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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 2026 AND RESUMPTION OF TRADING

FINANCIAL HIGHLIGHTS

	For the year ended 31 March	
	2026	2025
Operating results *(HK$'000)*		
Revenue	**327,812**	477,728
Gross profit	**55,974**	87,531
Gross profit margin	**17.1%**	18.3%
Selling and distribution costs	**(17,273)**	(20,668)
General and administrative expenses	**(52,583)**	(53,294)
Operating loss	**(31,768)**	(1,309)
Expected credit loss ("ECL") recognised on financial assets, net	**(30,511)**	(4,834)
Net loss for the year	**(62,279)**	(6,143)
Add: Depreciation of property, plant and equipment	**5,154**	5,666
Depreciation of right-of-use assets	**1,444**	1,400
Finance costs	**16,819**	21,323
Income tax (credit)/expense	**(544)**	84
EBITDA after ECL	**(39,406)**	22,330
Add: Expected credit loss recognised on financial assets, net	**30,511**	4,834
EBITDA before ECL	**(8,895)**	27,164

	For the year ended 31 March	
	2026	2025
Financial position *(HK$'000)*		
Cash and cash equivalents	**26,049**	14,710
Total assets	**218,547**	250,253
Net (liabilities)/assets attributable to owners	**(25,800)**	30,505
Key ratios		
Net loss margin	**(19.0%)**	(1.3%)
Loss per share**		
– Basic and diluted *(HK cents)*	**(173.64)**	(21.72)
Return on total assets	**(28.5%)**	(2.5%)
Current ratio	**0.66**	0.46
Quick ratio	**0.47**	0.36
Gearing ratio	**(238.9%)**	345.2%

* EBITDA represents the (losses)/earnings before income tax credit/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 HKFRS Accounting Standards, and EBITDA is not a measure of profit and total comprehensive income or liquidity presented in accordance with HKFRS Accounting Standards.

** The comparative figures of loss per share have been restated, please refer to Note 10 to this announcement for details.

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 2026, together with the comparative figures for the year ended 31 March 2025 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2026

	Notes	**2026**	2025
		HK$'000	*HK$'000*
Revenue	5	**327,812**	477,728
Cost of sales		**(271,838)**	(390,197)
Gross profit		**55,974**	87,531
Other revenue	6	**5,184**	6,479
Other gains and losses, net	7	**(396)**	50
Selling and distribution costs		**(17,273)**	(20,668)
General and administrative expenses		**(52,583)**	(53,294)
Expected credit loss recognised on financial assets, net		**(30,511)**	(4,834)
Impairment loss on intangible assets		**(6,399)**	–
Finance costs		**(16,819)**	(21,323)
Loss before tax	8	**(62,823)**	(6,059)
Income tax credit/(expense)	9	**544**	(84)
Loss for the year		**(62,279)**	(6,143)
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		**(631)**	80
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement (loss)/gain on defined benefit obligation		**(169)**	166
Other comprehensive (expense)/income for the year		**(800)**	246
Total comprehensive expense for the year attributable to owners of the Company		**(63,079)**	(5,897)
		HK cents	*HK cents* (restated)
LOSS PER SHARE			
– Basic and diluted	10	**(173.64)**	(21.72)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
Non-current assets			
Prepaid insurance premium		**9,652**	9,353
Property, plant and equipment		**29,467**	30,654
Intangible assets		**–**	6,399
Right-of-use assets	14	**23,474**	23,495
Deferred tax assets		**9,577**	9,418
Goodwill		**15,795**	15,360
Loan and other receivables	15	**–**	59,376
Total non-current assets		**87,965**	154,055
Current assets			
Inventories		**38,813**	20,502
Trade and other receivables	12	**20,940**	60,766
Loan and other receivables	15	**44,596**	–
Amounts due from related parties		**–**	44
Tax recoverable		**184**	176
Cash and cash equivalents		**26,049**	14,710
Total current assets		**130,582**	96,198
Total assets		**218,547**	250,253
Current liabilities			
Trade, bills and other payables	13	**131,441**	95,539
Amounts due to related parties		**8,297**	6,433
Bank and other borrowings		**56,783**	105,305
Lease liabilities	14	**640**	1,064
Total current liabilities		**197,161**	208,341
Net current liabilities		**(66,579)**	(112,143)

	Notes	**2026**	2025
		HK$'000	*HK$'000*
Non-current liabilities			
Defined benefit obligation		**3,189**	3,079
Amounts due to related parties		**30,216**	–
Bank and other borrowings		**4,852**	–
Lease liabilities	14	**3,893**	2,912
Deferred tax liabilities		**5,036**	5,416
Total non-current liabilities		**47,186**	11,407
Total liabilities		**244,347**	219,748
NET (LIABILITIES)/ASSETS		**(25,800)**	30,505
Capital and reserves			
Share capital		**415**	13,824
Reserves		**(26,215)**	16,681
TOTAL (DEFICIT)/EQUITY		**(25,800)**	30,505

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 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

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[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
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[2]
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency[3]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]

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 2026.
3 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 (the "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 loss for the year of approximately HK$62,279,000 for the year ended 31 March 2026 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$66,579,000 and the Group had net liabilities of approximately HK$25,800,000. Included in its current liabilities were bank and other borrowings of approximately HK$56,783,000 and amounts due to related parties of approximately HK$8,297,000, while cash and cash equivalents were approximately HK$26,049,000 as at 31 March 2026. In addition, the Group breached certain financial covenants of its bank borrowings amounting to approximately HK$55,314,000 as at 31 March 2026. The relevant bank may request immediate repayment of these bank borrowings. 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 has communicated with the bank about the breach of the financial covenants of its bank borrowings amounting to approximately HK$55,314,000 and is currently in discussion with the relevant bank to obtain waivers from strict compliance of the financial covenants. Based on their discussion with the bank, the management of the Group considers it is likely the bank will grant the respective waivers in due course;

(ii) the Group had obtained banking facilities related to term and revolving loans and trust receipt loans amounting to approximately HK$75,000,000, of which approximately HK$55,314,000 were utilised as at 31 March 2026. 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 loans of approximately HK$7,125,000 which are subject to annual renewal process as well as a waiver from strict compliance of the financial covenants as mentioned in Note (i) above. 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;

(iii) subsequent to the year-end date, the Group obtained confirmations from a related party not to demand repayment of approximately HK$8,297,000 due from the Group to that related party within one year after 31 March 2026;

(iv) subsequent to the year-end date, the Group obtained a term loan facility of HK$60,000,000 from an independent third party, which is available until 19 January 2028. The directors of the Company are of the opinion that the availability of this financing facility provides the Group with adequate financial resources to meet its obligations as and when they fall due for at least the next twelve months from the date of approval of these consolidated financial statements; and

(v) 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.

The directors of the Company have reviewed the Group's cash flow forecasts prepared by management of the Group, which covers a period of eighteen months from 31 March 2026 and consider that, after taking into account the aforementioned plans and 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, significant uncertainties exist as to whether the management of the Group will be able to achieve its plans and measures. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the successful fulfilment of all the following conditions:

(i) Whether the Group can successfully obtain waivers from strict compliance of the financial covenants;

(ii) Whether the Group can successfully draw down from the relevant bank in respect of the undrawn credit facility amounting to approximately HK$7,125,000;

(iii) Whether the Group can successfully draw down from the independent third party in respect of the term loan facility amounting to HK$60,000,000; and

(iv) Whether the Group can successfully continue to carry out cost control measurement in forthcoming years, including but not limited to reduce discretionary expenses and administrative costs. On the other hand, whether the Group can continue to explore various strategies to improve the Group's operating cash inflows.

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 have 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 2026

	Manufacturing and trading of apparel products *HK$'000*	**Licensing of trademark** *HK$'000*	**Total** *HK$'000*
Segment revenue			
Revenue from external customers	**327,812**	**–**	**327,812**
Segment loss	**(5,365)**	**(55)**	**(5,420)**
Interest income from banks	**17**	**–**	**17**
Interest income on loan and other receivables	**2,907**	**–**	**2,907**
Finance costs	**(16,819)**	**–**	**(16,819)**
Depreciation of property, plant and equipment	**(5,154)**	**–**	**(5,154)**
Depreciation of right-of-use assets	**(1,444)**	**–**	**(1,444)**
Expected credit loss recognised on financial assets, net	**(29,180)**	**(1,331)**	**(30,511)**
Impairment loss on intangible assets	**–**	**(6,399)**	**(6,399)**
Group's loss before tax			**(62,823)**

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)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents adjusted earnings/(loss) 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 2026

	Total
	HK$'000
Segment Assets	
Manufacturing and trading of apparel products	**182,737**
Licensing of trademark	**–**
Total reportable segment assets	**182,737**
Unallocated assets	**35,810**
Consolidated total assets	**218,547**
Segment Liabilities	
Manufacturing and trading of apparel products	**237,721**
Licensing of trademark	**1,590**
Total reportable segment liabilities	**239,311**
Unallocated liabilities	**5,036**
Consolidated total liabilities	**244,347**
Amount included in the measure of segment assets	
Additions to non-current assets during the year ended 31 March 2026 *(Note)*	**5,306**

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

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

- all assets are allocated to operating segments except for deferred tax assets, tax recoverable, 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.

	2026	2025
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**39**	302
US	**324,131**	475,971
Others *(Note)*	**3,642**	1,455
	327,812	477,728

Note: Others mainly include Germany and the Netherlands.

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

At 31 March 2026

	Hong Kong	**PRC**	**Sri Lanka**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Prepaid insurance premium	**9,652**	**–**	**–**	**9,652**
Property, plant and equipment	**3,073**	**1,185**	**25,209**	**29,467**
Right-of-use assets	**4,652**	**1,430**	**17,392**	**23,474**
Goodwill	**3,633**	**11,064**	**1,098**	**15,795**
	21,010	**13,679**	**43,699**	**78,388**

At 31 March 2025

	Hong Kong	PRC	Sri Lanka	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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	3,633	10,558	1,169	15,360
	28,102	13,495	43,664	85,261

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 2026 and 2025 is as follows:

	2026	2025
	HK$'000	*HK$'000*
Customer A	**286,941**	419,699

5. REVENUE

Disaggregation of revenue

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

	2026	2025
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of garments	**327,812**	477,073
Licensing and related income	**–**	655
	327,812	477,728
Revenue from major products and services		
Outerwear	**152,213**	219,198
Bottoms	**134,989**	208,488
Tops	**13,742**	17,050
Others *(Note)*	**26,868**	32,992
	327,812	477,728
Timing of revenue recognition:		
At a point in time	**327,812**	477,073
Over time	**–**	655
	327,812	477,728

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

The Group's revenue represents the net invoiced value of goods sold and licensing income which recognised in accordance with accounting policy.

6. OTHER REVENUE

	2026 *HK$'000*	2025 *HK$'000*
Bank interest income	**17**	648
Sample sales income	**1,654**	2,474
Claims income	**25**	96
Government grants	**–**	48
Interest income on loan and other receivables	**2,907**	2,707
Others	**581**	506
	5,184	6,479

7. OTHER GAINS AND LOSSES, NET

	2026 *HK$'000*	2025 *HK$'000*
Loss on disposal of property, plant and equipment	**(21)**	(16)
Gain on lease modification	**–**	87
Fair value changes on prepaid insurance premium	**299**	302
Exchange loss, net	**(674)**	(453)
Others	**–**	130
	(396)	50

8. LOSS BEFORE TAX

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

	2026 *HK$'000*	2025 *HK$'000*
Auditor's remuneration	**700**	1,000
Depreciation charges *(Note (i))*:		
– property, plant and equipment	**5,154**	5,666
– right-of-use assets	**1,444**	1,400
Fair value changes on prepaid insurance premium	**(299)**	(302)
Net expected credit loss recognised/(reversed) on:		
– trade receivables	**40,124**	12,172
– other receivables	**–**	(7,338)
– loan and other receivables	**(9,613)**	–
Cost of inventories recognised as an expense	**238,962**	341,033
Short-term leases expenses	**4,274**	4,224
Employee costs *(Note (ii))*	**71,417**	85,148

Notes:

(i) Depreciation charges of HK$3,974,000 (2025: HK$3,973,000) are included in cost of sales and HK$2,624,000 (2025: HK$3,093,000) are included in general and administrative expenses.

(ii) Employee costs of HK$32,142,000 (2025: HK$45,191,000) are included in cost of sales; HK$8,982,000 (2025: HK$11,685,000) are included in selling and distribution costs; and HK$30,293,000 (2025: HK$28,272,000) are included in general and administrative expenses.

9. INCOME TAX (CREDIT)/EXPENSE

The amount of income tax (credit)/expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2026	2025
	HK$'000	*HK$'000*
Overseas profits tax		
– Under-provision in prior years	**–**	29
	–	29
Deferred tax:		
– Current year	**(544)**	55
Income tax (credit)/expense	**(544)**	84

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

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

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

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

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

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:

	2026	2025
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company	**(62,279)**	(6,143)

	2026	2025
	'000	*'000*
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of calculations of basic loss per share	**35,867**	28,279

For the year ended 31 March 2026, the weighted average number of ordinary shares for the purpose of calculating basic loss per share has been adjusted to reflect the share placement completed on 22 January 2026. For the year ended 31 March 2025, the weighted average number of ordinary shares for the purpose of calculating basic loss per share has been adjusted to reflect the share placements completed on 16 August 2024 and 8 January 2025.

In addition, the weighted average number of ordinary shares for the years ended 31 March 2026 and 2025 has been retrospectively adjusted to give effect to the ten-to-one share consolidation of the Company, which became effective on 16 March 2026. Accordingly, the basic loss per share for the year ended 31 March 2025 has been restated based on the adjusted number of shares after the share consolidation.

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 2026 and 2025.

12. TRADE AND OTHER RECEIVABLES

	2026	2025
	HK$'000	*HK$'000*
Trade receivables	**111,053**	107,061
Less: Loss allowances on trade receivables *(Note (a))*	**(96,864)**	(56,740)
Trade receivables, net *(Note (a))*	**14,189**	50,321
Prepayments	**5,980**	4,662
Other receivables	**10,247**	15,173
Utilities and sundry deposits	**524**	610
	16,751	20,445
Less: Loss allowances on other receivables	**(10,000)**	(10,000)
	6,751	10,445
Trade and other receivables	**20,940**	60,766

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:

	2026	2025
	HK$'000	*HK$'000*
0–30 days	**11,592**	11,480
31–90 days	**2,828**	179
181–365 days	**–**	936
Over 365 days	**96,633**	94,466
	111,053	107,061
Less: Loss allowances on trade receivables	**(96,864)**	(56,740)
	14,189	50,321

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

As at 31 March 2026, included in the Group's trade receivables are gross balances of HK$96,633,000 (2025: HK$96,633,000) due from Santai Group. Loss allowance of HK$96,633,000 (2025: HK$56,212,000) had been provided on trade receivables due from Santai Group.

13. TRADE, BILLS AND OTHER PAYABLES

	2026	2025
	HK$'000	*HK$'000*
Trade payables	**99,349**	54,374
Bills payables	**2,053**	24,784
Deposits received	**16,420**	4,110
Other payables and accruals	**13,619**	12,271
	131,441	95,539

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:

	2026	2025
	HK$'000	*HK$'000*
0–30 days	**5,302**	3,175
31–90 days	**34,241**	23,399
91–365 days	**50,611**	27,628
Over 365 days	**9,195**	172
	99,349	54,374

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	Properties	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost			
At 1 April 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**
Additions	**–**	**1,448**	**1,448**
Exchange realignment	**–**	**(57)**	**(57)**
At 31 March 2026	**25,086**	**8,955**	**34,041**
Accumulated depreciation			
At 1 April 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**
Depreciation charge	**575**	**869**	**1,444**
Exchange realignment	**–**	**(32)**	**(32)**
At 31 March 2026	**5,720**	**4,847**	**10,567**
Carrying values			
At 31 March 2026	**19,366**	**4,108**	**23,474**
At 31 March 2025	19,941	3,554	23,495

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 (2025: 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.

	2026	2025
	HK$'000	*HK$'000*
Expense relating to short-term leases	**4,274**	4,224
Total cash outflow for lease expense	**5,492**	5,376

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.

As of 31 March 2026, the Group's right-of-use assets with carrying value of approximately HK$1,786,000 (2025: HK$1,872,000) were subject to an all monies legal charge as security for general banking facilities granted to the Group.

The carrying amounts of right-of-use assets are allocated to the manufacturing and trading of apparel products CGU for impairment testing.

Lease liabilities

	At 31 March	
	2026	2025
	HK$'000	*HK$'000*
Lease liabilities payable:		
Within one year	**640**	1,064
Within a period of more than one year but not exceeding two years	**476**	422
Within a period of more than two years but not exceeding five years	**525**	704
Within a period of more than five years	**2,892**	1,786
	4,533	3,976
Less: Amount due for settlement with 12 months shown under current liabilities	**(640)**	(1,064)
Amount due for settlement after 12 months shown under non-current liabilities	**3,893**	2,912

The weighted average incremental borrowing rates applied to lease liabilities range from 3.10% to 8.63% (2025: from 3.10% to 8.63%).

15. LOAN AND OTHER RECEIVABLES

	2026	2025
	HK$'000	*HK$'000*
Loan receivables	**37,127**	34,202
Other receivables	**7,469**	34,787
Less: Loss allowances	**–**	(9,613)
	44,596	59,376
Analysis as:		
Current	**44,596**	–
Non-current	**–**	59,376
	44,596	59,376

As set out in the Company's announcements 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 Group, pursuant to which the Company and Santai Group 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, and to modify letters of support up to approximately

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 approximately HK$33,422,000 and other receivables of approximately HK$32,860,000 under the Financial Assistances relating to Santai Group to loan and other receivables.

Pursuant to loan agreement, interest on the loan shall accrue from and including the date of the loan agreement, which is on 30 August 2024, at the interest rate of 7% per annum on the principal amount of the loan receivables. As at 31 March 2026, the gross amount outstanding under the loan agreement together with related interest receivables was approximately HK$37,127,000 (2025: HK$34,202,000).

The loan receivables advanced to Santai Group is denominated in US$, secured by the shares of JPO and repayable in 2026.

Pursuant to Financial Assistances, the Group agreed not to enforce its right to collect any trade receivables from Santai Group up to a maximum amount of approximately HK$33,500,000 until the maturity date in 2026. Interest on the Financial Assistances shall accrue from and including the date of the Financial Assistances, which is on 30 August 2024, at the interest rate of 7% per annum on the outstanding amount of the relevant trade receivables. As at 31 March 2026, the gross amount outstanding under the Financial Assistances together with related interest receivables was approximately HK$7,469,000 (2025: HK$34,787,000).

The other receivables from Santai Group under the Financial Assistances is denominated in US$, secured by the shares of JPO, and repayable in 2026.

Subsequent to the end of the reporting period, on 29 June 2026, Sterling Apparel Limited (“SAL”) (a wholly-owned subsidiary of the Company), Santai Group and Mr. Choi entered into a repayment agreement pursuant to which an early repayment of HK$30,000,000 was effected in respect of the amounts owing by Santai Group to the Group. Pursuant to the repayment agreement, Mr. Choi agreed to set off the principal amount of a loan receivable due from SAL of HK$30,000,000 against the outstanding principal and interest amounts of the advances and financial assistance provided by the Group to Santai Group, thereby settling such amount on behalf of Santai Group.

On 7 July 2026, SAL, the Santai Group and Mr. Choi entered into a second repayment agreement pursuant to which a further early repayment of approximately HK$10,882,000 was effected in respect of the amounts owing by Santai Group to the Group. Pursuant to the second repayment agreement, Mr. Choi agreed to set off his guarantee fee receivable due from SAL of approximately HK$10,882,000 against the outstanding principal amounts of the Financial Assistances provided by the Group to Santai Group, thereby settling such amount on behalf of Santai Group.

As a result of the above repayment arrangements, an aggregate amount of approximately HK$40,882,000 was recovered by the Group subsequent to the end of the reporting period, resulting in a corresponding reduction in the outstanding amounts due from Santai Group.

On 13 July 2026, Santai Group had made early repayments of HK$5,200,000 on the loan receivables.

A loss allowance for ECL of HK$Nil (2025: HK$9,613,000) had been provided on the loan and other receivables.

16. EVENTS AFTER THE REPORTING PERIOD

As set out in the Company’s announcements dated 29 June 2026, 7 July 2026, and 13 July 2026, subsequent to the end of the reporting period, Santai Group made early repayments of approximately HK$30,000,000, HK$10,882,000, and HK$5,200,000, respectively. For further details, please refer to the respective announcements.

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 of America (the "US") 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 US since the 1990s. In recent years, the Group has actively diversified its customer base and product portfolio and has secured several new customers, including high-end fashion brands from the U.S..

As at 31 March 2026, the Group had three production facilities; one located in the People's Republic of China (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 (the "Stock Exchange") since 19 October 2018.

BUSINESS REVIEW

Financial Overview

For the year ended 31 March 2026 (the "Year under Review"), revenue for the Group was approximately HK$327,812,000, which was a decrease of approximately 31.4% compared with approximately HK$477,728,000 for the year ended 31 March 2025 (the "Corresponding Period"). The decrease in sales revenue was primarily attributable to lower sales of approximately HK$132,758,000 from our largest customer (a decrease of approximately 31.6% from the prior year). The Group's gross profit margin for the Year under Review was approximately 17.1%, compared with approximately 18.3% for the Corresponding Period, mainly due to increased tariffs shared by the Group for exports to the US.

As the Group continued its effort to reduce cost of overheads by shifting some of the resources in Hong Kong office to PRC factory in Panyu, selling and distribution costs decreased from approximately HK$20,668,000 in the Corresponding Period to approximately HK$17,273,000 in the Year under Review, primarily attributable to the reduction in staff costs.

Our general and administrative expenses remained stable at approximately HK$53,294,000 in the Corresponding Period compared with approximately HK$52,583,000 in the Year under Review. There was a significant decrease in finance costs of approximately HK$4,504,000 from approximately HK$21,323,000 in the Corresponding Period to approximately HK$16,819,000 in the Year under Review, mainly attributable to the decrease in the average borrowing balances and the lower interest rate on our borrowings throughout the year.

The Group recorded an expected credit loss ("ECL"), net, recognised on trade receivables and loan and other receivables nearly all from Santai and JPO, of approximately HK$30,511,000 in the Year under Review compared with HK$4,834,000 in the Corresponding Period. The increase in ECL provision was largely a result of the increased credit risk associated with Santai and JPO in 2026.

As a result of the foregoing, the Group recorded a loss of approximately HK$62,279,000 in the Year under Review as compared to a loss of approximately HK$6,143,000 for the Corresponding Period. The EBITDA before ECL for the Year under Review was approximately HK$(8,895,000) as compared to approximately HK$27,164,000 for the Corresponding Period; and after ECL, was approximately HK$(39,406,000) for the Year under Review as compared to approximately HK$22,330,000 for the Corresponding Period.

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:

	2026			2025		
	Revenue *HK$'000*	**Quantity** *Pcs'000*	**Unit Price** *HK$*	Revenue *HK$'000*	Quantity *Pcs'000*	Unit Price *HK$*
Outerwear	**152,213**	**399**	**381.5**	219,198	616	355.8
Bottom	**134,989**	**905**	**149.2**	208,488	1,384	150.6
Top	**13,742**	**96**	**143.1**	17,050	165	103.3
Others	**26,868**	**102**	**263.4**	32,337	133	243.1
	327,812	**1,502**		477,073	2,298	
Licensing and related income	**–**	**–**		655	–	
	327,812	**1,502**		477,728	2,298	

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:

	2026		2025	
	Revenue *HK$'000*	**% of revenue**	Revenue *HK$'000*	% of revenue
The US	**324,131**	**98.9%**	475,971	99.6%
Hong Kong	**39**	**0.1%**	302	0.1%
Others	**3,642**	**1.0%**	1,455	0.3%
	327,812	**100.0%**	477,728	100.0%

Gross Profit

The gross profit ratio for the Year under Review was approximately 17.1% (2025: approximately 18.3%). The deterioration was primarily due to increased tariffs shared by the Group for exports to the US.

Other Revenue

Other revenue for the Year under Review was approximately HK$5,184,000 (2025: approximately HK$6,479,000). It mainly comprised of sample sales income of approximately HK$1,654,000 (2025: approximately HK$2,474,000) and interest income on loan and other receivables of approximately HK$2,907,000 (2025: HK$2,707,000).

Other Gains and Losses, Net

The net other losses for the Year under Review amounted to approximately HK$396,000 (2025: net other gains of approximately HK$50,000). Such loss was primarily due to the net exchange loss incurred during the Year under Review.

Selling and Distribution Costs

Selling and distribution costs for the Year under Review decreased by approximately 16.4% to approximately HK$17,273,000 (2025: approximately HK$20,668,000). The reduction in selling and distribution costs was primarily attributable to the reduction in staff costs during the Year under Review.

General and Administrative Expenses

General and administrative expenses for the Year under Review remained stable at approximately HK$52,583,000 (2025: approximately HK$53,294,000).

Finance Costs

The Group's finance costs decreased by approximately 21.1% from approximately HK$21,323,000 for the Corresponding Period, to approximately HK$16,819,000 for the Year under Review, mainly due to the decrease in the average borrowing balances and the lower interest rate on our borrowings throughout the year.

Income Tax (Credit)/Expense

There were income tax credit of approximately HK$544,000 in relation to deferred tax for the Year under Review (2025: income tax expense of approximately HK$84,000).

Financial Position

As at 31 March 2026, the Group's cash and cash equivalents amounted to approximately HK$26,049,000 (as at 31 March 2025: approximately HK$14,710,000). The increase was primarily due to the deposits received from a new customer.

Inventories increased by approximately HK$18,311,000 to approximately HK$38,813,000 as at 31 March 2026 from approximately HK$20,502,000 as at 31 March 2025.

DIVIDEND

The Company did not recommend the declaration of final dividend for the year ended 31 March 2026 (2025: Nil).

OUTLOOK

The macroeconomic landscape and trade environment in the US continued to present severe obstacles throughout the fiscal year ended 31 March 2026. The implementation of restrictive US tariff policies has created extended corporate caution, driving sector-wide down-sizing, heightened inflation uncertainty, and compressed consumer discretionary spending on apparel. US retailers have maintained conservative purchasing strategies, prioritizing inventory reduction over forward orders.

Against this backdrop, the business environment for the next fiscal year remains demanding, resulting in a prolonged compression of our core legacy revenue streams. To counteract these macro headwinds, the Group's strategic focus will be anchored heavily on structural diversification and operational resilience through the following core pillars:

- **Customer Concentration Reduction:** Our immediate tactical focus is expanding our footprint with our newly acquired, fast-growing digitally-native online customer. This account represents a profound structural diversification opportunity, projected to systematically rebalance our high reliance on the Company's single largest customer since early 1990s.

- **Legacy Account Maximization:** We will continue to collaborate intensively with our largest traditional customer on product engineering and development. Our operational goal remains capturing secure allocations for its highly complex, high-margin "hero" products by leveraging our proven OEM technical expertise.

- **Rigorous Overhead Controls:** Building upon the cost-control initiatives successfully executed over the past two years, the Group maintains a lean infrastructure. Operating overheads will continue to be aggressively monitored to defend our financial integrity and position the Group for cash flow acceleration as international retail markets stabilize.

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 2026, the Group had cash and cash equivalents amounting to approximately HK$26,049,000 (as at 31 March 2025: approximately HK$14,710,000), and current assets and current liabilities of approximately HK$130,582,000 (as at 31 March 2025: approximately HK$96,198,000) and approximately HK$197,161,000 (as at 31 March 2025: approximately HK$208,341,000) respectively.

As at 31 March 2026, there were bank and other borrowings of approximately HK$61,635,000 (as at 31 March 2025: approximately HK$105,305,000). The bank borrowings were mainly denominated in Hong Kong dollar and US dollar ("US$"). As at 31 March 2026, the Group's interest-bearing bank borrowings carried mainly variable rate borrowings with annual interest rate of 5.29% to 6.15% (2025: 5.48% to 6.58%) per annum. The Group failed the compliance of financial covenants of its bank borrowing amounting HK$55,314,000 as at 31 March 2026 and the details of which are disclosed in the announcement of the Company dated 30 July 2026 under Rule 13.19 of the Listing Rules.

As at 31 March 2026, the gearing ratio of the Group, based on total bank and other borrowings to total equity (including all capital and reserves) of the Company was approximately -238.9% (31 March 2025: approximately 345.2%), which was the result of decrease in bank and other borrowings and the change from total equity position to total deficit position during the Year under Review.

The bank borrowings of the Group are secured by (a) certain assets of the Group, (b) a property 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 29 December 2025 (after trading hours), a placing agent and the Company entered into the Placing Agreement, pursuant to which the placing agent has conditionally agreed to 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 69,120,000 Placing Shares at the Placing Price of HK$0.10 per Placing Share to not less than six (6) Placees who and whose ultimate beneficial owners are Independent Third Parties.

The net proceeds (after deduction of placing commission and other expenses of the Placing) from the Placing were approximately HK$6.77 million, representing a net placing price of approximately HK$0.098 per Placing Share. The net proceeds were intended to be applied as for general working capital purposes in order to meet its ongoing development and its existing operations and/or its business exploration.

As at 31 March 2026, the net proceeds from the above placing have been applied to the extent of approximately HK$1.9 million as the intended uses; and the remaining amounts have been fully utilized as intended uses by July 2026.

CAPITAL REORGANISATION

On 16 March 2026, the Company completed a share consolidation of every ten (10) issued and unissued shares of par value of HK$0.04 each in the share capital of the Company into one (1) consolidated share of par value of HK$0.40 each and a reduction of the issued share capital of the Company whereby the paid up capital of each of the issued consolidated shares was reduced from HK$0.40 each to HK$0.01 each by cancelling the paid up capital to the extent of HK$0.39 on each issued consolidated share. As at 31 March 2026, the Company had 41,472,000 issued shares of par value of HK$0.01 each (31 March 2025: 345,600,000 issued shares of par value of HK$0.04 each).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2026, the Group employed 1,048 employees (as at 31 March 2025: 1,281 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 2026, the Group has 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 and Sri Lanka. The Group carries out foreign currency transactions mainly in 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 2026, the Group has no material capital commitments and contingent liabilities.

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 announcement, 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 2026.

CHARGE ON ASSETS

As at 31 March 2026, the Group had prepaid insurance premium, property, plant and equipment and right-of-use assets amounted to approximately HK$9,652,000, HK$1,786,000 and HK$1,786,000 pledged for the Group's banking facilities respectively (31 March 2025: approximately HK$9,353,000, HK$1,872,000 and HK$1,872,000 respectively).

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 1 February 2026. On 1 February 2026, two new tenancy agreements were entered into between each of Win 18 and Win 19 as landlord, and each of SAL and CW, both are wholly owned subsidiaries 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 2026 to 31 January 2027, 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, 30 August 2024, 24 April 2025, 30 April 2025, 8 May 2025, 15 May 2025, 12 June 2026, 29 June 2026, 7 July 2026 and 13 July 2026 (the "Announcements") and the circular of the Company dated 26 February 2025 (the "Circular"). Unless otherwise defined, the capitalised terms used herein shall have the same meaning as those defined in the Announcements and the Circular.

MAJOR AND CONNECTED TRANSACTION

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

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

On 24 April 2025, 30 April 2025, 8 May 2025 and 15 May 2025, Santai repaid HK$10.0 million, HK$3.3 million, HK$6.0 million and HK$8.0 million, respectively, as repayment of principal of the Santai Advances to the Group. On 29 June 2026, SAL, Santai and Mr. Choi entered into a repayment agreement (the "Repayment Agreement"), pursuant to which they agreed to effect an early repayment of HK$30,000,000 from Santai to the Group on 29 June 2026. Pursuant to the Repayment Agreement, it was agreed that Mr. Choi shall set off the principal amount of his loan receivable due from SAL of HK$30,000,000 against the outstanding principal and interest amounts of the Santai Advances, the Financial Assistance and the Second Assistance as an early repayment to repay SAL on behalf of Santai.

After execution of the Repayment Agreement and as at the date of this announcement, all Outstanding Santai Advances and Interest under the Loan Agreement have been repaid in full.

CONTINUING CONNECTED TRANSACTION AND CONNECTED TRANSACTION AND MAJOR 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.

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.

The Agreement and the transactions contemplated thereunder were approved by the Independent Shareholders at the Extraordinary General Meeting held on 14 March 2025. As announced by the Company on 12 June 2026, JPO has requested the Group and Ms. Wong Mei Wai Alice ("Ms. Wong"), the chairperson, executive director and chief executive officer of the Company, for an urgent financial support. The board of directors of the Company resolved not to provide the requested financial support to JPO. As advised by Ms. Wong, she has also no intention to provide such financial support to JPO personally. Should JPO be unable to meet its urgent operating needs and go bankruptcy, the Company considers that there may be adverse impact to the financial position and cash flows of the Company.

On 7 July 2026, SAL, Santai and Mr. Choi entered into a repayment agreement (the "Second Repayment Agreement"), pursuant to which they agreed to effect an early repayment of HK$10,881,568 from Santai to the Group on 7 July 2026. Pursuant to the Second Repayment Agreement, it was agreed that Mr. Choi shall set off his guarantee fee receivable due from SAL of HK$10,881,568 against the outstanding principal amounts of the Financial Assistance and the Second Financial Assistance of approximately HK$10,987,001 in aggregate as an early repayment to repay SAL on behalf of Santai.

On 13 July 2026, Santai repaid HK$5.2 million to the Group, and the amounts shall firstly repay all the outstanding principal and interest amounts of the Financial Assistance and the Second Financial Assistance of approximately HK$4.4 million in aggregate, and the remaining repayment of approximately HK$0.8 million shall repay as repayment of SAL's trade receivables due from Santai.

Following the above early repayments and as at the date of this announcement, all outstanding principal and interest amounts of the Financial Assistance and the Second Financial Assistance have been repaid in full.

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.

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.

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

The Guaranty Fee Agreement and the transactions contemplated thereunder were 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 2026. 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 2026.

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 2026.

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 2026, 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. As at the date of this announcement, the Board currently consists of two executive Directors and two independent non-executive Directors and has a strong independence element in its composition.

INTERESTS OF DIRECTORS AND THE CHIEF EXECUTIVES

As at 31 March 2026, 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 the Stock Exchange 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 the Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2026, 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.

EVENT AFTER THE REPORTING PERIOD

As set out in the Company's announcements dated 29 June 2026, 7 July 2026, and 13 July 2026, subsequent to the end of the reporting period, Santai made early repayments of HK$30 million, HK$10,881,568, and HK$5,200,000, respectively. For further details, please refer to the respective announcements.

Save as disclosed elsewhere in this announcement, there have been no other material events of the Group after 31 March 2026 up to the date of this announcement.

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. Wu Jing. 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 2026 including the accounting principles and policies adopted by the Group, and discussed internal controls and financial reporting matters.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 March 2026.

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 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the 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 loss for the year of approximately HK$62,279,000 for the year ended 31 March 2026 and, as of that date, the Group's current liabilities exceeded its current assets by HK$66,579,000 and the Group has net liabilities of approximately HK$25,800,000. Included in its current liabilities were bank and other borrowings of approximately HK$56,783,000 and amounts due to related parties of approximately HK$8,297,000, while cash and cash equivalents were approximately HK$26,049,000 as at 31 March 2026. In addition, the Group breached certain financial covenants of its bank borrowings amounting to approximately HK$55,314,000 as at 31 March 2026. The relevant bank may request immediate repayment of these bank borrowings. The above events or conditions, along with other matters as set out in note 3(b) to the consolidated financial statements, indicate the existence of material uncertainties which 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.

SCOPE OF WORK OF RONGCHENG (HONG KONG) CPA 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 2026 as set out in the preliminary results announcement have been agreed by the Group's auditor, Rongcheng (Hong Kong) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Rongcheng (Hong Kong) CPA 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 Rongcheng (Hong Kong) CPA Limited on the preliminary results announcement.

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 2026 will be available on both websites and dispatched to the shareholders of the Company by 7 August 2026.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 July 2026.

Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 31 July 2026.

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 July 2026

As at the date of this announcement, Ms. Wong Mei Wai Alice is the executive Director and Chairperson and Ms. Luo Yuechan is the executive Director, and Ms. Chen Jie and Ms. Wu Jing are the independent non-executive Directors.

* *For identification purposes only*