plan. Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on the cash-generating units' past performance and management expectations for the market development.

Based on the result of the assessment, the carrying amounts of the CGU has not been reduced since the management of the Group determined that the recoverable amounts of CGU are higher than their carrying amounts based on the value-in-use calculation.

16. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
As at 1 May 2023	
Carrying amount	–
As at 30 April 2024	
Carrying amount	2,280
For the year ended 30 April 2024	
Depreciation charge	(502)
For the year ended 30 April 2023	
Depreciation charge	(234)

	2024 HK$'000	2023 HK$'000
Gain on termination of lease	**–**	(190)
Expenses related to short-term leases	**1,145**	1,827
Additions to right-of-use assets	**2,777**	–
Total cash outflow for leases (Note 1)	**1,672**	2,150

Note 1: Amounts include payments of principal and interest portion of lease liabilities and short-term lease payments.

The Group leases various properties for its operations. Lease contracts were entered into for fixed term of 2 to 10 years. Lease terms were negotiated on an individual basis and contained a wide range of 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.

The Group regularly entered into short-term leases for properties. As at 30 April 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Details of lease maturity analysis of lease liabilities is set out in note 33.

Restrictions or covenants on leases

In addition, lease liabilities of HK$2,304,000 (2023: HK$Nil) are recognised with related right-of-use assets of HK$2,280,000 (2023: HK$Nil) as at 30 April 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

17. INVESTMENT PROPERTIES

	Leasehold properties HK$'000
COST	
At 1 May 2022 and at 30 April 2023 and 2024	8,000
DEPRECIATION AND IMPAIRMENT	
At 1 May 2022	478
Charge for the year	160
Impairment loss recognised in profit or loss	762
At 30 April 2023	1,400
Charge for the year	144
At 30 April 2024	1,544
CARRYING VALUES	
At 30 April 2024	6,456
At 30 April 2023	6,600

The above item of investment properties is depreciated on a straight-line basis at 2% or over lease term, whichever is shorter per annum.

The fair value of the investment properties (including land portion) at 30 April 2024 and 2023, which has been determined by the directors of the Company by reference to recent market prices for similar properties approximated to the carrying amount of the investment properties.

In estimating the fair value of the properties, the highest and best use of the property is its current use.

Details of the Group's investment properties and information about the fair value hierarchy and valuation technique are as follows:

Description	Carrying value at April 30		Fair value at level 3 at April 30		Valuation technique	Major unobservable input
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000		
Car park slots in Royal Terrace	**6,456**	6,600	**6,600**	6,600	Market approach	Adjusting factors, mainly taking into account the time, location and floor level, between the comparables

18. INTANGIBLE ASSETS

	Computer software HK$'000	Online showroom HK$'000	Brand names HK$'000	Total HK$'000
COST				
At 1 May 2022, 30 April 2023 and 2024	4,703	3,470	814	8,987
AMORTISATION				
At 1 May 2022	1,490	1,432	814	3,736
Charge for the year	940	694	–	1,634
At 30 April 2023	2,430	2,126	814	5,370
Charge for the year	941	694	–	1,635
At 30 April 2024	3,371	2,820	814	7,005
CARRYING VALUES				
At 30 April 2024	1,332	650	–	1,982
At 30 April 2023	2,273	1,344	–	3,617

In the opinion of the directors, the computer software, online showroom and brand names which have finite useful lives are amortised on a straight-line basis over 5 years.

19. INVENTORIES

	2024 HK$'000	2023 HK$'000
Apparel product		
– Goods in transit	**–**	1,783
Food and beverage	**45**	–
	45	1,783

20. TRADE AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	**14,442**	40,666
Less: allowance for credit losses	**(2,878)**	(1,497)
	11,564	39,169
Other receivables		
– Deposits and prepayments	**3,131**	540
– Prepayment to suppliers	**22,212**	21,330
– Value-added tax receivables	**1,965**	556
– Others	**1,016**	200
	28,324	22,626
Total trade and other receivables	**39,888**	61,795

For customers with good credit quality and payment history, the Group allows credit periods of no longer than 90 days (2023: 90 days). For other customers, the Group requests an advance deposit payment and demands for full settlement upon delivery of the goods.

The following is an aged analysis of trade receivables (net of allowance for credit losses) presented based on the invoice date at the end of the reporting period, which approximates the revenue recognition dates:

	2024 HK$'000	2023 HK$'000
Within 60 days	**8,354**	34,953
61 to 180 days	**2,501**	4,205
181 to 365 days	**523**	11
Over 365 days	**186**	–
	11,564	39,169

Included in the Group's trade receivables balance are debtors with aggregate carrying amounts of approximately HK$3,063,000 (2023: approximately HK$2,921,000), which are past due at the end of the reporting period for which the Group has not provided for impairment loss because there has not been a significant change in credit quality and taking into account of forward looking information and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

As at 30 April 2024, the Group has HK$709,000 (2023: HK$11,000) of trade receivables past due over 90 days but not impaired. The Group does not consider such balances are defaulted due to long and on-going business relationship, good repayment record, good credit quality and forward looking information of these customers.

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Details of impairment assessment of trade and other receivables are set out in note 33.

Trade and other receivables that are denominated in foreign currencies, currencies other than the functional currencies of relevant group entities:

	2024 HK$'000	2023 HK$'000
Great British Pound ("GBP")	**2,479**	2,652
HK$	**2,752**	19,083
Renminbi ("RMB")	**77**	–

21. FINANCIAL INSTRUMENT AT FVTOCI

	2024 HK$'000	2023 HK$'000
Unlisted equity investment (Note)	**–**	–

Note: The unlisted equity interest of 19.5% represented the Group's investment in a private company established in British Virgin Islands, which is a investment holding company.

The above unlisted investment is not held for trading. The directors of the Company have elected to designate the investment in equity instrument at FVTOCI. For the year ended 30 April 2024, no fair value loss (2023: HK$2,925,000) was recognised to other comprehensive income. Detail of the fair value measurement is disclosed in note 33.

22. FINANCIAL ASSETS AT FVTPL

	2024 HK$'000	2023 HK$'000
Hong Kong listed equity securities held for trading (Note 1)	**4,326**	5,529
Listed debt instrument, at fair value (Note 2)	**–**	5,589
	4,326	11,118
Analysed for reporting purpose as:		
Current assets	**4,326**	11,118

Note 1: The fair values of listed securities are based on the bid prices quoted in active markets in Hong Kong.

Note 2: The above listed debt instrument were bond investment products issued by a listed company. They were mandatorily classified as financial assets at FVTPL as their purpose is holding for trade.

23. BANK BALANCES AND CASH

Bank balances carried interest at prevailing market rates based on daily bank deposits rates for both years.

Details of impairment assessment of bank balance are set out in note 33.

Bank balances that are denominated in foreign currencies, currencies other than the functional currencies of relevant group entities:

	2024 **HK$'000**	2023 HK$'000
HK$	**26,988**	9,858
GBP	**855**	13,147
Renminbi ("RMB")	**30**	841
EUR	**6**	24

24. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2024 **HK$'000**	2023 HK$'000
Trade payables	**2,557**	14,029
Other payables	**1,483**	2,248
Accrued expenses	**3,546**	1,343
Total trade and other payables	**7,586**	17,620

The credit period of trade payables ranges from 30 to 90 days for both years.

The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period.

	2024 **HK$'000**	2023 HK$'000
Within 60 days	**1,682**	13,640
61 to 180 days	**725**	307
181 to 365 days	**133**	65
Over 365 days	**17**	17
	2,557	14,029

24. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (CONTINUED)

Trade and other payables that are denominated in foreign currencies, currencies other than the functional currencies of relevant group entities:

	2024 HK$'000	2023 HK$'000
HK$	**1,133**	1,394
Renminbi ("RMB")	**–**	5
GBP	**–**	1

The following is the analysis of contract liabilities.

	2024 HK$'000	2023 HK$'000
Receipt in advance for apparel products contracts	**518**	205

Contract liabilities are classified as current as they are expected to be settled within the Group's normal operating cycle.

Contract liabilities represent deposits received and receipt in advance from customers for apparel contracts. Contract liabilities as at the end of each reporting period are recognised as revenue in the subsequent year.

When the Group receives a deposit before the production activity commences, this gives rise to contract liabilities at the start of production until the revenue recognised when the customer obtains the control of the apparel products. The Group typically receives 30% deposit on acceptance of customers' order.

	2024 HK$'000	2023 HK$'000
Balance at the beginning of the year	**205**	205
Billing in advance for contracts for apparel products	**397**	478
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**(84)**	(478)
Balance at the end of the year	**518**	205

25. LEASE LIABILITIES

	2024 HK$'000	2023 HK$'000
Lease liabilities payable:		
Within one year	1,038	–
Within a period of more than one year but not more than two years	851	–
Within a period of more than two years but not more than five years	415	–
	2,304	–
Less: Amount due for settlement within 12 months shown under current liabilities	1,038	–
Amount due for settlement after 12 months shown under non-current liabilities	1,266	–

Details of lease information are set out in note 16.

Details of maturity analysis of lease liabilities are set out in note 33.

26. DEFERRED TAX ASSETS (LIABILITIES)

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:

	2024 HK$'000	2023 HK$'000
Deferred tax assets	–	48
Deferred tax liabilities	(338)	(631)
	(338)	(583)

26. DEFERRED TAX ASSETS (LIABILITIES) (CONTINUED)

The following is the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years.

	Tax losses HK$'000	Accelerated tax accounting depreciation HK$'000	ECL provision HK$'000	Total HK$'000
At 1 May 2022	77	(883)	33	(773)
(Charged) credited to profit or loss	(77)	264	3	190
At 30 April 2023	–	(619)	36	(583)
Credited (charged) to profit or loss	–	281	(36)	245
At 30 April 2024	–	(338)	–	(338)

At the end of the reporting period, the Group has unused tax losses of HK$23,405,000 (2023: HK$16,904,000) available for offset against future profits.

No deferred tax asset has been recognised in respect of HK$23,405,000 (2023: HK$16,904,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses of HK$20,048,000 (2023: HK$14,475,000), may be carried forward indefinitely, and the remaining may be carried forward for one to five years.

At the end of the reporting period, the Group has deductible temporary differences of HK$278,000 (2023: HK$166,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

27. BANK BORROWINGS

	2024 HK$'000	2023 HK$'000
Bank loans	**4,094**	6,388
Secured	**–**	6,388
Unsecured	**4,094**	–
	4,094	6,388
The carrying amounts of the above borrowings are repayable (Note):		
Within one year	**1,610**	2,754
In more than one year but not exceeding two years	**2,484**	3,106
In more than two years but not exceeding five years	**–**	528
	4,094	6,388
Amounts shown under current liabilities with repayment on demand clause	**4,094**	6,388

Note:

The amounts due are based on scheduled repayment dates set out in the loan agreements.

The bank borrowings were personal guaranteed by Mr. Choi King Ting, Charles, the executive director of the Group. The effective interest rates (which is also equal to contracted interest rate) on the Company's borrowings is 3.63% (2023: 2.75% to 3.38%) per annum.

The bank borrowings that are denominated in currencies other than the functional currency of the Company are set out below:

	2024 HK$'000	2023 HK$'000
HK$	**4,094**	6,388

28. SHARE CAPITAL OF THE COMPANY

Details of movements of authorised and issued capital of the Company are as follows:

	Number of shares	Share capital HK$
Ordinary share of HK$0.01 each		
Authorised:		
At 1 May 2022, 30 April 2023 and 30 April 2024	200,000,000	2,000,000
Issued and fully paid:		
At 1 May 2022, 30 April 2023 and 30 April 2024	32,000,000	320,000

There is no movement for both years.

29. OPERATING LEASING ARRANGEMENTS

The Group as lessor

All of the leasehold properties held for rental purposes have committed lessees for one year.

Minimum lease payments receivable on leases are as follows:

	2024 HK$'000	2023 HK$'000
Within one year	**94**	93

30. PLEDGE OF ASSETS

During the year ended 30 April 2024, no assets was pledged for bank borrowings (2023: one of the Group's bank borrowings (note 27) was secured by the unlisted investment (note 22) and personal guarantee of Mr. Choi King Ting, Charles).

31. RETIREMENT BENEFITS PLAN

The Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") for all its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The Group contributes 5% (2023: 5%) of relevant payroll costs, capped at HK$1,500 per month, to the MPF Scheme.

31. RETIREMENT BENEFITS PLAN (CONTINUED)

The employees employed in the PRC and the UK are members of the state-managed retirement benefits schemes operated by PRC and UK government. The PRC and UK subsidiaries are required to contribute a certain percentage of their basis payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contribution under the schemes.

The total cost of HK$697,000 (2023: HK$962,000) charged to profit or loss represents contributions paid or payable to the above schemes by the Group at the rates specified in the rules of plans.

Obligation to pay Long Service Payment ("LSP") under Hong Kong Employment Ordinance (Chapter 57)

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last month's wages (before termination of employment) × 2/3 × years of service.

Last month's wages are capped at HK$22,500 while the amount of long service payment shall not exceed HK$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee ("the Offsetting Arrangement"). The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP (the "Abolition"). The Abolition will officially take effect on 1 May 2025 (the "Transition Date"). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year. Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. On the other hand, the accrued benefits derived from the Group's voluntary contributions made pre-, on or post-transition can continue to be used to offset pre- and post-transition LSP. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the last month's wages immediately preceding the Transition Date and the years of service up to that date.

32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt and equity attributable to the owners of the Company, comprising share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2024 HK$'000	2023 HK$'000
Financial assets		
Fair value through profit or loss	**4,326**	11,118
Financial instrument at FVTOCI	**–**	–
Amortised cost	**45,256**	61,772
	49,582	72,890
Financial liabilities		
Amortised cost	**7,887**	21,472
Lease liabilities	**2,304**	–

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, financial instrument at FVTOCI, financial assets at FVTPL, bank balances and cash, trade and other payables, lease liabilities and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to fair value interest rate risk which arise from lease liabilities. The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, unlisted investment and variable rate bank borrowings due to the fluctuation of the prevailing market interest rate. The Group currently does not have a policy on hedging interest rate risk. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

No sensitivity analysis on interest rate risk on bank deposits is presented as the directors of the Company consider the sensitivity on interest rate risk on bank deposits is insignificant.

The Group is mainly exposed to cash flow interest rate risk in relation to bank borrowings as at 30 April 2024 and 2023. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

For the year ended 30 April 2024 and 2023, the Group's exposure to interest rate risk on financial liabilities is detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rate arising from the Group's floating rate bank borrowings.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Equity price risk

The Group is exposed to equity price risk through its investment in equity securities measured at FVTPL and unlisted equity investment measured at FVTOCI for the year end 30 April 2024 and 2023. The Group's equity price risk is concentrated on equity instruments quoted on the Stock Exchange and unlisted equity investment quoted by valuation techniques. The management manages the exposure to price risk by maintaining a portfolio of investments with different risk and return profiles.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at 30 April 2024 and 2023. For sensitivity analysis purpose, the sensitivity rate at 10% is applied as a result of the volatile financial market. If the price of the respective financial assets at FVTPL had been 10% lower, the Group's profit after taxation would decrease by HK$361,000 (2023: HK$929,000) for the year ended 30 April 2024.

If the price of the unlisted equity securities at FVTOCI had been 10% (2023: 10%) higher/lower, the investment revaluation reserve would increase/decrease by HK$Nil (2023: HK$Nil).

Foreign currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies at the end of the reporting period are as follows:

	Assets		Liabilities	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$	**31,877**	14,559	**5,228**	7,347
GBP	**3,212**	15,651	**–**	–
RMB	**30**	841	**–**	–
EUR	**6**	24	**–**	–

The directors of the Company consider that the exposure of HK$ against US$ is limited as HK$ is pegged to US$ and the Group has arranged forward contracts to limit the currency risk of GBP against US$ to keep the net exposure to foreign currency risk to an acceptable level, and the exposure to other foreign currencies is not significant.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

The sensitivity analysis below details the Group's sensitivity to 10% (2023: 10%) increase and decrease in the exchange rate of GBP against the functional currencies of the corresponding group entities. 10% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign currency rate. A positive number indicates an increase in post-tax profit when GBP strengthen 10% (2023: 10%) against the functional currencies of the corresponding group entities. For a 10% weakening of GBP, there would be an equal but opposite impact on the post-tax profit.

	2024 HK$'000	2023 HK$'000
GBP	**268**	1,307

In management's opinion, the sensitivity analysis is unrepresentative of the foreign exchange risk inherent in the financial assets and financial liabilities as the year end exposure does not reflect the exposure during the year.

Credit risk and impairment assessment

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligations by the counterparties is arising from the carrying amount of respective recognised financial assets as stated in the consolidated statement of financial position of the Group.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures over the customers to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Trade receivables

As at 30 April 2024, the Group has concentration of credit risk as 22% (2023: 59%) and 73% (2023: 98%) of the total trade receivable was due from the Group's largest debtor and the top five largest debtors respectively. Taking into accounts the creditworthiness of the customers, the credit risk measures and the historical levels of default, the directors consider that such concentration of credit risk would not result in significant credit default exposure to the Group.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

As part of the Group's credit risk management, the Group performs impairment assessment under ECL model on trade receivables with significant balances and credit-impaired individually. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the Group applied internal credit rating for its customers, the Group's trade receivables are assessed by reference to the past default experience and current past due exposure on each debtor. The expected loss rate is ranged from 0.10% to 100% (2023: 0.11% to 100%).

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables
Good	The counterparty has a low risk of default and usually does not have any past-due amounts	Lifetime ECL — not credit-impaired
Low risk	Debtor frequently repays after due dates but usually settles in full	Lifetime ECL — not credit-impaired
Watch list	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

The table below details the credit risk exposures of the Group's trade receivables, which are subject to ECL assessment:

2024	**Internal credit rating**	**12m or lifetime ECL**	**Gross carrying amount** HK$'000
Financial assets at amortised cost			
Trade receivables	Good	Lifetime ECL (not credit-impaired)	4,717
	Low risk	Lifetime ECL (not credit-impaired)	2,990
	Watch list	Lifetime ECL (not credit-impaired)	2,811
	Loss	Lifetime ECL (credit-impaired)	3,924

2023	**Internal credit rating**	**12m or lifetime ECL**	**Gross carrying amount** HK$'000
Financial assets at amortised cost			
Trade receivables	Good	Lifetime ECL (not credit-impaired)	10,736
	Low risk	Lifetime ECL (not credit-impaired)	2,915
	Watch list	Lifetime ECL (not credit-impaired)	27,015
	Loss	Lifetime ECL (credit-impaired)	–

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Debtors with significant outstanding balances or credit-impaired with gross carrying amounts of HK$2,917,000 (2023: HK$Nil) and HK$1,006,000 (2023: HK$Nil) respectively as at 30 April 2024 were assessed individually.

Gross carrying amount	2024 Average loss rate	2024 Account receivables HKD'000	2023 Average loss rate	2023 Account receivables HKD'000
Current (not past due)	**0.34%**	**8,528**	0.79%	36,536
1 - 60 days past due	**31.09%**	**2,774**	3.30%	2,566
61 - 180 days past due	**22.04%**	**703**	16.18%	511
181 - 365 days past due	**56.65%**	**1,299**	72.17%	39
More than 365 days past due	**96.38%**	**1,138**	100.00%	–
		14,442		39,652

The estimated loss rates are estimated based on historical observed default rates by individual customers over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
As at 1 May 2022	205	1,017	1,222
Changes due to financial instruments recognised as at 1 May 2022:			
– Impairment loss reversed	(205)	(3)	(208)
New financial assets originated	483	–	483
As at 30 April 2023	483	1,014	1,497
Changes due to financial instruments recognised as at 1 May 2023:			
– Transfer to credit-impaired	(1)	1	–
– Impairment loss recognised	11	50	61
– Impairment loss reversed	(454)	(8)	(462)
New financial assets originated	222	1,560	1,782
As at 30 April 2024	261	2,617	2,878

The Group does not hold any collateral over these balances.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables

For other receivables amounted to HK$1,262,000 (2023: HK$269,000), in order to minimise the credit risk, directors continuously monitor the settlement status and the level of exposure to ensure that follow-up action is taken to recover overdue debts. In determining the 12m ECL for other receivables, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. The Group has considered the consistently low historical default rate in connection with payments and forward-looking information and thus no loss allowance was recognised.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings ranged from A3 to Aa2 (2023: from A3 to Aa2) assigned by international credit-rating agencies.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management of the Group, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by arranging factoring arrangement to accelerate collection of receivables, maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have 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. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate	On demand or less than 6 months HK$'000	6 months to 1 year HK$'000	1 to 2 years HK$'000	More than 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 30 April 2024							
Trade and other payables	–	3,793	–	–	–	3,793	3,793
Bank borrowings	3.63%	4,269	–	–	–	4,269	4,094
		8,062	–	–	–	8,062	7,887
Lease liabilities	4.20%	277	837	886	420	2,420	2,304

	Weighted average interest rate	On demand or less than 6 months HK$'000	6 months to 1 year HK$'000	1 to 2 years HK$'000	More than 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 30 April 2023							
Trade and other payables	–	15,084	–	–	–	15,084	15,084
Bank borrowings	3.35%	6,388	–	–	–	6,388	6,388
		21,472	–	–	–	21,472	21,472

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Bank borrowings with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 30 April 2024, the aggregate carrying amounts of these bank loans amounted to HK$4,094,000 (2023: HK$6,388,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be fully repaid two years (2023: three) after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

Maturity Analysis – Bank loans with a repayment on demand clause based on scheduled repayments

	Weighted average interest rate %	less than 1 year HK$'000	1 to 2 years HK$'000	More than 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
30 April 2024	**3.63**	**1,743**	**2,526**	**–**	**4,269**	**4,094**
30 April 2023	3.35	2,931	3,181	530	6,642	6,388

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Fair value measurement of financial instruments

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: Inputs are quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3: Inputs are unobservable inputs for the asset or liability.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the financial assets that are not measured on a recurring basis

The fair value of financial assets not measured at fair value on a recurring basis is estimated using discounted cash flow method.

The carrying amounts of the financial assets not measured at fair value on a recurring basis approximate their fair values as at 30 April 2024 and 2023.

The following tables give information about how the fair values of financial assets measured at fair value are determined including their fair value hierarchy, valuation technique(s) and key inputs used.

Financial assets	Fair value as at		Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)	Significant unobservable input(s)
	2024 HKD	2023 HKD			
1. Listed equity securities classified as equity instruments at FVTPL	**4,326**	5,529	Level 1	The fair value of the equity securities is estimated by the price quotation available on the Hong Kong Stock Exchange.	N/A
2. Listed debt instrument classified as equity instruments at FVTPL	**–**	5,589	Level 2	The fair value of the equity securities is estimated by the price quotation available from market markers.	N/A
3. Unlisted equity investment classified as equity instrument at FVTOCI	**–**	–	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate.	Discount rate, taking into account weighted average cost of capital determined using a Capital Asset Pricing Model at 15% (2023: 15%) (Note 2) Discount for lack of marketability and control of 15.7% and 25.1%, respectively (2023: 15.7% and 25.1% respectively) (Note 1)
	4,326	11,118			

* The fair value as at initial recognition is approximately to the fair value as at report date.

Note 1: An increase in the discount for lack marketability and control used in isolation would result in an decrease in the fair value measurement of the private equity investment, vice versa.

Note 2: An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the private equity investments respectively, and vice versa.

These were no transfers between level 1, 2 and 3 during both years.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Reconciliation of Level 3 fair value measurement of financial asset

	2024 HK$'000	2023 HK$'000
Unlisted equity investment classified as equity instrument at FVTOCI		
At 1 May	–	2,925
Loss on fair value change	–	(2,925)
At 30 April	–	–

Except for the financial assets that are measured at fair value on a recurring basis, the directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

34. RELATED PARTY DISCLOSURES

(i) Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions and balances with related parties:

Relationships	Nature of balances/transactions	2024 HK$'000	2023 HK$'000
A related party	Interest expenses on lease liabilities[1]	–	92

[1] Starting from 28 July 2017, the Group entered into a lease agreement for the use of office in Shenzhen, the PRC with a relative of Mr. Charles Choi for 10 years. The lease was early terminated on 30 April 2023.

(ii) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2024 HK$'000	2023 HK$'000
Salaries and allowances	2,368	2,504
Retirement benefit schemes contributions	74	116
	2,442	2,620

Further details of the directors' emoluments are included in note 10.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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.

	Bank borrowings HK$'000	**Lease liabilities** HK$'000	**Total** HK$'000
At 1 May 2022	5,380	1,501	6,881
Financing cash flows	1,008	(323)	685
Interest expenses	–	92	92
Lease early terminated	–	(1,198)	(1,198)
Exchange adjustments	–	(72)	(72)
At 30 April 2023	6,388	–	6,388
Financing cash flows	(2,294)	(528)	(2,822)
New leases entered	–	2,774	2,774
Interest expenses	–	52	52
Exchange adjustments	–	6	6
At 30 April 2024	4,094	2,304	6,398

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Group's principal subsidiaries at the end of the reporting period are set out below.

Name of subsidiary	Place and date of incorporation/ operations	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities
			2024	2023	
Indirectly held					
JC Fashion Group Limited	Hong Kong 1 April 2010	Ordinary shares HK$10,000	**100%**	100%	Supply of apparel products with design and sourcing services to fashion retailers and consultation service
JC Design & Consultancy Company Limited	Hong Kong 17 November 2014	Ordinary share HK$1	**100%**	100%	Property investment
JC Fashion (UK) Company Limited	The UK 29 May 2014	Ordinary share GBP1	**100%**	100%	Operation of a showroom and provide consultation services
旺利多時裝(深圳)有限公司* JC Fashion (Shenzhen) Limited	The PRC 6 April 2017	Registered capital HK$8,000,000	**100%**	100%	Sourcing and quality assurance services
JC Fashion (Overseas) Development Company Limited	Hong Kong 29 August 2017	Ordinary share HK$1	**100%**	100%	Supply of apparel products with design and sourcing services to fashion retailers and provision of institutional catering to private institution
JC Capital Development Company Limited	BVI 9 October 2017	Ordinary share US$1	**100%**	100%	Investment holding
A Dim Sum Story (HK) Limited	Hong Kong 17 October 2017	Ordinary share HK$1	**100%**	100%	Investment holding
LOST INK LIMITED	Hong Kong 25 April 2019	Ordinary share HK$1	**100%**	100%	Supply of apparel products with design and sourcing services to fashion retailers
Labelrail (UK) Company Limited	The UK 25 July 2023	Ordinary share GBP1	**100%**	–	Operation of a showroom

* The Company is a wholly foreign owned enterprise established in the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the reporting period.

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 HK$'000	2023 HK$'000
Non-current assets		
Investment in a subsidiary	**22,593**	22,593
Amount due from a subsidiary	**16,406**	16,406
	38,999	38,999
Current assets		
Bank balances	**113**	114
Current liabilities		
Accruals	**107**	107
Amount due to subsidiaries	**18,113**	16,806
	18,220	16,913
Net current liabilities	**(18,107)**	(16,799)
Net assets	**20,892**	22,200
Capital and reserves		
Share capital (note 28)	**320**	320
Reserves	**20,572**	21,880
Total equity	**20,892**	22,200

Movement in the Company's reserves

	Share premium HK$'000	**Capital reserve HK$'000 (Note)**	**Accumulated loss HK$'000**	**Total HK$'000**
At 1 May 2022	39,201	22,593	(38,680)	23,114
Loss and total comprehensive expense for the year	–	–	(1,234)	(1,234)
At 30 April 2023	39,201	22,593	(39,914)	21,880
Loss and total comprehensive expense for the year	–	–	(1,308)	(1,308)
At 30 April 2024	39,201	22,593	(41,222)	20,572

Note: Deemed contribution is arisen from acquisition of the entire interest in JC FASHION GROUP LIMITED ("JC BVI"), a subsidiary of the Company, and represents the excess of the net asset value of JC BVI at the date of acquisition over the par value of the shares allotted by the Company.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the latest five financial years, as extracted from the audited consolidated financial statements and the Prospectus, is set out below:

Results

	Year ended 30 April				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**122,905**	149,362	168,888	120,932	257,321
(LOSS) PROFIT BEFORE TAX	**(17,359)**	(16,517)	1,230	1,051	19,418
INCOME TAX CREDIT (EXPENSE)	**212**	90	(739)	(1,139)	(3,577)
(LOSS) PROFIT FOR THE YEAR	**(17,147)**	(16,427)	491	(88)	15,841

Assets and Liabilities

	As at 30 April				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**104,297**	132,623	150,956	155,233	158,786
TOTAL LIABILITIES	**(14,953)**	(25,648)	(24,762)	(29,273)	(33,867)
NET ASSETS	**89,344**	106,975	126,194	125,960	124,919