



**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



**Interim  
Report  
2022**



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## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

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

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tsang Ho Yin  
Ms. Zhang Lingling  
Mr. Choi Wai Hin  
(appointed on 8 July 2022)  
Mr. Chan Kee Huen Michael  
(retired on 31 August 2022)

### JOINT COMPANY SECRETARIES

Mr. Kwong Lun Kei Victor  
Ms. Wong Wing Yee

### AUDIT COMMITTEE

Mr. Choi Wai Hin (*Chairperson*)  
(appointed on 8 July 2022)  
Mr. Tsang Ho Yin  
Ms. Zhang Lingling  
Mr. Chan Kee Huen Michael  
(retired on 31 August 2022)

### REMUNERATION COMMITTEE

Mr. Tsang Ho Ying (*Chairperson*)  
Ms. Wong Mei Wai Alice  
Ms. Zhang Lingling  
Mr. Choi Wai Hin  
(appointed on 8 July 2022)  
Mr. Chan Kee Huen Michael  
(retired on 31 August 2022)

### NOMINATION COMMITTEE

Ms. Wong Mei Wai Alice (*Chairperson*)  
Mr. Tsang Ho Yin  
Ms. Zhang Lingling  
Mr. Choi Wai Hin  
(appointed on 8 July 2022)  
Mr. Chan Kee Huen Michael  
(retired on 31 August 2022)

### AUTHORISED REPRESENTATIVES

Mr. Chung Sam Kwok Wai  
Mr. Siu Yik Ming

### REGISTERED OFFICE

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

### HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

### COMPANY WEBSITE

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

## AUDITORS

### **BDO Limited**

*Certified Public Accountants*  
25th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

## FINANCIAL ADVISOR

### **Zijing Capital Limited**

Units 502A–503A  
5/F., Tower 2  
Admiralty Centre  
No. 18 Harcourt Road  
Hong Kong

## LEGAL ADVISOR

### **Michael Li & Co.**

19th Floor, Prosperity Tower  
No. 39 Queen's Road Central  
Central  
Hong Kong

## STOCK CODE

01825

## PRINCIPAL BANKS

### **Hang Seng Bank**

83 Des Voeux Road Central  
Central  
Hong Kong

### **The Hongkong and Shanghai Banking Corporation Limited**

HSBC Main Building  
1 Queen's Road Central  
Central  
Hong Kong

### **United Overseas Bank Limited**

28th Floor Champion Tower  
3 Garden Road  
Central  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

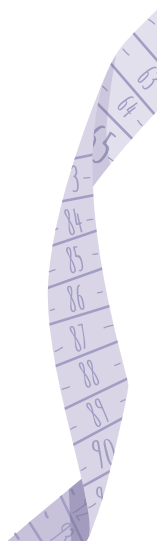
### **Tricor Services (Cayman Islands) Limited**

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

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

### **Tricor Investor Services Limited**

17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong





## FINANCIAL HIGHLIGHTS

	Six months ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)
<b>Operating results</b> (HK\$'000)		
Revenue	337,736	246,156
Gross profit	52,789	34,366
Gross profit margin	15.6%	14.0%
Selling and distribution costs	(18,652)	(11,522)
General and administrative expenses	(23,495)	(24,550)
<b>Profit for the period</b>	<b>11,328</b>	329
Add back:		
Depreciation charges	5,127	7,000
Finance costs	4,399	2,319
Income tax expense	–	–
<b>EBITDA*</b>	<b>20,854</b>	9,648
<b>EARNINGS PER SHARE</b>		
– Basic and diluted (HK cents)	5.66	0.06
Net profit margin	3.4%	0.1%
Return on total assets	3.7%	0.1%
Return on equity	36.1%	0.5%
Interest coverage ratio	3.6 times	1.1 times
	<b>At</b>	<b>At</b>
	<b>30 September</b>	<b>31 March</b>
	<b>2022</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Financial position</b> (HK\$'000)		
Total assets	306,753	324,238
Net assets	35,929	26,845
Cash and cash equivalents	31,494	33,391
<b>Key ratios</b>		
Current ratio	0.74 times	0.76 times
Quick ratio	0.57 times	0.61 times
Gearing ratio	340.3%	603.0%
Debt-to-equity ratio	252.6%	478.6%

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

## MANAGEMENT DISCUSSION AND ANALYSIS

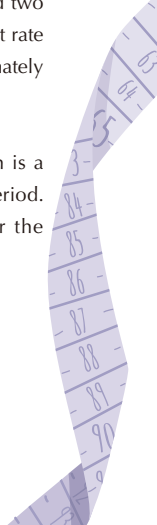
### RESULTS AND BUSINESS REVIEW

The operating result of the Group has continued to improve significantly from its nadir two years ago as the US economy, where nearly all of the Group's revenue is derived from, rebounded strongly in 2021 from the sharp slow-down in 2020. Sales revenue for the Group recorded an increase of 37.2% from approximately HK\$246,156,000 for the six months ended 30 September 2021 (the "Corresponding Period") to approximately HK\$337,736,000 for the six months ended 30 September 2022 (the "Period under Review"). The large increase in revenue was chiefly a result of the robust order flow from the Company's two top customers, which are mid to high-end specialty apparel brands. What is noteworthy for the Period under Review is that while revenue has increased 37.2% from the Corresponding Period, the sales quantity increased only 30.5% reflecting an increase in average unit price of approximately 5.1%. This price increase was a welcome change from what the Group had to do in the Corresponding Period when to increase volume, we pursued lower price products with larger order quantity.

The gross profit margin of the Group was 15.6% for the Period under Review, an appreciable increase from 14.0% for the Corresponding Period, which was a direct result of a better product mix. The total gross profit of approximately HK\$52,789,000 for the Period under Review increased by HK\$18,423,000, or approximately 53.6% from HK\$34,366,000 for the Corresponding Period.

Selling and distribution costs went up to approximately HK\$18,652,000 from approximately HK\$11,522,000 in the Corresponding Period, an increase of approximately 61.9% higher than that of the sales increase primarily because of air freight expense of approximately HK\$3,848,000 to meet delivery deadlines during peak season. General and administrative expenses for the Period under Review were approximately HK\$23,495,000, a slight decrease from approximately HK\$24,550,000 for the Corresponding Period. What is worth mentioning is that the general and administrative expenses have continued to decline, albeit slightly, since 2020 while sales have increased approximately 73.8% from the same six-month period two years ago. Interest expenses increased by approximately 89.7% due to a combination of higher interest rate and larger sales volume from approximately HK\$2,319,000 for the Corresponding Period to approximately HK\$4,399,000 for the Period under Review.

The Group recorded a profit of approximately HK\$11,328,000 for the Period under Review which is a strong recovery compared to a net profit of approximately HK\$329,000 for the Corresponding Period. EBITDA for the Period under Review was HK\$20,854,000 compared with HK\$9,648,000 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 are chiefly made from cotton, wool and wool blend), (iii) top (which includes mainly shirts, blouses and tank tops, and are 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:

	Six months ended 30 September					
	2022			2021		
	Revenue <i>HK\$'000</i>	Quantity <i>Pcs'000</i>	Unit Price <i>HK\$</i>	Revenue <i>HK\$'000</i>	Quantity <i>Pcs'000</i>	Unit Price <i>HK\$</i>
Outerwear	149,539	353	424	113,735	262	434
Bottom	125,808	853	147	71,323	498	143
Top	26,399	134	197	25,644	140	183
Others	35,990	139	259	35,454	233	152
	<b>337,736</b>	<b>1,479</b>		246,156	1,133	

Revenue from all product categories increased in unison during the Period under Review driven by robust sales orders from the major customers in the U.S. The top-growing categories in apparel were outerwear and bottom, as the pent-up demand during the pandemic was released during the period.

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

	Six months ended 30 September			
	2022		2021	
	Revenue <i>HK\$'000</i>	% of revenue	Revenue <i>HK\$'000</i>	% of revenue
USA	322,352	95.4%	223,589	90.8%
Hong Kong	10,130	3.0%	6,871	2.8%
Italy	3,992	1.2%	14,656	6.0%
Others	1,262	0.4%	1,040	0.4%
	<b>337,736</b>	<b>100.0%</b>	246,156	100.0%

### Other Revenue

Other revenue, comprising mostly sample income and claims income, for the Period under Review was approximately HK\$3,603,000 (Corresponding Period: approximately HK\$4,509,000). Its decrease was mainly due to decrease in sample income to approximately HK\$1,417,000 (Corresponding Period: approximately HK\$1,640,000) and decrease in claims income to approximately HK\$952,000 (Corresponding Period: approximately HK\$1,801,000).

### Other Gains and Losses, Net

The net other gains amounted to approximately HK\$1,482,000 (Corresponding Period: loss of approximately HK\$155,000). It comprised chiefly of fair value gain on prepaid insurance premium HK\$106,000 (Corresponding Period: HK\$105,000) and net exchange gain HK\$1,376,000 (Corresponding Period: net exchange loss approximately HK\$260,000).

### Selling and Distribution Costs

Selling and distribution costs for the Period under Review increased by 61.9% to approximately HK\$18,652,000 (Corresponding Period: approximately HK\$11,522,000). The increase was mainly due to significant increase in sales and air freight costs incurred during the Period under Review.

### General and Administrative Expenses

General and administrative expenses decreased by 4.3% from approximately HK\$24,550,000 for the Corresponding Period to approximately HK\$23,495,000 for the Period under Review. The decrease in employee cost under general and administrative expenses to approximately HK\$15,088,000 for the Period under Review from approximately HK\$15,682,000 for the Corresponding Period was due to a reduction in administrative staff.

### Finance Costs

The Group's finance costs increased by 89.7% from approximately HK\$2,319,000 for the Corresponding Period, to approximately HK\$4,399,000 for the Period under Review, mainly due to the gradual increase in interest rate throughout the period.

### Financial Position

As at 30 September 2022, the Group's cash and cash equivalents amounted to approximately HK\$31,494,000 (31 March 2022: approximately HK\$33,391,000). The decrease was mainly due to repayment of bank loans of HK\$39,602,000 from approximately HK\$161,863,000 for the Corresponding Period to approximately HK\$122,261,000 for the Period under Review.



Inventories increased by approximately HK\$5,047,000, i.e. 12.6% to approximately HK\$45,071,000 as at 30 September 2022 from approximately HK\$40,024,000 as at 31 March 2022. The increase was mainly due to much higher sales in the coming months after 30 September 2022.

Trade and other receivables decreased by approximately HK\$14,998,000 to approximately HK\$117,527,000 (31 March 2022: approximately HK\$132,525,000). The decrease was because of a supply chain financing for discount of export invoices without recourse provided by a bank in New York arranged by its largest customer.

Bank borrowings decreased by approximately 24.5% to approximately HK\$122,261,000 (31 March 2022: approximately HK\$161,863,000). It was mainly due to repayment of term loans and revolving loans.

Trade, bills and other payables increased by 38.3% from approximately HK\$99,736,000 to approximately HK\$137,889,000. The increase was mainly attributable to the increased sales for the Period under Review.

## PROSPECTS

The economic outlook of the U.S. market in November 2022 appears to be leaning towards a slow-down despite the surprise strength in the third quarter GDP number, which shows a 2.6% annualized growth after reporting slight negative growth for the first two quarters in 2022. Behind the positive growth statistics lie a number of ominous economic indicators such as deteriorating consumer confidence, Conference Board Leading Indicators, inverted yield curve, Small Business Optimism Index, stock market indices etc. The persistent high inflation, rising interest rate and its impact on housing sales and prices all combine to, more than likely, dampen consumer spending which accounts for about 68% of US GDP. However, what confounds the economic pundits is the low unemployment rate, which, at 3.7% in October, is historically not a harbinger of a looming recession.

Against this backdrop of a foggy economic outlook, the order book of the Company as of November seems clear – the 37.2% increase in sales revenue recorded in the Period under Review may be even exceeded in the second half of the year ending 31 March 2023. One year's change does not a trend make, but the production capacity at our factories will likely be fully utilized in the traditionally low season around the end of this year. This is a welcome reprieve as fluctuating demand on a factory's capacity hurts efficiency. At the risk of being overly simplistic, we see from our limited vantage point that stronger high-end brands are not necessarily reducing their purchases amidst all these doomy economic forecasts and are indeed placing chase buy orders for spring delivery. Lesser known brands are perhaps not doing as well. Whether this is a trend that will continue for the stronger brands we serve remains to be seen.

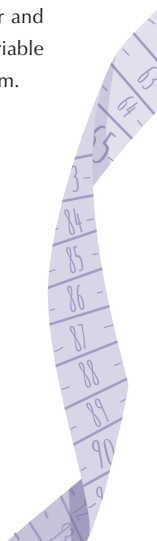
While there is much clarity on the revenue in the second half of the year ending 31 March 2023, the costs and expenses should also be rather predictable. The retrenchment efforts the Company implemented two years ago laid the foundation for a lower overhead cost in our Panyu, China factory and the sales and administrative functions in Hong Kong. The benefits of the lower cost structure are becoming evident now. We are also optimistic that Sri Lanka's economic and political crisis seems to have stabilized. The relative calm and peace in the Group's Sri Lanka factories through the dark days of the recent turmoil are expected to continue uninterrupted.

The Group expects to see a continued rebound in profit in the second half of the year ending 31 March 2023, perhaps to a less extent than that in the first half, as is customary because of the heavier volume from fall season shipping compare to spring or summer.

## LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

The Company manages its capital structure with the objectives of ensuring that the businesses of the Group can continue to maintain a sustainable growth and providing a long term reasonable return to its shareholders. The Group's financial position remained manageable and stable. It is anticipated that the Group has sufficient working capital to fund its future working capital, capital expenditure and other cash requirements. As at 30 September 2022, the Group had cash and bank balances amounting to approximately HK\$31,494,000 (31 March 2022: approximately HK\$33,391,000), and current assets and current liabilities of approximately HK\$194,238,000 (31 March 2022: approximately HK\$203,416,000) and HK\$262,000,000 (31 March 2022: approximately HK\$268,365,000) respectively. It should be noted that the current liabilities balance as at 31 March 2022 included approximately HK\$480,000, the total of amounts due after one year but were included as current liabilities because of the payment on demand clause in bank loan documents.

As at 30 September 2022, there were bank borrowings of approximately HK\$122,261,000 (31 March 2022: approximately HK\$161,863,000). The bank borrowings are mainly denominated in Hong Kong dollar and US dollar. As at 30 September 2022, the Group's interest-bearing bank borrowings carried mainly variable rate borrowings with annual interest rate of 1.70% to 5.13% (31 March 2022: 0.51%–3.26%) per annum.



## GEARING RATIO

As at 30 September 2022, 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 340.3% (31 March 2022: 603.0%). The decrease was a direct result of the decrease in bank borrowings.

## PLEDGE OF ASSETS

The bank borrowings of the Group are secured by (a) certain assets of the Group, (b) 18th and 19th floors of Win Plaza, San Po Kong, Kowloon, Hong Kong owned by a Director, who is the spouse of a substantial shareholder of the Company, and (c) the personal guarantees of a substantial shareholder and his spouse who is also a Director.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2022, the Group employed approximately 1,430 full-time employees (31 March 2022: approximately 1,381 full-time employees) in Hong Kong, the People's Republic of China (the "PRC") and Sri Lanka. The Group recognizes the importance of maintaining good relationship with its employees and retaining competent staff to ensure operational efficiency and effectiveness. The remuneration packages offered to the Group's employees are based on market conditions and each employee's qualifications, relevant experience, position and seniority. The Group conducts review on salary increments, bonuses and promotions based on the performance of each employee. The Group provides on-the-job training to its new employees. During the Period under Review, the Group had not experienced any strike, any significant problems with its employees or other significant labor disputes which had materially disrupted its operation during such period, and has not experienced any difficulties in the recruitment of experienced and skilled staff.

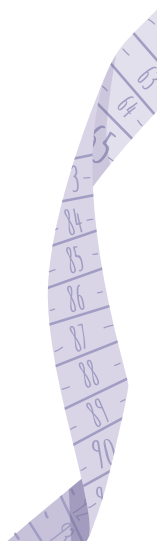
## TREASURY POLICIES AND FOREIGN CURRENCY EXPOSURE

The business activities and operations of the Group are located mainly in Hong Kong, PRC, Philippines and Sri Lanka. The Group carries out foreign currency transactions in United States Dollars (“US\$”), Euro (“EUR”), Renminbi (“RMB”) and Sri Lankan Rupees (“LKR”), which 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 30 September 2022, the Group had no capital commitment.

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



## OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities from 19 October 2018 (the "Listing Date") up to the date of this report.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry with all the Company's Directors, the Company has ascertained that all of its Directors have complied with the required standards set out in the Model Code during the Period under Review.

### CORPORATE GOVERNANCE

The Board appreciates that good corporate governance is vital to the healthy and sustainable development of the Group. In the opinions of the Directors, the Company had complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the Period under Review.

### REVIEW OF ACCOUNTS

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

### CHANGE IN INFORMATION OF DIRECTORS

From July 2022 to September 2022, Mr. Tsang Ho Yin was appointed as a non-executive Director of Summi (Group) Holdings Limited (stock code: 756), a company listed on the Stock Exchange. He was also appointed as a joint company secretary and authorised representative of 1957 & Co. (Hospitality) Limited (stock code: 8495), a company listed on GEM of the Stock Exchange, with effect from 19 August 2022.

Mr. Choi Wai Hin was appointed as the vice president, chief financial officer, company secretary and authorised representative of Cosmo Lady (China) Holdings Company Limited (stock code: 2298), a company listed on the Stock Exchange, with effect from 21 November 2022.

## INTERESTS OF DIRECTORS AND THE CHIEF EXECUTIVE

As at 30 September 2022, the interests and short positions of each Director and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Future Commission (“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 our Company and SEHK pursuant to the Model Code, were as follows:

### Interests and/or short positions in the Company

Director	Nature of interest	Number of Shares held <sup>(1)</sup>	Percentage of interest in the Company
Ms. Wong Mei Wai Alice	Interest of spouse <sup>(2)</sup>	40,100,000 (L)	20.05%

#### Notes:

- The letter “L” denotes long position in the shares held.
- Ms. Wong Mei Wai Alice is the spouse of Mr. Siu Chi Wai and is deemed to be interested in the Shares in which Mr. Siu Chi Wai is interested in under Part XV of the SFO. These shares are owned by Moonlight Global Holdings Limited. Moonlight Global Holdings Limited is wholly owned by Mr. Siu Chi Wai.

Save as disclosed above, as at the date of this report, 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 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.



## SUBSTANTIAL SHAREHOLDERS

As at 30 September 2022, so far as our Directors are aware, the following persons had an interest or short position in the Shares or the underlying Shares as recorded in the register required to be kept under section 336 of the SFO or which were required to be disclosed to our Company and SEHK under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<b>Name</b>	<b>Capacity/nature of interest</b>	<b>Number of Shares<sup>(1)</sup></b>	<b>Percentage of shareholding</b>
Moonlight Global Holdings Limited ("Moonlight")	Beneficial owner	40,100,000 (L)	20.05%
Mr. Siu Chi Wai	Interest of controlled corporation <sup>(2)</sup>	40,100,000 (L)	20.05%
Ms. Wong Mei Wai Alice	Interest of spouse <sup>(3)</sup>	40,100,000 (L)	20.05%

Notes:

1. The letter "L" denotes a long position in the Shares.
2. The issued share capital of Moonlight is wholly owned by Mr. Siu Chi Wai. Mr. Siu Chi Wai is deemed to be interested in the Shares in which Moonlight is interested in under Part XV of the SFO.
3. Ms. Wong Mei Wai Alice is the spouse of Mr. Siu Chi Wai and is deemed to be interested in the Shares in which Mr. Siu Chi Wai is interested in under Part XV of the SFO. These shares are owned by Moonlight. Moonlight is wholly owned by Mr. Siu Chi Wai.

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

## SHARE OPTION SCHEME

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

## INTERIM DIVIDEND

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

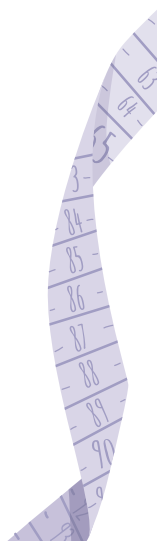
## IMPORTANT EVENTS AFTER THE REVIEW PERIOD

On 26 October 2022, the Company entered into a placing agreement with Grand China Securities Limited to procure, on a best effort basis, not less than six independent placees to subscribe for up to 40,000,000 placing shares at the placing price of HK\$0.12 per placing share with long stop date of 9 December 2022. The placing shares will be allotted and issued under the general mandate granted to the Directors by resolution of the Shareholders passed at the annual general meeting held on 31 August 2022, subject to the limit up to 20% of the total number of issued Shares as at the date of the annual general meeting.

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

Hong Kong, 29 November 2022

\* For identification purposes only



## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30 September	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	5	337,736	246,156
Cost of sales		(284,947)	(211,790)
<b>Gross Profit</b>		<b>52,789</b>	34,366
Other revenue		3,603	4,509
Other gain/(losses), net	6	1,482	(155)
Selling and distribution costs		(18,652)	(11,522)
General and administrative expenses		(23,495)	(24,550)
Finance costs	7	(4,399)	(2,319)
<b>Profit before income tax expense</b>		<b>11,328</b>	329
Income tax expense	8	–	–
<b>Profit for the period</b>	9	<b>11,328</b>	329
<b>Other comprehensive loss, net of tax</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		(2,210)	(248)
Remeasurement loss on defined benefit plan		(34)	(105)
<b>Other comprehensive loss for the period</b>		<b>(2,244)</b>	(353)
<b>Total comprehensive income/(loss) for the period</b>		<b>9,084</b>	(24)
		<b>HK cents</b>	<b>HK cents</b>
Earnings per share			
– Basic and diluted	11	5.66	0.06

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
<b>Non-current assets</b>			
Prepaid insurance premium	12	8,619	8,513
Property, plant and equipment	13	41,370	43,836
Intangible assets	14	6,748	6,748
Right-of-use assets	15	27,173	30,414
Goodwill	16	16,824	16,824
Other receivables	18	–	2,706
Deferred tax assets		11,781	11,781
<b>Total non-current assets</b>		<b>112,515</b>	120,822
<b>Current assets</b>			
Inventories	17	45,071	40,024
Trade and other receivables	18	117,527	129,819
Amount due from related parties	23	–	1
Tax recoverable		146	181
Cash and cash equivalents		31,494	33,391
<b>Total current assets</b>		<b>194,238</b>	203,416
<b>Total assets</b>		<b>306,753</b>	324,238
<b>Current liabilities</b>			
Trade, bills and other payables	19	137,889	99,736
Amount due to related parties	23	–	3,301
Bank borrowings	20	122,261	161,863
Lease liabilities	15	1,850	3,465
<b>Total current liabilities</b>		<b>262,000</b>	268,365
<b>Net current liabilities</b>		<b>(67,762)</b>	(64,949)

	Notes	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Loan from a shareholder	21	–	18,987
Defined benefit obligation		2,075	2,072
Lease liabilities	15	4,414	5,610
Deferred tax liabilities		2,335	2,359
<b>Total non-current liabilities</b>		<b>8,824</b>	29,028
<b>NET ASSETS</b>		<b>35,929</b>	26,845
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	22	8,000	8,000
Share premium	22	66,541	66,541
Reserves		(38,612)	(47,696)
<b>TOTAL EQUITY</b>		<b>35,929</b>	26,845

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Contributed reserve HK\$'000	Translation reserve HK\$'000	Remeasurement reserve HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
<b>At 1 April 2021 (audited)</b>	8,000	66,541	34,000	4,078	993	(386)	(56,223)	57,003
Profit for the period	-	-	-	-	-	-	329	329
Remeasurement loss on defined benefit plan for the period	-	-	-	-	-	(105)	-	(105)
Exchange differences arising on translation of foreign operations	-	-	-	-	(248)	-	-	(248)
Total comprehensive income/ (loss) for the period	-	-	-	-	(248)	(105)	329	(24)
Deemed capital contribution arising from shareholders' loan	-	-	11,700	-	-	-	-	11,700
<b>At 30 September 2021 (unaudited)</b>	8,000	66,541	45,700	4,078	745	(491)	(55,894)	68,679
<b>At 1 April 2022 (audited)</b>	8,000	66,541	47,413	4,078	(4,687)	570	(95,070)	26,845
Profit for the period	-	-	-	-	-	-	11,328	11,328
Remeasurement loss on defined benefit plan for the period	-	-	-	-	-	(34)	-	(34)
Exchange differences arising on translation of foreign operations	-	-	-	-	(2,210)	-	-	(2,210)
Total comprehensive income/ (loss) for the period	-	-	-	-	(2,210)	(34)	11,328	9,084
<b>At 30 September 2022 (unaudited)</b>	8,000	66,541	47,413	4,078	(6,897)	536	(83,742)	35,929



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Net cash generated from/(used in) operating activities	<b>65,422</b>	(28,016)
Cash flow from investing activities:		
Interest received	<b>10</b>	17
Repayment from related parties	<b>1</b>	106
Purchases of properties, plant and equipment	<b>(1,019)</b>	(258)
Proceeds from disposal of properties, plant and equipment	<b>299</b>	2
Net cash used in investing activities	<b>(709)</b>	(133)
Cash flow from financing activities:		
Proceed from bank borrowings	<b>276,160</b>	344,388
Repayment of bank borrowings	<b>(317,677)</b>	(352,337)
Proceeds from shareholder's loan	–	20,700
Repayment of shareholder's loan	<b>(18,987)</b>	–
Repayment of interest portion of the lease liabilities	<b>(234)</b>	(283)
Repayment of principal portion of the lease liabilities	<b>(1,813)</b>	(4,650)
Proceeds of deemed contribution from shareholders' loan	–	11,700
Interest paid	<b>(4,399)</b>	(2,319)
Net cash (used in)/generated from financing activities	<b>(66,950)</b>	17,199
Net decrease in cash and cash equivalents	<b>(2,237)</b>	(10,950)
Cash and cash equivalents at beginning of the period	<b>33,391</b>	63,853
Effect of exchange rate changes on cash and cash equivalents	<b>340</b>	863
Cash and cash equivalents at end of the period	<b>31,494</b>	53,766
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS:</b>		
Bank balances and cash	<b>31,494</b>	53,766

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL

Sterling Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares 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, Third 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. The Company and its subsidiaries (collectively, the “Group”) are 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 (“USA”), Italy and United Kingdom (“UK”).

This condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”) as the management of the Group consider HK\$ can provide more meaningful information to the Company’s investors.

These condensed consolidated interim financial statements have not been audited or reviewed by the auditor of the Company.

### 2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”), issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”).

The condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values.

These condensed consolidated interim financial statements are presented in Hong Kong dollars, unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) and should be read in conjunction with the 2022 annual financial statements.



In preparing the condensed consolidated financial statements, the Directors of the Company have given careful consideration to the future liquidity of the Group and are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of authorisation for issue of these condensed consolidated financial statements.

The Directors of the Company are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

### 3. ESTIMATES

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

### 4. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied in the condensed interim financial information of the Group for the six months ended 30 September 2022 are consistent with those adopted in the consolidated financial statements for the year ended 31 March 2022, except for the adoption of new and amended standards as set out below.

#### (a) New and amended standards adopted by the Group

The below amended standards, improvements and accounting guideline became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards, improvements and accounting guideline.

Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Improvements to HKFRS 9, HKFRS 16, HKFRS 1, HKAS 41	Annual Improvements to HKFRSs 2018–2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

**(b) New and amended standards that have been issued but are not yet effective**

The following interpretation and amendments to existing standards, which are considered appropriate and relevant to the Group's operations, have been issued but are not effective for the year ending 31 March 2023 and have not been early adopted:

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

**5. SEGMENT INFORMATION****Operating segments**

The Group is principally engaged in the manufacturing and trading of apparel products and licensing of trademarks. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole, as the Group's resources are integrated and no discrete operating segment is available. The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following two reportable segments.

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

The Group's operations are mainly located in Hong Kong, PRC and Sri Lanka.

### Segment revenue and results

The following is an analysis of the Group's revenue that is disaggregated by major products, primary geographical market and timing of revenue recognition.

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Sales of apparel products	337,736	246,156
Licensing and related income	–	–
	<b>337,736</b>	<b>246,156</b>
<b>Major products</b>		
Outerwear	149,539	113,735
Bottom	125,808	71,323
Top	26,399	25,644
Others (Note a)	35,990	35,454
	<b>337,736</b>	<b>246,156</b>
<b>Primary geographical markets</b>		
USA	322,352	223,589
Hong Kong	10,130	6,871
Italy	3,992	14,656
Others (Note b)	1,262	1,040
	<b>337,736</b>	<b>246,156</b>
<b>Timing of revenue recognition</b>		
At a point in time	337,736	246,156
Transferred over time	–	–
	<b>337,736</b>	<b>246,156</b>

Notes:

- Others mainly includes other products like dresses, suits, gowns, scarves, jumpsuits, sleepwear, vests and masks.
- Others mainly includes the United Kingdom, Canada, the Netherlands and Mexico.

**Information about the Group's non-current assets**

The geographical location of the non-current assets is based on the physical location of the asset, in the case of other than prepaid insurance premium, and the location to which they are managed, in the case of intangible assets.

	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
Hong Kong	35,100	36,669
PRC	17,344	19,212
Sri Lanka	48,290	50,454
	<b>100,734</b>	106,335

**6. OTHER GAINS AND LOSSES, NET**

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Fair value changes on prepaid insurance premium	106	105
Net exchange gain/(loss)	1,376	(260)
	<b>1,482</b>	(155)

**7. FINANCE COSTS**

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest on bank borrowings		
– trust receipt loans	3,569	1,320
– term and revolving loans	562	716
Interest expenses on lease liabilities	268	283
	<b>4,399</b>	2,319



8. INCOME TAX EXPENSE

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

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Hong Kong profits tax	–	–
Oversea profits tax	–	–
Deferred tax	–	–
	–	–

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. The Group has decided not to accrue for any tax expense for the Period under Review until the year-end (Corresponding Period: Nil).

Pursuant to the rules and regulations of the Cayman Islands, the company incorporated in the Cayman Islands is not subject to any income tax.

Hong Kong profits tax for the Hong Kong subsidiaries will be provided at the rate of 16.5% on the estimated assessable profits. Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying group entity will be taxed at 8.25% and assessable profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. A HK subsidiary of the Group has been entitled to a concessionary tax rate of 50% on the transactions made with a PRC subsidiary of the Group under the relevant contract processing arrangement for the both periods.

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

The provision for Sri Lanka Corporate Income Tax is based on the statutory rate of 14% of the assessable profit of the Sri Lanka subsidiaries of the Group as determined in accordance with the Sri Lanka’s Inland Revenue Act No. 10 of 2006 which was effective on 31 March 2006.

**9. PROFIT FOR THE PERIOD**

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

	<b>Six months ended 30 September</b>	
	<b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2021 <i>HK\$'000</i> <b>(Unaudited)</b>
Depreciation of property, plant and equipment	2,822	2,701
Depreciation of right-of-use assets	2,305	4,299
Fair value changes on prepaid insurance premium	<b>(106)</b>	(105)
Employee costs (including directors' emoluments)	<b>46,118</b>	49,664
Government grants*	<b>(1,006)</b>	–
Interest income*	<b>(10)</b>	(917)

\* *Included in other revenue.*

**10. DIVIDENDS**

	<b>Six months ended 30 September</b>	
	<b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2021 <i>HK\$'000</i> <b>(Unaudited)</b>
Interim dividends	–	–

The Board of directors do not recommend the payment of interim dividend for the six months ended 30 September 2022 and 2021.

11. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 September 2022 and 2021.

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Earnings</b>		
Profit for the period attributable to owners of the Company for the purposes of calculations of basic and diluted earnings per share	<b>11,328</b>	329

	Six months ended 30 September	
	2022 '000 (Unaudited)	2021 '000 (Unaudited) (Restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of calculations of basic and diluted earnings per share	<b>200,000</b>	200,000
	<b>HK cents</b>	HK cents
Earning per share – Basic and diluted	<b>5.66</b>	0.06

The computation of basic earnings per share for the Period under Review is based on the profit attributable to ordinary equity shareholders of the Company of HK\$11,328,000 (Corresponding Period: HK\$329,000) and the weighted average of 200,000,000 ordinary shares (30 September 2021: restated as 200,000,000 ordinary shares). The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the consolidation of every four issued ordinary shares of the Company with nominal value of HK\$0.01 each into one consolidated ordinary share of the Company with nominal value of HK\$0.04 each on 6 July 2021, as if it was effective since 1 April 2021.

## 12. PREPAID INSURANCE PREMIUM

In February 2013, a subsidiary of the Company entered into a life insurance policy (the “Policy”) with a bank to insure a director of the Company, Ms. Wong Mei Wai Alice. Under the Policy, the beneficiary and policy holder is a subsidiary of the Company and the total insured sum is US\$3,000,000 (equivalent to HK\$23,250,000). At inception of the Policy, the Group paid a gross premium of approximately US\$1,000,000 (equivalent to HK\$7,750,000). The bank will pay the Group a guaranteed interest at a rate of 4% per annum for the first year and a variable return per annum afterwards (with minimum guaranteed interest at a rate of 2.0% per annum) during the effective period of the Policy. The Group can terminate the Policy at any time and can receive cash back at the date of termination based on the account value of the Policy (“Account Value”), which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the policy. If termination is made between the first policy year to the end of surrender period stated in the Policy, there is a specified amount of surrender charge deducted from Account Value. The directors of the Company consider that the expected life of the Policy remains unchanged from the date of initial recognition and the financial impact of the option to terminate the Policy was not significant.

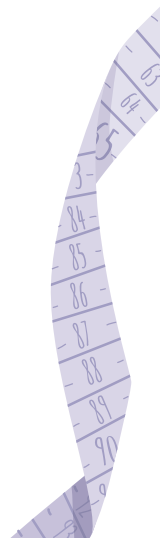
The Policy exposes the insurer to significant insurance risk. The prepaid insurance premium is classified as financial asset at fair value through profit or loss. The fair value gain of HK\$106,000 (Corresponding Period: HK\$105,000) has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the Period under Review.

During the period, the prepaid insurance premium is pledged to secure general banking facilities granted to the Group (Note 20).

The prepaid insurance premium is denominated in US\$, a currency other than the functional currency of the subsidiary.

## 13. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the Period under Review, the Group acquired property, plant and equipment with a cost of approximately HK\$1,019,000 (Corresponding Period: HK\$258,000).



14. INTANGIBLE ASSETS

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
Trademark		
Cost	<b>10,850</b>	10,850
Less: Impairment	<b>(4,102)</b>	(4,102)
At the end of the period/year	<b>6,748</b>	6,748

The J. Peterman trademark services the J. Peterman worldwide operations and is separately identifiable. It is considered to have an indefinite useful life and will not be amortised.

**Impairment tests for trademark with indefinite useful life**

The recoverable amount of the trademark with indefinite useful life was determined based on a value-in-use calculation by reference to the valuation information prepared by the management as at 30 September 2022 and 31 March 2022. The income approach explicitly recognises that the current value of an investment is premised upon the expected receipt of future economic benefits such as cost savings, periodic income, or sale proceeds. The cash flows are discounted using a discount rate of 19.5% (31 March 2022: 19.5%). The discount rate used is pre-tax and reflects specific risks relating to the marketing and distribution of lifestyle apparels. Other key assumptions involve (i) management's expectations for the market development and (ii) the continuity of the cooperation relationship with business partners.

During the six months ended 30 September 2022 and 2021, no impairment loss was recognised in respect of the trademark. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount measurement is based would not cause the carrying amount to exceed its recoverable amount.

## 15. LEASES

The Group's right-of-use assets represent the use of leasehold land and properties as its production factory and administrative offices through tenancy agreements, which comprise only fixed payments over the lease terms.

**Right-of-use assets**

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
Ownership interests in leasehold land held for own use, carried at depreciated cost	21,379	21,669
Properties leased for own use, carried at depreciated cost	5,794	8,745
	<b>27,173</b>	30,414

The right-of-use assets represent the Group's rights to use underlying leased premises under operating lease arrangements over the lease terms, which are stated at cost less accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities.

**Lease liabilities**

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
Maturity analysis		
Less than one year	1,850	3,465
Over one year and more	4,414	5,610
<b>Total lease liabilities</b>	<b>6,264</b>	9,075
Analysed as:		
Current portion	1,850	3,465
Non-current portion	4,414	5,610
	<b>6,264</b>	9,075

**16. GOODWILL**

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
At the beginning of the period/year	16,824	18,122
Exchange differences	–	(1,298)
	<b>16,824</b>	16,824

**Impairment tests for cash-generating unit containing goodwill**

For the purpose of impairment testing, goodwill arising from the business combinations is allocated to the appropriate cash-generating unit (“CGU”) of the Group identified as follows:

	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
Manufacturing and trading of apparel products	<b>16,824</b>	16,824

The recoverable amount for the CGU is determined based on value-in-use calculations. These calculations use pre-tax discounted cash flow projections based on multiple-scenario financial budgets approved by management covering a 5-year period, with each of the scenarios probability weighted. In view of the fact that the U.S. retail market has recovered strongly from the depressed trading conditions caused by the pandemic in 2020 and that the Group's sales performance has likewise rebounded compared with last year and is expected continuously to grow in the following four years.

**17. INVENTORIES**

	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
Raw materials and consumables	<b>36,392</b>	29,464
Work-in-progress	<b>5,116</b>	3,334
Finished goods	<b>3,563</b>	7,226
	<b>45,071</b>	40,024



18. TRADE AND OTHER RECEIVABLES

	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
Trade receivables, (a)	151,896	167,778
Less: Loss allowances on trade receivables, (b)	(43,467)	(43,467)
	<b>108,429</b>	124,311
Prepayments	3,681	4,128
Other receivables (Note)	22,118	20,891
Less: Loss allowances on other receivables	(17,649)	(17,649)
Utilities and sundry deposits	948	844
	<b>117,527</b>	132,525
Non-current	–	2,706
Current	<b>117,527</b>	129,819
	<b>117,527</b>	132,525

Note: Loss allowance for ECL of HK\$17,649,000 has been recognised for other receivables under ECL model as at 30 September 2022 and 31 March 2022 respectively.

The amount is unsecured, interest free and repayable on demand, except for an amount of HK\$2,706,000 as at 31 March 2022, which the Directors expect it will not be repaid within twelve months.

- (a) The aging analysis of trade receivables at amortised cost at 30 September 2022 and 31 March 2022, based on the invoice date, is as follows:

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
0–30 days	44,293	70,453
31–90 days	19,587	16,343
91–365 days	31,146	25,275
Over 365 days	56,870	55,707
	<b>151,896</b>	167,778
Less: Loss allowances on trade receivables	<b>(43,467)</b>	(43,467)
	<b>108,429</b>	124,311

- (b) The movement in the allowance for expected credit loss of trade receivables during the Period under Review/year ended 31 March 2022 was as follows:

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
At the beginning of the period/year	43,467	16,920
Expected credit loss recognised on trade receivables during the period/year	–	26,547
At the end of the period/year	<b>43,467</b>	43,467

19. TRADE, BILLS AND OTHER PAYABLES

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
Trade payables	49,048	41,606
Bills payables	79,655	42,288
Other payables and accruals	9,186	15,842
	<b>137,889</b>	99,736

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

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
0–30 days	24,753	18,296
31–90 days	17,615	20,915
91–365 days	5,783	1,497
Over 365 days	897	898
	<b>49,048</b>	41,606

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.

## 20. BANK BORROWINGS

	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
Interest bearing		
– trust receipt loans, secured (Notes (a), (b) and (c))	110,065	124,973
– term and revolving loans, secured (Notes (a), (b) and (c))	12,195	36,890
	<b>122,261</b>	161,863

## Notes:

- (a) These bank borrowings obtained and repaid are mainly denominated in Hong Kong dollars and US dollars. The bank borrowings raised were mainly used as revolving trade finance facilities or as working capital of the Group.
- (b) The bank borrowings are secured by (i) certain assets of the Group, (ii) 18th and 19th floors of Win Plaza, San Po Kong, Kowloon, Hong Kong owned by a Director, who is the spouse of a substantial shareholder of the Company, and (iii) the personal guarantees of a substantial shareholder and his spouse who is also a Director of the Company. The carrying amount of the assets of the Group pledged is as follows:

	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
Prepaid insurance premium	8,619	8,513

- (c) All of the bank borrowings are repayable on demand (with demand clause) or within one year. They are classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at their own discretion. None of the portion of these bank loans due for repayment after one year which contain a repayment on demand clause and that is classified as a current liability is expected to be settled within one year.

Total current bank borrowings were scheduled to repay as follows:

	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
On demand or within one year	122,261	161,383
More than one year, but not exceeding two years	–	480
	<b>122,261</b>	161,863

The amounts due are based on the scheduled repayment dates in the loan agreements and ignore the effect of any repayment on demand clause.

All of the banking facilities are subject to the fulfilment of covenants relating to certain of the Group's financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become repayable on demand. In addition, certain of the Group's loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants, which is up to date with the scheduled repayments of the term and revolving loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements.

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

	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
Effective interest rates:		
Bank loans	<b>1.70%–5.13% per annum</b>	0.51%–3.26% per annum

## 21. LOANS FROM A SHAREHOLDER

As at 31 March 2022, the balance of loans advanced from Moonlight Global Holdings Limited amounted to HK\$18,987,000. Moonlight Global Holdings Limited was a controlling shareholder of the Company prior to 20 July 2021 and a current substantial shareholder of the Company. The balance was unsecured, interest-free and due upon the expiry of 3 years from the dates of drawdown. Its carrying amount was calculated using a market interest rate of 3.77% per annum. As of 30 September 2022, the said shareholder loan of HK\$18,987,000 had been paid off.

## 22. SHARE CAPITAL

	Number of ordinary shares	Nominal value <i>HK\$'000</i>	Share premium <i>HK\$'000</i>
<b>Authorised:</b>			
At 1 April 2021	10,000,000,000	100,000	–
Share Consolidation ( <i>note</i> )	(7,500,000,000)	–	–
At 31 March 2022 and 30 September 2022	2,500,000,000	100,000	–
<b>Issued and fully paid:</b>			
At 1 April 2021	800,000,000	8,000	66,541
Share Consolidation ( <i>note</i> )	(600,000,000)	–	–
At 31 March 2022 and 30 September 2022	200,000,000	8,000	66,541

*Note:* With effect from 6 July 2021, every four (4) issued and unissued shares of the Company with nominal value of HK\$0.01 each were consolidated into one (1) consolidated share of the Company with nominal value of HK\$0.04 each (the “Share Consolidation”). Further details of the Share Consolidation are set out in the Company’s announcements dated 3 June 2021, 2 July 2021 and circular of the Company dated 11 June 2021.

23. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

The Group entered into the following transactions with its related parties during the six months ended 30 September 2022 and 2021:

Name of entities	Relationship with the Group
Win 18 Limited ("Win 18") and Win 19 Limited ("Win 19")	(i) Common director, Ms. Wong Mei Wai Alice (spouse of a substantial shareholder of the Company).
	(ii) Common controlling shareholders, Moonlight Global Holdings Limited (before 20 July 2021) and Rainbow Galaxy Limited (before 19 July 2021).
	(iii) Common substantial shareholder, Moonlight Global Holdings Limited (from 20 July 2021 to 26 November 2021). Indirectly wholly owned by Ms. Wong Mei Wai Alice (executive director of the Company) from 26 November 2021.
	(iv) Ex-common director, Mr. Choi Siu Wai William (resigned as non-executive Director of the Company on 23 March 2022).

Name of entities	Nature of transactions	Six months ended 30 September	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Win 18	Rental expenses	750	750
Win 19	Rental expenses	750	750

Note: Rental expenses were charged at a fixed monthly fee mutually agreed. These transactions were de minimis continuing connected transactions exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

## (b) Key management personnel compensation

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Salaries and other allowances	5,105	4,286
Retirement benefit scheme contributions	27	42
	<b>5,132</b>	<b>4,328</b>

## (c) Outstanding balances with related parties

Details of the Group's outstanding balances with related parties are set out as follows respectively:

	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
Amounts due from related parties (Note)	–	1
Amounts due to related parties (Note)	–	(3,301)
Loans from a shareholder	–	(18,987)

Note: Amounts due from/(to) related parties are unsecured, interest-free and repayable on demand.



24. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
<b>Financial assets</b>		
<i>Financial assets at amortised cost</i>		
– Trade and other receivables	113,846	128,397
– Amount due from Related Parties	–	1
– Cash and cash equivalents	31,494	33,391
	<b>145,340</b>	161,789
<b>Financial liabilities</b>		
<i>At amortised cost</i>		
– Trade, bills and other payables	137,889	99,736
– Amounts due to related parties	–	3,301
– Loans from a shareholder	–	18,987
– Bank borrowings	122,261	161,863
– Lease liabilities	6,264	9,075
	<b>266,414</b>	292,962