Sterling Group Holdings Limited
美臻集團控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1825)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2025

FINANCIAL HIGHLIGHTS

	For the year ended 31 March	
	2025	2024
Operating results *(HK$' thousand)*		
Revenue	**477,728**	571,391
Gross profit	**87,531**	91,981
Gross profit margin	**18.3%**	16.1%
Selling and distribution costs	**(20,668)**	(24,315)
General and administrative expenses	**(53,294)**	(52,657)
Operating (loss)/profit	**(1,309)**	7,442
Expected credit loss ("ECL") recognised on financial assets, net	**(4,834)**	(25,802)
Net loss for the year	**(6,143)**	(18,360)
Add back:		
Depreciation charges	**7,066**	6,462
ECL recognised on financial assets, net	**4,834**	25,802
Finance costs	**21,323**	16,226
Income tax expenses	**84**	706
EBITDA* before ECL	**27,164**	30,836
EBITDA* after ECL	**22,330**	5,034

* EBITDA is defined as earnings before interest, taxes, and depreciation. EBITDA is a non-HKFRS measure commonly used by companies for monitoring business performance. It may not be comparable to similar measures presented by other companies.

The board (the "Board") of directors (the "Directors") of Sterling Group Holdings Limited (the "Company") announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2025, together with the comparative figures for the year ended 31 March 2024 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	**2025** **HK$'000**	2024 *HK$'000*
Non-current assets			
Prepaid insurance premium		**9,353**	9,051
Property, plant and equipment		**30,654**	35,951
Intangible assets		**6,399**	6,399
Right-of-use assets	14	**23,495**	25,521
Deferred tax assets		**9,418**	10,072
Goodwill		**15,360**	15,534
Loan and other receivables	15	**59,376**	–
Total non-current assets		**154,055**	102,528
Current assets			
Inventories		**20,502**	28,272
Trade and other receivables	12	**60,810**	153,554
Tax recoverable		**176**	177
Pledged bank deposit		**–**	9,984
Cash and cash equivalents		**14,710**	26,965
Total current assets		**96,198**	218,952
Total assets		**250,253**	321,480
Current liabilities			
Trade, bills and other payables	13	**95,539**	90,978
Amounts due to related parties		**6,433**	–
Bank borrowings		**105,305**	188,550
Lease liabilities	14	**1,064**	1,056
Total current liabilities		**208,341**	280,584
Net current liabilities		**(112,143)**	(61,632)

	Notes	**2025**	2024
		HK$'000	*HK$'000*
Non-current liabilities			
Defined benefit obligation		**3,079**	2,966
Lease liabilities	14	**2,912**	4,494
Deferred tax liabilities		**5,416**	6,107
Total non-current liabilities		**11,407**	13,567
Total liabilities		**219,748**	294,151
NET ASSETS		**30,505**	27,329
Capital and reserves			
Share capital		**13,824**	9,600
Share premium		**74,590**	69,741
Reserves		**(57,909)**	(52,012)
TOTAL EQUITY		**30,505**	27,329

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

HKFRS 18 Presentation and Disclosure in Financial Statements

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(a) Statement of compliance

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

(b) Basis of measurement and going concern assumption

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

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

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

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

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

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

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

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

(c) Functional and presentation currency

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

4. SEGMENT INFORMATION

Operating segments

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

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

– Manufacturing and trading of apparel products.

– Licensing of trademark for licensing income.

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

Segment revenue and results

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

For the year ended 31 March 2025

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

For the year ended 31 March 2024

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

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

Segment assets and liabilities

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

At 31 March 2025

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

At 31 March 2024

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

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

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

- all liabilities are allocated to operating segments except for deferred tax liabilities.

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

Geographic information

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

(i) ***The Group's revenue from external customers***

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

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

Note: Others mainly include Germany and Netherlands.

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

At 31 March 2025

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

At 31 March 2024

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

Information about major customers

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

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

5. REVENUE

Disaggregation of revenue

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

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

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

6. OTHER REVENUE

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

7. OTHER GAINS AND LOSSES, NET

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

8. LOSS BEFORE TAX

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

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

Notes:

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

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

9. INCOME TAX EXPENSES

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

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

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

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

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

The provision for Sri Lanka Corporate Income Tax ("CIT") is based on the statutory rate of 30% (2023: 30%) of the assessable profit of the Sri Lanka subsidiaries of the Group for the year as determined in accordance with the Sri Lanka's Inland Revenue (Amendment) Act No. 45 of 2022 which was effective on 1 October 2022.

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

10. LOSS PER SHARE

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

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

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

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

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

11. DIVIDEND

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

12. TRADE AND OTHER RECEIVABLES

	2025 *HK$'000*	2024 *HK$'000*
Trade receivables	**107,061**	172,953
Less: Loss allowances on trade receivables *(Note (a))*	**(56,740)**	(49,322)
Trade receivables, net *(Note (a))*	**50,321**	123,631
Prepayments	**4,662**	2,484
Other receivables *(Note (b))*	**15,217**	48,962
Utilities and sundry deposits	**610**	674
	20,489	52,120
Less: Loss allowances on other receivables *(Note (b))*	**(10,000)**	(22,197)
	10,489	29,923
Trade and other receivables	**60,810**	153,554

Note:

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

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

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

As at 31 March 2025, included in the Group's trade receivables are gross balances of HK$93,285,000 (2024: HK$106,337,000) and HK$3,348,000 (2024: HK$20,830,000) due from Santai Global Asset Management Limited ("Santai") and JP Outfitters Inc. ("JPO", together with Santai, the "Santai Group") respectively.

During the year ended 31 March 2024, the Group entered into novation agreements with Santai and JPO, pursuant to which trade receivables of HK$50,700,000 was novated from JPO to Santai.

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

Loss allowance for ECL of HK$54,451,000 (2024: HK$41,070,000) and HK$1,761,000 (2024: HK$6,742,000) had been provided on trade receivables due from Santai and JPO respectively.

(b) As at 31 March 2024, included in the Group's other receivables are amounts due from Santai and JPO of HK$34,960,000 and HK$7,900,000 respectively. The amounts represented advances made to Santai Group which were unsecured, interest-free and repayable on demand. A former executive director of the Company, resigned as executive director on 16 April 2025, is a key management personnel of JPO.

During the year ended 31 March 2025, other receivables of HK$32,806,000 due from Santai and JPO were reclassified as loan and other receivables. The remaining other receivables of HK$10,000,000 due from Santai are unsecured, interest-free and repayable on demand.

13. TRADE, BILLS AND OTHER PAYABLES

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

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

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

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

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

14. LEASES

Right-of-use assets

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

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

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

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

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

Lease liabilities

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

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

15. LOAN AND OTHER RECEIVABLES

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

As set out in the Company's announcement dated 30 August 2024 and 20 February 2025, and the Company's circular dated 26 February 2025, the Group entered into a loan agreement with Santai, pursuant to which the Company and Santai agreed to modify the terms of the advances of approximately HK$32,860,000 made by the Group to Santai Group, which was recognised and included as other receivables as at 31 March 2024 (see Note 12), and to modify letters of support up to HK$33,500,000 provided by the Group in favour of JPO with new agreements which set out the terms and conditions in regard of supply of inventories and provision of financial assistance (the "Financial Assistances"). The loan agreement and the Financial Assistances were approved in an extraordinary general meeting held on 14 March 2025 and accordingly, the Group reclassified its trade receivables of HK$33,422,000 and other receivables of HK$32,860,000 under the Financial Assistances relating to Santai Group to loan and other receivables.

Pursuant to loan agreement, interest on the loan shall accrue from and including the date of the loan agreement, which is on 30 August 2024, at the interest rate of 7% per annum on the principal amount of the loan receivables.

The loan receivables advanced to Santai is denominated in US$, secured by the shares of JPO, bears effective interest rate at 7% per annum and repayable in 2026. As at 31 March 2025, the contractual maturity date of the loan receivables was after 12 months from the end of the reporting period and hence the amount was classified as non-current. Subsequent to the end of the financial reporting period, Santai had made early repayments of HK$27.3 million on the loan receivable.

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

The other receivables from Santai Group under the Financial Assistances is denominated in US$, secured by the shares of JPO, bears effective interest rate at 7% per annum and repayable in 2026. As at 31 March 2025, the contractual maturity date of the receivables from Santai Group was after 12 months from the end of the reporting period and hence the amounts were classified as non-current.

A loss allowance for ECL of HK$9,613,000 (2024: nil) had been provided to the loan and other receivables.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY BACKGROUND

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

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

RESULTS AND BUSINESS REVIEW

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

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

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

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

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

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

Revenue

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

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

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

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

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

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

Gross Profit

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

Other Revenue

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

Other Gains and Losses, Net

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

Selling and Distribution Costs

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

General and Administrative Expenses

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

Finance Costs

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

Income Tax Expenses

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

Financial Position

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

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

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

DIVIDEND

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

OUTLOOK

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

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

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

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

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

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

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

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

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

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

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

ISSUE OF SHARES UNDER THE GENERAL MANDATE

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

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

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

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

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

As at 31 March 2025, approximately HKD1 million of the net proceeds from the above placing has been utilized as the intended uses, the remaining amounts are expected to be fully utilized as the intended uses by 31 July 2025.

EMPLOYEES AND REMUNERATION POLICY

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

TREASURY POLICIES AND FOREIGN CURRENCY EXPOSURE

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

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

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

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

MATERIAL ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MAJOR INVESTMENT

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

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

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

CHARGE ON ASSETS

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

OTHER INFORMATION

CONTINUING CONNECTED TRANSACTION

Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the announcement of the Company dated 3 February 2025. On 1 February 2025, two new tenancy agreements were entered into between each of Win 18 and Win 19 as landlord, and SAL, a wholly owned subsidiary of the Company, as tenant in respect of the leasing of the Win 18 Premises and Win 19 Premises respectively. Win 18 and Win 19 are ultimately wholly owned by Ms. Wong Mei Wai, Alice, an executive director of the Company, as such Win 18 and Win 19 are connected persons of the Group as defined under Chapter 14A of the Listing Rules. The term of each of the New Tenancy Agreements is one year commencing from 1 February 2025 to 31 January 2026, both days inclusive, with a rental of HK$130,000 per calendar month (equivalent to HK$1,560,000 per annum for each of Win 18 Premises and Win 19 Premises), exclusive of management fee, rates, government rent, utilities charges and all other outgoing charges. The Win 18 Premises and the Win 19 Premises rented under the New Tenancy Agreements are used as offices by the Group.

OTHER TRANSACTIONS

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

MAJOR AND CONNECTED TRANSACTION

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

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

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

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

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

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

Mr. Choi was a former non-executive director of the Company who resigned on 23 March 2022 and had sold his entire shareholding in July 2021. Santai was an associate of Mr. Choi at the material time when the Santai Advances were made. As such, the four advances made to Santai (i.e. advances made on 15 December 2022, 19 December 2022, 26 January 2023 and 14 March 2023) in the total amount of US$2,050,000 (equivalent to approximately HK$15,990,000) constituted connected transactions of the Company under Chapter 14A of the Listing Rules given that Mr. Choi was a director of the Company in the last 12 months.

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

CONTINUING CONNECTED TRANSACTION AND CONNECTED TRANSACTION

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

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

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

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

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

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

MAJOR TRANSACTION

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

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

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

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

CONTINUING CONNECTED TRANSACTIONS

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

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

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

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

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

THE CODE OF CONDUCT AND CORPORATE GOVERNANCE

The Company confirms except for code provision C.2.1, it has met the code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix C1 to the Listing Rules throughout the year ended 31 March 2025.

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

INTERESTS OF DIRECTORS AND THE CHIEF EXECUTIVE

As at the date of this announcement, none of our Directors nor the chief executive 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 Securities and Futures Ordinance ("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.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the date of this announcement, 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.

NON-COMPLIANCE WITH THE LISTING RULES

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

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

EVENT AFTER THE REPORTING PERIOD

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

AUDIT COMMITTEE REVIEW

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

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

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED ON THE PRELIMINARY RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2025 as set out in the preliminary results announcement have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Baker Tilly Hong Kong Limited on the preliminary results announcement.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT FROM THE FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 MARCH 2025

The following is the extract of the independent auditor's report on audit of the consolidated financial statements of the Group for the year ended 31 March 2025 from Baker Tilly Hong Kong Limited, the auditor of the Group:

Opinion

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

Material Uncertainty related to Going Concern

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

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at www.sterlingapparel.com.hk. The annual report of the Company for the year ended 31 March 2025 will be available on both websites and dispatched to the shareholders of the Company in due course.

By order of the Board
Sterling Group Holdings Limited
美臻集團控股有限公司*
Wong Mei Wai Alice
Chairperson, Executive Director and Chief Executive Officer

Hong Kong, 30 June 2025

As at the date of this announcement, Ms. Wong Mei Wai Alice is the executive Director and Chairperson, Mr. Siu Yik Ming and Mr. Yang Lun are the executive Directors, and Ms. Chen Jie and Ms. Gao Yuan Yuan are the independent non-executive Directors.

* *For identification purposes only*