



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

2024

INTERIM REPORT

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1825



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ms. Wong Mei Wai Alice (*Chairperson*)
Mr. Siu Yik Ming
Mr. Chung Sam Kwok Wai
Mr. Leung Ka Wai
Mr. Ma Jian

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Zhang Lingling
Mr. Chow Yun Cheung
Mr. Zhao Chuan (*Appointed on 4 October 2024*)
Mr. Tsang Ho Yin (*Resigned on 26 June 2024*)

JOINT COMPANY SECRETARIES

Mr. Kwong Lun Kei Victor
Mr. Yiu Chun Wing

AUDIT COMMITTEE

Mr. Chow Yun Cheung (*Chairperson*)
Mr. Zhao Chuan (*Appointed on 4 October 2024*)
Ms. Zhang Lingling
Mr. Tsang Ho Yin (*Resigned on 26 June 2024*)

REMUNERATION COMMITTEE

Mr. Zhao Chuan (*Chairperson*) (*Appointed on 4 October 2024*)
Ms. Wong Mei Wai Alice
Ms. Zhang Lingling
Mr. Chow Yun Cheung
Mr. Tsang Ho Yin (*Resigned on 26 June 2024*)

NOMINATION COMMITTEE

Ms. Wong Mei Wai Alice (*Chairperson*)
Mr. Zhao Chuan (*Appointed on 4 October 2024*)
Ms. Zhang Lingling
Mr. Chow Yun Cheung
Mr. Tsang Ho Yin (*Resigned on 26 June 2024*)

AUTHORISED REPRESENTATIVES

Mr. Chung Sam Kwok Wai
Mr. Leung Ka Wai

REGISTERED OFFICE

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

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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9 Sheung Hei Street
San Po Kong
Kowloon
Hong Kong

COMPANY WEBSITE

<http://www.sterlingapparel.com.hk>



AUDITORS**Baker Tilly Hong Kong Limited**

Certified Public Accountants

Registered Public Interest Entity Auditor

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Quarry Bay

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LEGAL ADVISOR**Michael Li & Co.**

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Central, Hong Kong

STOCK CODE

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PRINCIPAL BANKS**Hang Seng Bank**

83 Des Voeux Road Central

Central

Hong Kong

The Hongkong and Shanghai Banking Corporation Limited

HSBC Main Building

1 Queen's Road Central

Central

Hong Kong

**PRINCIPAL SHARE REGISTRAR AND
TRANSFER OFFICE IN THE CAYMAN ISLANDS****Tricor Services (Cayman Islands) Limited**

3rd Floor, Century Yard

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P.O. Box 902

Grand Cayman, KY1-1103

Cayman Islands

**BRANCH SHARE REGISTRAR AND
TRANSFER OFFICE IN HONG KONG****Tricor Investor Services Limited**

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong



FINANCIAL HIGHLIGHTS**Six months ended 30 September**

	2024 (Unaudited)	2023 (Unaudited)
Operating results (HK\$'000)		
Revenue	273,587	322,182
Gross profit	51,613	51,105
Gross profit margin	18.9%	15.9%
Selling and distribution costs	(11,122)	(12,914)
General and administrative expenses	(24,280)	(26,526)
Operating profit	8,358	7,161
Expected credit loss recognised on trade and other receivables, net ("ECL")	(5,149)	(15,121)
Profit/(Loss) for the period	3,209	(7,960)
Add back:		
Depreciation charges	3,182	3,534
Finance costs	9,859	8,082
Income tax expense	–	–
EBITDA* after ECL	16,250	3,656
Add: Expected credit loss recognised on trade and other receivable, net	5,149	15,121
EBITDA* before ECL	21,399	18,777
EARNINGS/(LOSS) PER SHARE		
– Basic and diluted (HK cents)	1.27	(3.32)
Net profit margin	1.2%	(2.5%)
Return on total assets	1.1%	(2.8%)
Return on equity	10.2%	(18.2%)
Interest coverage ratio	0.53 times	0.02 times

	At 30 September 2024 (Unaudited)	At 31 March 2024 (Audited)
Financial position (HK\$'000)		
Total assets	304,034	321,480
Net assets	35,774	27,329
Cash and cash equivalents	22,615	26,965
Key ratios		
Current ratio	0.80	0.78
Quick ratio	0.70	0.69
Gearing ratio	326.3%	689.9%
Debt-to-equity ratio	263.1%	591.3%

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

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS AND BUSINESS REVIEW

For the six months ended 30 September 2024, revenue for the Group was approximately HK\$273,587,000, which was a decrease of 15.1% from approximately HK\$322,182,000 for the six months ended 30 September 2023 (the "Corresponding Period"). The decrease was largely a result of more conservative purchases from the Group's customers earlier in the year when the market was buffeted by a sense of precariousness about the fresh Middle East conflicts and the drawn out war in Ukraine/Russia, in addition to the U.S. inflation rate and its impact on the interest rate cycle. Against this backdrop of challenging business conditions, the Group reported a gross profit of \$51,613,000, a margin of 18.9%, for the six months ended 30 September 2024 (the "Period under Review") which is slightly higher than a gross profit of \$51,105,000, a margin of 15.9%, for the Corresponding Period. The margin improvement was chiefly because of our higher efficiency at the manufacturing operations as well as from product sourcing across different customers.

The Group has maintained its focus on cost control in the face of a stagnant sales environment, a continuation of our efforts started in 2020. The selling and distribution expenses decreased from approximately HK\$12,914,000 in the Corresponding Period to approximately HK\$11,122,000 in the Period under Review. The 13.9% reduction was primarily a result of lower staff costs, as more and more of our merchandising function being migrated to our factory in Panyu, China. General and administrative expenses were approximately HK\$24,280,000 compared with approximately HK\$26,526,000 in the Corresponding Period, mostly due to lower people costs offset by small increases in other areas.

In this high-interest rate environment, the finance cost of approximately HK\$9,859,000 in the Period under Review remained particularly high, an increase of about 22.0% from approximately HK\$8,082,000 in the Corresponding Period. For the Period under Review, the Group recorded an additional provision of Expected Credit Loss ("ECL") of HK\$5,149,000 based on the old receivable remaining outstanding, compared with approximately an ECL provision of HK\$15,121,000 for the Corresponding Period. The Group recorded a profit of approximately HK\$3,209,000 in the Period under Review as compared to a loss of \$7,960,000 for the Corresponding Period.

The EBITDA before ECL for the Period under Review was approximately HK\$21,399,000 as compared to approximately HK\$18,777,000 for the Corresponding Period; and after ECL, was approximately HK\$16,250,000 as compared to approximately HK\$3,656,000 respectively.



Revenue

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

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

Six months ended 30 September						
	2024			2023		
	Revenue	Quantity	Unit Price	Revenue	Quantity	Unit Price
	HK\$'000	Pcs'000	HK\$	HK\$'000	Pcs'000	HK\$
Outerwear	145,438	389	374	165,874	424	391
Bottom	99,834	649	154	117,549	823	143
Top	11,492	115	100	14,698	92	160
Others	16,823	73	230	24,061	106	227
	273,587	1,226		322,182	1,445	

The apparel market experienced a downturn in revenue and quantity sold during the Period under Review compared to the Corresponding Period. While outerwear, bottoms and others saw both revenue and quantity declines, tops showed an increase in quantity sold, despite a significant drop in revenue.

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

Six months ended 30 September				
	2024		2023	
	Revenue	% of revenue	Revenue	% of revenue
	HK\$'000		HK\$'000	
USA	273,162	99.8%	320,240	99.4%
Hong Kong	97	0.1%	395	0.1%
Others	328	0.1%	1,547	0.5%
	273,587	100.0%	322,182	100.0%

Other Revenue

Other revenue, comprising mostly sample income and claims income, for the Period under Review was approximately HK\$2,015,000 (Corresponding Period: approximately HK\$4,567,000). Its decrease was mainly due to decrease in sample income to approximately HK\$1,074,000 (Corresponding Period: approximately HK\$2,725,000) and decrease in claims income to approximately HK\$56,000 (Corresponding Period: approximately HK\$866,000).

Other Gains and Losses, Net

The net other loss amounted to approximately HK\$9,000 (Corresponding Period: loss of approximately HK\$989,000). The decrease was chiefly due to the net exchange loss arising from depreciation of Renminbi during the Corresponding Period.

Selling and Distribution Costs

Selling and distribution costs for the Period under Review decreased by 13.9% to approximately HK\$11,122,000 (Corresponding Period: approximately HK\$12,914,000). The reduction in selling and distribution costs was primarily attributed to the decrease in payroll expenses during the Period under Review.

General and Administrative Expenses

General and administrative expenses decreased by 8.5% from approximately HK\$26,526,000 for the Corresponding Period to approximately HK\$24,280,000 for the Period under Review. The reduction in general and administrative expenses was mainly due to the decrease in payroll expenses during the Period under Review.

Finance Costs

The Group's finance costs increased by 22.0% from approximately HK\$8,082,000 for the Corresponding Period, to approximately HK\$9,859,000 for the Period under Review, mainly due to higher interest rate during the Period under Review.

Financial Position

As at 30 September 2024, the Group's cash and cash equivalents amounted to approximately HK\$22,615,000 (31 March 2024: approximately HK\$26,965,000). The decrease was primarily due to repayment of bank loans, which reduced the bank borrowings from approximately HK\$188,550,000 for the Corresponding Period to approximately HK\$98,632,000 for the Period under Review.

Inventories decreased by approximately HK\$1,694,000, i.e. 6.0% to approximately HK\$26,578,000 as at 30 September 2024 from approximately HK\$28,272,000 as at 31 March 2024. The decrease was mainly due to the low season in the coming months after 30 September 2024.

Trade and other receivables increased by approximately HK\$2,117,000 to approximately HK\$155,671,000 (31 March 2024: approximately HK\$153,554,000). The reason for the increase was because of the seasonal nature in sales as the peak shipping months are from July to September for the fall season.



Bank borrowings decreased by approximately 47.7% to approximately HK\$98,632,000 (31 March 2024: approximately HK\$188,550,000). It was mainly due to repayment of trust receipt loans.

Trade, bills and other payables increased by 52.4% from approximately HK\$90,978,000 as at 31 March 2024 to approximately HK\$138,629,000 as at 30 September 2024. The rise was primarily a result of seasonal sales fluctuations and extended credit terms provided by key suppliers.

OUTLOOK

Much of the uncertainty about the U.S. market seemed to have been resolved compared with a few months ago. First, the long anticipated decrease in interest rate finally happened in September 2024 when the U.S. Federal Reserve lowered its benchmark rate by 50 basis points, followed by another cut of 25 bps in November. The US Consumer confidence index registered the highest reading in November in the last seven months. As if on cue, the Group also have the strongest order book for the month of December in its history, although this may be at the expense of later Spring Summer 2025 purchases. With the interest rate clearly turning down, the risk of a recession and rising unemployment may be reduced.

The second uncertainty that was resolved, namely the U.S. election result, seems to beget greater uncertainty as both consumers and businesses face the specter of the economic and political agenda of the new administration, which supposedly include tax cuts, a blanket tariff on all U.S. imports, and deportation of all undocumented workers – all of which are arguably inflationary. How these policies will be implemented and their impact on consumer expenditure remain to be seen. What has become clear so far is that US importers rapidly further decouple from their supply chain in China to neighboring Asian countries. With the vast majority of our production being based in the Philippines and Sri Lanka, we expect negligible impact on our business.

Looking ahead, we expect the Group's U.S. sales to be flat for the coming year. The Group has always been a heavy user of bank financing because of the long trade cycle of its main OEM business. The interest rate down trend should bring much needed relief in our cost of financing, which has gone up significantly in recent years. The challenges in the Hong Kong economic and banking environment in the last year has highlighted the need for change as the Group has been relying on the personal assets and guarantees of its Chairperson to secure the required bank facilities to operate its business.

To diversify our business, the Group has been actively looking into other business that does not require the substantial bank financing as our existing garment manufacturing business. Recently, the Group has engaged in provision of digital marketing services through its subsidiaries in China as its new business, which is less capital intensive and will create synergies with its existing garment business. The Group funds this new business by its internal resources and external financing. These services do not require substantial bank financing, and are expected to include performance-based advertising, display-based advertising, and short video exposure services, among others. The Group aims to collect relevant precise information based on demographic, interests, and online behavior through these services, which will help clients showcase their products in eye-catching ways across various online platforms. This approach will also enable garment companies to achieve more effective product display. Through collaborations with mainstream media, the Group intends to gradually expand its digital marketing services business. The management is confident that such a new business will increase the income source of the Group and enhance the Group's existing business.



When evaluating the potential business development opportunities, the Company takes into account of its potential profitability, capital commitment, cash flows as well as industry prospects of such businesses, with the objective to enhance the Company's financial performance.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

The Company manages its capital structure with the objectives of ensuring that the businesses of the Group can continue to maintain a sustainable growth and providing a long term reasonable return to its shareholders. The Group's financial position remained manageable and stable. As at 30 September 2024, the Group had cash and bank balances amounting to approximately HK\$22,615,000 (as at 31 March 2024: approximately HK\$26,965,000), and current assets and current liabilities of approximately HK\$205,041,000 (as at 31 March 2024: approximately HK\$218,952,000) and approximately HK\$255,979,000 (as at 31 March 2024: approximately HK\$280,584,000) respectively.

As at 30 September 2024, there were bank borrowings of approximately HK\$98,632,000 (as at 31 March 2024: approximately HK\$188,550,000). The bank borrowings are mainly denominated in Hong Kong dollar and US dollar. As at 30 September 2024, the Group's interest-bearing bank borrowings carried mainly variable rate borrowings with annual interest rate of 5.81% to 6.93% (31 March 2024: 5.40%–7.23%) per annum.

Placing of New Shares

On 30 July 2024, the Company entered into the placing agreement (the "Placing Agreement") with the placing agent to place up to 48,000,000 new ordinary shares (the "Placing Shares") to not less than six placees (the "Placing").

On 16 August 2024, the Company completed the Placing to allot and issue the Placing Shares in full at HK\$0.11 each. The net proceeds from the Placing were approximately HK\$5.12 million and the net price per Placing Share was HK\$0.1067. As at 30 September 2024, the Company has utilised the following amount according to the use of proceeds as disclosed in the announcement of the Company dated 30 July 2024:

	Allocation of net proceeds disclosed in the announcement <i>HK\$ million</i>	Actual net proceeds allocated <i>HK\$ million</i>	Amount utilised as at 30 September 2024 <i>HK\$ million</i>	Balance unutilised as at 30 September 2024 <i>HK\$ million</i>
Working capital of the Group	5.12	5.12	0.2	4.92

As at the date of this report, the Company has utilised HK\$4.4 million for working capital purposes according to the use of proceeds as disclosed in the announcement of the Company dated 30 July 2024.

As at the date of this report, the Company has no plans to alter the use of the balance unutilised and the unutilised proceeds shall remain to be used for working capital of the Group within the financial year ending 31 March 2025.

Details of the Placing were disclosed in the announcements of the Company dated 30 July 2024 and 16 August 2024. The total number of issued shares of the Company as at 30 September 2024 was 288,000,000.

GEARING RATIO

As at 30 September 2024, the gearing ratio of the Group, based on total interest-bearing liabilities (primarily, bank borrowings and amount due to related parties) to total equity (including all capital and reserves) of the Company was approximately 326.3% (31 March 2024: approximately 689.9%). The decrease was a direct result of the reduction of bank borrowings of the Group.

PLEDGE OF ASSETS

As at 30 September 2024, the bank borrowings of the Group are secured by (a) prepaid insurance premium (31 March 2024: prepaid insurance premium and pledged bank deposit), (b) 18th and 19th floors of Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong beneficially owned by a director of the Group, and (c) the personal guarantees of the same director.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2024, the Group employed approximately 1,254 full-time employees (as at 31 March 2024: approximately 1,290 full-time employees) in Hong Kong, the PRC and Sri Lanka. The Group recognizes the importance of maintaining good relationship with its employees and retaining competent staff to ensure operational efficiency and effectiveness. The remuneration packages offered to the Group's employees are based on market conditions and each employee's qualifications, relevant experience, position and seniority. The Group conducts review on salary increments, bonuses and promotions based on the performance of each employee. The Group provides on-the-job training to its new employees. During the Period under Review, the Group had not experienced any strike, any significant problems with its employees or other significant labor disputes which had materially disrupted its operation during such period, and has not experienced any difficulties in the recruitment of experienced and skilled staff.

TREASURY POLICIES AND FOREIGN CURRENCY EXPOSURE

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

MATERIAL ACQUISITIONS AND DISPOSALS

During the Period under Review, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

SIGNIFICANT INVESTMENT HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Company had not executed any agreement in respect of material investment or capital asset and did not have any other plans relating to material investment or capital asset during the Period under Review. Nonetheless, if any potential investment opportunity arises in the coming future, the Company will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Company and the Shareholders as a whole.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2024, the Group has no capital commitment.

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

OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period under Review.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors.

Having made specific enquiry, all the Directors confirmed that they have complied with the required standards set out in the Model Code during the Period under Review. Employees who are likely to be in possession of inside information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code.

CORPORATE GOVERNANCE CODE

Throughout the Period under Review, the Company has complied with all applicable code provisions set out in the CG Code, except for the deviation from code provision C.2.1 regarding the segregation of the roles of chairperson and chief executive.

C.2.1 of the Code Provisions stipulates that the roles of chairman and chief executive officer should be separated. During the Period under Review, Ms. Wong Mei Wai Alice is the Chairperson and the chief executive of the Company. Ms. Wong has held the key leadership position of the Group and has been involved in the formulation of corporate strategies and management of business and operations of the Group since early 1990s. Taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, the Board considers that Ms. Wong is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and the shareholders as a whole. The Board will review this structure from time to time and consider the segregation of the two roles at an appropriate time.



REVIEW OF ACCOUNTS

The Board is of the view that the disclosure of financial information in this report complies with Appendix 16 to the Listing Rules. The audit committee of the Company, comprising Mr. Chow Yun Cheung (chairperson of the audit committee), Mr. Zhao Chuan and Ms. Zhang Lingling, has reviewed the Group's unaudited interim financial information for the Period under Review.

The auditor of the Company – Baker Tilly Hong Kong Limited has also reviewed the Group's condensed consolidated interim financial statements for the six months ended 30 September 2024 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors, as notified to the Company, subsequent to the date of the annual report of the Company for the year ended 31 March 2024 are set out below:

With effect from 23 September 2024, Ms. Zhang Lingling has resigned as an independent non-executive director of Huisen Shares Group Limited, a company listed on the Main Board of the SEHK (stock code: 2127).

Save as disclosed above, there is no change in Directors' information required to be disclosed.

INTERESTS OF DIRECTORS AND THE CHIEF EXECUTIVE

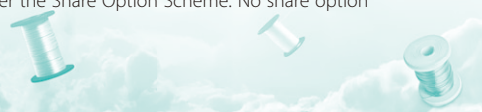
As at 30 September 2024, none of our Directors nor the chief executives of our Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and SEHK pursuant to the Model Code.

INTEREST OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2024, the Directors are not aware of any other person had a beneficial interest or short position in the Shares as recorded in the register required to be kept under section 336 of the SFO or the underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme upon passing the written resolutions of our shareholders on 21 September 2018 (the "Share Option Scheme"). Pursuant to the Share Option Scheme, our Directors may grant options to eligible participants to subscribe for the Shares subject to the terms and conditions stipulated therein. Upon the listing of the Shares on the Listing Date, all conditions set forth have been satisfied. A maximum of 20,000,000 Shares, representing approximately 8.33% of the total number of Shares in issue as at the date of this report, may be issued upon exercise of all options to be granted under the Share Option Scheme. No share option has been granted under the Share Option Scheme since its adoption.



(1) MAJOR AND CONNECTED TRANSACTION; (2) CONTINUING CONNECTED TRANSACTION AND CONNECTED TRANSACTION; (3) MAJOR TRANSACTION; AND (4) CONTINUING CONNECTED TRANSACTION

References are made to the announcements of the Company dated 3 June 2024 and 30 August 2024 (the "Announcements"). Unless otherwise defined, the capitalised terms used herein shall have the same meaning as those defined in the Announcements. On 30 August 2024, (1) SAL entered into the Loan Agreement with Santai, pursuant to which the Company and Santai agreed to, among other things, set out the terms of the Santai Advances in the aggregate sum of US\$4,212,811 (equivalent to HK\$32,859,926); (2) SAL entered into the Agreement with Santai and JPO, pursuant to which the parties agreed to, among other things, terminate the First Letter of Support and set out the terms and conditions of (i) supply of Inventories; and (ii) provision of Financial Assistance; (3) SAL entered into the Second Agreement with Santai and JPO, pursuant to which the parties agreed to, among other things, terminate the Letters of Support and set out the terms and conditions of provision of Second Financial Assistance; and (4) SAL, Mr. Choi as the First Guarantor and Ms. Wong as the Second Guarantor entered into the Guaranty Fee Agreement, pursuant to which SAL agrees to pay the Guarantors a guaranty fee. The completion of the Loan Agreement, the Agreement, the Second Agreement and the Guaranty Fee Agreement are subject to, among other things, the approval of the Shareholders at a general meeting of the Company. For further details about the Loan Agreement, the Agreement, the Second Agreement and the Guaranty Fee Agreement, please refer to the Announcements.

INTERIM DIVIDEND

The Directors do not recommend payment of an interim dividend to shareholders of the Company for the Period under Review.

IMPORTANT EVENTS AFTER THE REVIEW PERIOD

As at the date of this report, there is no significant event subsequent to 30 September 2024 which would materially affect the operating and financial performance of the Company or the Group.

By Order of the Board
Sterling Group Holdings Limited
美臻集團控股有限公司*
Wong Mei Wai Alice
Chairperson

Hong Kong, 28 November 2024

* For identification purposes only



**Report on review of condensed consolidated interim financial statements to the board of directors of Sterling Group Holdings Limited**

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial statements of Sterling Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 16 to 32, which comprise the condensed consolidated statement of financial position as of 30 September 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review, and to report our conclusion 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.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the HKICPA. A review of the condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.



OTHER MATTERS

The comparative condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 30 September 2023 and the relevant explanatory notes included in these condensed consolidated interim financial statements have not been reviewed in accordance with HKSRE 2410.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the condensed consolidated interim financial statements which indicates that the Group's current liabilities exceeded its current assets by HK\$50,938,000 as at 30 September 2024. These conditions, along with other matters as set out in note 2 to the condensed consolidated interim financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 28 November 2024

Chu, Johnny Chun Yin

Practising certificate number P08355



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 September	
	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	4	273,587	322,182
Cost of sales		(221,974)	(271,077)
Gross Profit		51,613	51,105
Other revenue		2,015	4,567
Other gains and losses, net	5	(9)	(989)
Selling and distribution costs		(11,122)	(12,914)
General and administrative expenses		(24,280)	(26,526)
Expected credit loss recognised on trade and other receivables, net		(5,149)	(15,121)
Finance costs	6	(9,859)	(8,082)
Profit/(loss) before income tax expense		3,209	(7,960)
Income tax expense	7	–	–
Profit/(loss) for the period	8	3,209	(7,960)
Other comprehensive income, net of tax			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		107	1,281
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement gain on defined benefit obligation		7	–
Other comprehensive income for the period		114	1,281
Total comprehensive income/(loss) for the period		3,323	(6,679)
		HK cents	HK cents
Earnings/(loss) per share			
– Basic and diluted	10	1.27	(3.32)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
Non-current assets			
Prepaid insurance premium		9,160	9,051
Property, plant and equipment	11	33,173	35,951
Intangible assets		6,399	6,399
Right-of-use assets	11	24,655	25,521
Deferred tax assets		10,072	10,072
Goodwill		15,534	15,534
Total non-current assets		98,993	102,528
Current assets			
Inventories		26,578	28,272
Trade and other receivables	12	155,671	153,554
Tax recoverable		177	177
Pledged bank deposit		–	9,984
Cash and cash equivalents		22,615	26,965
Total current assets		205,041	218,952
Total assets		304,034	321,480
Current liabilities			
Trade, bills and other payables	13	138,629	90,978
Amounts due to related parties	14	18,096	–
Bank borrowings	15	98,632	188,550
Lease liabilities		622	1,056
Total current liabilities		255,979	280,584
Net current liabilities		(50,938)	(61,632)

	Notes	At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
Non-current liabilities			
Defined benefit obligation		2,568	2,966
Lease liabilities		4,265	4,494
Deferred tax liabilities		5,448	6,107
Total non-current liabilities		12,281	13,567
Total Liabilities		268,260	294,151
NET ASSETS		35,774	27,329
Capital and reserves			
Share capital	16	11,520	9,600
Share premium	16	72,943	69,741
Reserves		(48,689)	(52,012)
TOTAL EQUITY		35,774	27,329



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Contributed reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Remeasurement reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 April 2023 (audited)	9,600	69,741	45,700	4,078	(7,599)	626	(75,143)	47,003
Loss for the period	-	-	-	-	-	-	(7,960)	(7,960)
Exchange differences arising on translation of foreign operations	-	-	-	-	1,281	-	-	1,281
Total comprehensive income/(loss) for the period	-	-	-	-	1,281	-	(7,960)	(6,679)
At 30 September 2023 (unaudited)	9,600	69,741	45,700	4,078	(6,318)	626	(83,103)	40,324
At 1 April 2024 (audited)	9,600	69,741	45,700	4,078	(8,731)	444	(93,503)	27,329
Profit for the period	-	-	-	-	-	-	3,209	3,209
Remeasurement gain on defined benefit obligation	-	-	-	-	-	7	-	7
Exchange differences arising on translation of foreign operations	-	-	-	-	107	-	-	107
Total comprehensive income for the period	-	-	-	-	107	7	3,209	3,323
Share placement (note 16)	1,920	3,360	-	-	-	-	-	5,280
Transaction costs directly attributable to issue of shares	-	(158)	-	-	-	-	-	(158)
At 30 September 2024 (unaudited)	11,520	72,943	45,700	4,078	(8,624)	451	(90,294)	35,774

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September

	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Net cash generated from operating activities	62,247	19,396
Cash flow from investing activities:		
Interest received	624	705
Withdrawal of pledged bank deposit	9,984	–
Repayment from related parties	–	1,549
Purchases of property, plant and equipment	(155)	(1,587)
Proceeds from disposal of property, plant and equipment	12	174
Net cash generated from investing activities	10,465	841
Cash flow from financing activities:		
Proceeds from bank borrowings	68,214	355,355
Repayment of bank borrowings	(158,132)	(373,865)
Advances from related parties	18,096	–
Repayment of interest portion of lease liabilities	(147)	(175)
Repayment of principal portion of lease liabilities	(481)	(512)
Interest paid	(9,712)	(7,907)
Proceeds from placing of new shares	5,280	–
Transaction costs directly attributable to issue of shares	(158)	–
Net cash used in financing activities	(77,040)	(27,104)
Net decrease in cash and cash equivalents	(4,328)	(6,867)
Cash and cash equivalents at beginning of the period	26,965	20,851
Effect of exchange rate changes on cash and cash equivalents	(22)	1,154
Cash and cash equivalents at end of the period	22,615	15,138
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS:		
Bank balances and cash	22,615	15,138

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Sterling Group Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK").

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

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

These condensed consolidated interim financial statements have not been audited but has been reviewed by the auditor of the Company in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the HKICPA and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the SEHK ("Listing Rules").

The condensed consolidated interim financial statements have been prepared under the historical cost basis except for prepaid insurance premium which is measured at fair value.

These condensed consolidated interim financial statements are presented in Hong Kong dollars, unless otherwise stated. These condensed consolidated interim financial statements contain the condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") and should be read in conjunction with the 2024 annual financial statements.

The Group's current liabilities exceeded its current assets by HK\$50,938,000 as at 30 September 2024. The Group's liabilities included bank borrowings with an outstanding principal amounting to HK\$98,632,000 which is repayable on demand or within one year while the Group had cash and cash equivalents of HK\$22,615,000 as at 30 September 2024. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

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

- (i) The Group continues to improve the operating efficiency by implementing measures to tighten cost controls over various operating expenses in order to enhance its ability to improve profitability and the cash flow from its operations in future;
- (ii) Up to the date of approval for issue of these condensed consolidated interim financial statements, the Group had unutilised banking facilities related to term and revolving loans and trust receipt loan of approximately HK\$6,261,000 which are subject to annual renewal process. The directors of the Company are of the opinion that it is likely that all the banking facilities can be renewed and maintained and/or certain new banking facilities can be obtained for at least the next twelve months.

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

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

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

The preparation of the condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense on a year to date basis. Actual results may differ from these estimates.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those adopted in the consolidated financial statements for the year ended 31 March 2024, except for the adoption of amended HKFRSs as set out below.

The Group has applied the following amendments to HKFRSs issued by the HKICPA to the condensed consolidated interim financial statements for the current accounting period:

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

None of these amendments to HKFRSs have had a material effect on the Group's results and financial position for the current or prior periods have been prepared or presented in the condensed consolidated interim financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE AND SEGMENT INFORMATION

Operating segments

The Group is principally engaged in the manufacturing and trading of apparel products and licensing of trademarks. Information reported to the Group's chief operating decision maker ("CODM"), for the purpose of resources allocation and performance assessment, focuses on types of goods or services delivered or provided. The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the CODM and the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following two reportable segments.

- Manufacturing and trading of apparel products
- Licensing of trademark for licensing income

The Group's operations are mainly located in Hong Kong, the People's Republic of China (the "PRC") and Sri Lanka.



Segment revenue and results

The following is an analysis of the Group's revenue that is disaggregated by category of revenue and geographical location.

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of apparel products	273,587	322,182
Licensing and related income	–	–
	273,587	322,182
Major products and services		
Outerwear	145,438	165,874
Bottom	99,834	117,549
Top	11,492	14,698
Others (Note (a))	16,823	24,061
	273,587	322,182
Geographical location		
US	273,162	320,240
Hong Kong	97	395
Others (Note (b))	328	1,547
	273,587	322,182
Timing of revenue recognition		
At a point in time	273,587	322,182
Transferred over time	–	–
	273,587	322,182

Notes:

- (a) Others mainly includes other products like dresses, suits, jumpsuits and vests.
- (b) Others mainly includes Europe and Canada.

The Group's geographical location of prepaid insurance premium, property, plant and equipment, intangible assets, right-of-use assets and goodwill.

At 30 September 2024 (unaudited)

	Hong Kong HK\$'000	PRC HK\$'000	Sri Lanka HK\$'000	Total HK\$'000
Prepaid insurance premium	9,160	–	–	9,160
Property, plant and equipment	7,746	2,137	23,290	33,173
Intangible assets	6,399	–	–	6,399
Right-of-use assets	4,982	1,927	17,746	24,655
Goodwill	3,633	10,748	1,153	15,534
	31,920	14,812	42,189	88,921

At 31 March 2024 (audited)

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

5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Fair value changes on prepaid insurance premium	109	106
Net exchange loss	(118)	(1,095)
	(9)	(989)

6. FINANCE COSTS

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest on bank borrowings		
– trust receipt loans	5,169	4,300
– term and revolving loans	899	581
Interest expenses on lease liabilities	147	175
Financing charges on invoice financing arrangement and others	3,644	3,026
	9,859	8,082

7. INCOME TAX EXPENSE

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

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

Pursuant to the income tax rules and regulations of the PRC, the subsidiary of the Group incorporated in the PRC is subject to the PRC Enterprise Income Tax ("EIT") which is calculated based on the statutory tax rate of 25% on their assessable profits for both periods.

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

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

8. PROFIT/(LOSS) FOR THE PERIOD

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

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	2,481	2,717
Depreciation of right-of-use assets	701	817
Employee costs (including directors' emoluments)	41,190	48,218
Expected credit loss recognised on trade and other receivables, net	5,149	15,121
Interest income	(624)	(705)

9. DIVIDENDS

The Board of directors do not recommend the payment of interim dividend for the six months ended 30 September 2024 (2023: nil).

10. EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings/(loss) per share attributable to owners of the Company is calculated based on the following data:

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Profit/(loss)		
Profit/(loss) for the period attributable to owners of the Company	3,209	(7,960)

	Six months ended 30 September	
	2024 '000 (Unaudited)	2023 '000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of calculations of basic and diluted earnings/(loss) per share	252,066	240,000
	HK cents	HK cents
Earnings/(loss) per share – Basic and diluted	1.27	(3.32)

The weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share for the six months ended 30 September 2024 has taken into account the impact from the share placement completed on 16 August 2024 (see note 16).

Diluted earnings/(loss) per share was the same as basic earnings/(loss) per share as the Company did not have any dilutive potential ordinary shares in issue for both periods.

11. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 September 2024, the Group acquired property, plant and equipment of HK\$155,000 (2023: HK\$1,587,000).

No material new or renewed lease agreements were entered into by the Group for both periods.

12. TRADE AND OTHER RECEIVABLES

	At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
Trade receivables (<i>Note (a)</i>)	182,900	172,953
Less: Loss allowances on trade receivables (<i>Note (a) and (b)</i>)	(54,471)	(49,322)
	128,429	123,631
Prepayments	1,466	2,484
Other receivables	47,062	48,962
Utilities and sundry deposits	911	674
	49,439	52,120
Less: Loss allowances on other receivables (<i>Note (b)</i>)	(22,197)	(22,197)
	27,242	29,923
	155,671	153,554

Notes:

- (a) The ageing analysis of trade receivables at amortised cost at 30 September 2024 and 31 March 2024, based on the invoice date, is as follows:

	At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
0–30 days	55,387	57,793
31–90 days	161	4,815
91–180 days	7,761	2,924
181–365 days	12,591	35,553
Over 365 days	107,000	71,888
	182,900	172,953
Less: Loss allowances on trade receivables	(54,471)	(49,322)
	128,429	123,631

- (b) The movement in the allowance for expected credit loss of trade and other receivables during the six months ended 30 September 2024/year ended 31 March 2024 was as follow:

	At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
Trade receivables		
At the beginning of the period/year	49,322	48,917
Recognised	5,149	17,856
Written-off	–	(17,451)
At the end of the period/year	54,471	49,322
Other receivables		
At the beginning of the period/year	22,197	14,300
Reversed	–	7,946
Written-off	–	(49)
At the end of the period/year	22,197	22,197

13. TRADE, BILLS AND OTHER PAYABLES

	At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
Trade payables	62,169	21,178
Bills payables	62,545	53,561
Other payables and accruals	13,915	16,239
	138,629	90,978

An ageing analysis of trade payables based on invoice dates is as follows:

	At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
0–30 days	59,743	17,988
31–90 days	1,714	2,714
91–365 days	10	251
Over 365 days	702	225
	62,169	21,178

14. AMOUNTS DUE TO RELATED PARTIES

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Amounts due to related parties		
Win 18 Limited	906	–
Win 19 Limited	646	–
Ms. Wong Mei Wai Alice ("Ms. Wong")	16,544	–
	18,096	–

The relationships between the Group and these related parties are disclosed in note 17. The amounts due to related parties are non-trade in nature, unsecured, interest-free and repayable on demand, except for the amount due to Ms. Wong which bears interest at a rate of 6.5% per annum.

15. BANK BORROWINGS

	At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
Interest bearing		
– trust receipt loans, secured	73,226	163,144
– term and revolving loans, secured	25,406	25,406
	98,632	188,550

Notes:

- (a) All of the bank borrowings are repayable on demand (with demand clause) or within one year.
- (b) The bank borrowings are secured by the assets held by the Group, Win 18 Limited and Win 19 Limited, and the personal guarantee executed by Ms. Wong, one of the directors of the Company. The carrying amount of the assets of the Group pledged is as follows:

	At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
Prepaid insurance premium	9,160	9,051
Pledged bank deposit	–	9,984

16. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Nominal value of ordinary shares of HK\$0.04 each HK\$'000	Share premium HK\$'000
Authorised:			
At 1 April 2023 (audited), 31 March 2024 (audited) and 30 September 2024 (unaudited)	2,500,000,000	100,000	–
Issued and fully paid:			
At 1 April 2023 (audited) and 31 March 2024 (audited)	240,000,000	9,600	69,741
Share placement (note)	48,000,000	1,920	3,202
At 30 September 2024 (unaudited)	288,000,000	11,520	72,943

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

17. RELATED AND CONNECTED PARTY DISCLOSURES

(a) Related and Connected parties transactions

The Group entered into the following transactions with its related parties during the six months ended 30 September 2024 and 2023:

Name of entities	Relationship with the Group	Nature of transactions	Six months ended 30 September	
			2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Win 18 Limited	Common director, Ms. Wong and indirectly wholly owned by Ms. Wong	Rental expense (Note)	780	780
Win 19 Limited	Common director, Ms. Wong and indirectly wholly owned by Ms. Wong	Rental expense (Note)	780	780
Kam Li Fashion Factory	Common shareholder, Mr. Siu Chi Wai	Motor vehicle rental expenses	150	150
Ms. Wong	Director of the Company	Interest expenses	195	–

Note: These transactions were de minimis continuing connected transactions exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

(b) Key management personnel compensation

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Salaries and other allowances	5,496	5,408
Discretionary bonus	–	1,475
Retirement benefit scheme contributions	27	27
	5,523	6,910

18. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

	At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
Financial assets		
<i>At FVTPL</i>		
– Prepaid insurance premium	9,160	9,051
<i>At amortised cost</i>		
– Trade and other receivables	154,205	151,070
– Pledged bank deposit	–	9,984
– Cash and cash equivalents	22,615	26,965
	185,980	197,070
Financial liabilities		
<i>At amortised cost</i>		
– Trade, bills and other payables	138,629	90,978
– Bank borrowings	98,632	188,550
	237,261	279,528

Fair value

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated interim financial statements at 30 September 2024 and 31 March 2024 approximate to their fair value.

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

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

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

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

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 September 2024 (Unaudited)				
Prepaid insurance premium	–	9,160	–	9,160
At 31 March 2024 (Audited)				
Prepaid insurance premium	–	9,051	–	9,051

There were no transfers between levels during the current period and the prior year.