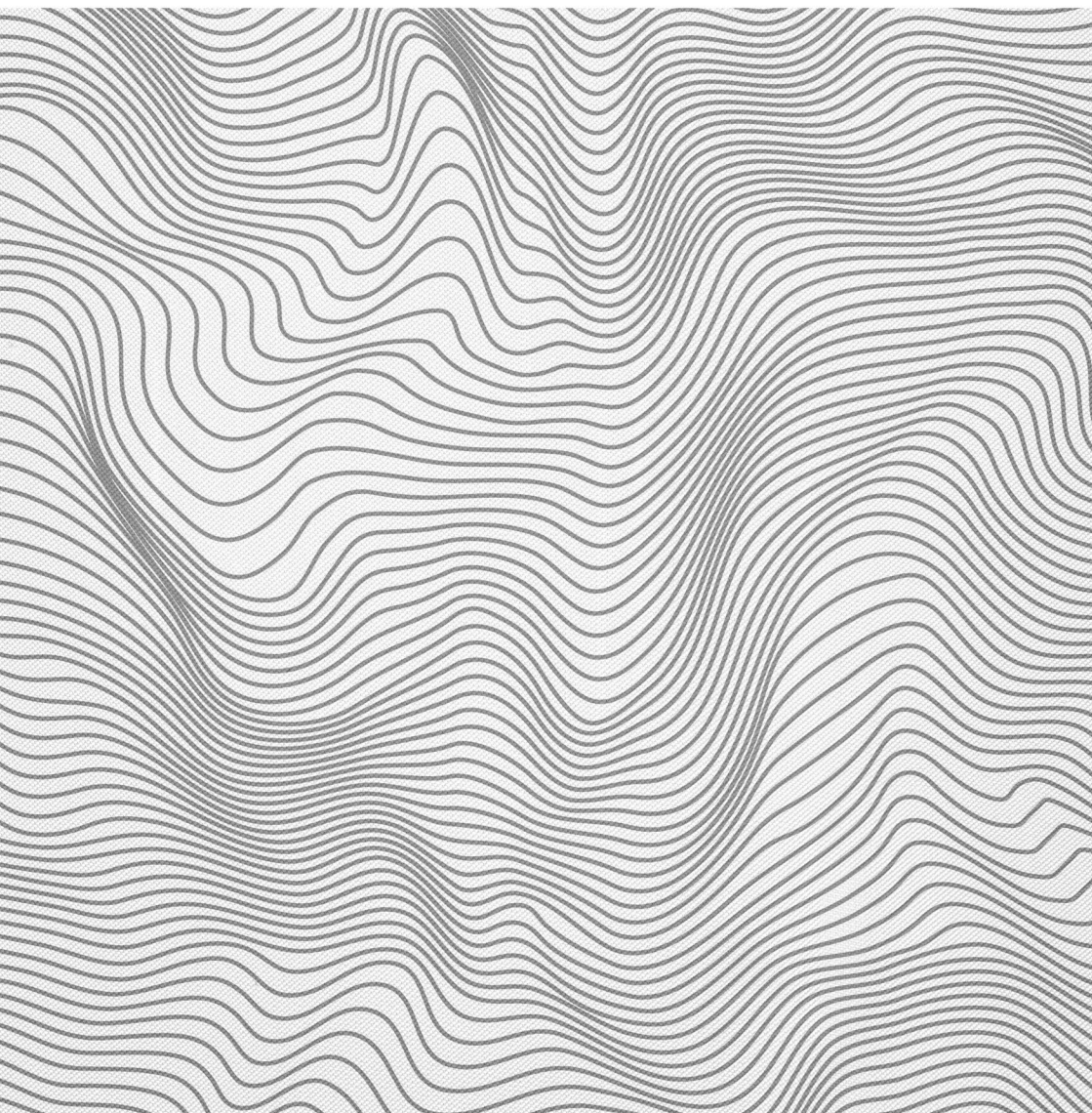


SG GROUP HOLDINGS LIMITED

樺欣控股有限公司

Incorporated in the Cayman Islands with limited liability
Stock Code: 1657

INTERIM REPORT 2024



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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

During the Period, the Group recorded a decrease in the traditional segment. The Group's revenue from such business segment has decreased by 42.9% to approximately HK\$41.0 million for the Period from approximately HK\$71.8 million for the six months ended 31 October 2023. The decrease reflected the decrease in sales orders from a major customer targeting US market.

In respect of new retail business, the Group's revenue increased by 31.4% to approximately HK\$18.4 million for the Period from approximately HK\$14.0 million for the six months ended 31 October 2023. The increase reflected the increase in sales orders from our major UK customers. The Group will continue to optimise the influencer collaboration collections and to provide our customers with the best and most relevant products with the leverage of promotional effect through empowerment by influencers so as to sustain and even boost sales order from our major UK customers.

In December 2023, the Group has entered into a new business in respect of the provision of institutional catering to private institution. The Group recorded approximately HK\$5.1 million for the Period. Building on the successful start and high customer satisfaction, a number of letters of offer were received during the Period under negotiation. The Group is confident in growing the institutional catering business over the long term. The Group will continue to grow market share by providing a wide range of high-value menu offerings and customer-focused service.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by 24.9% to approximately HK\$64.4 million for the Period from approximately HK\$85.8 million for the six months ended 31 October 2023. The decrease in revenue was mainly due to (i) the decrease in purchase orders from a major customer targeting US market; and (ii) sales discount granted to the customers upon our customers' requests. Most customers in UK reduced demand amid their end customers faced accelerating inflation and pressure on disposable incomes.

Traditional business

The Group recorded a decrease in the traditional business segment. The Group's revenue has decreased by 42.9% to approximately HK\$41.0 million for the Period from approximately HK\$71.8 million for the six months ended 31 October 2023. The decrease reflected the decrease in sales orders from a major customer targeting US market.

New retail business

The Group recorded an increase in revenue from the new retail business by 31.4% to approximately HK\$18.4 million for the Period from approximately HK\$14.0 million for the six months ended 31 October 2023. The increase reflected the increase in sales orders from our major UK customers. The Group will continue to strengthen its customized comprehensive apparel designing and sourcing services with the leverage of promotional effect through empowerment by influencers so as to sustain and even boost sales order from our major UK customers.

Institutional catering business

In December 2023, the Group has entered into a new business in respect of the provision of institutional catering to private institution. The Group recorded approximately HK\$5.1 million for the Period (for the six months ended 31 October 2023: HK\$Nil).

Cost of sales and services

The Group's cost of sales and services primarily consists of cost of goods sold and other direct costs. The cost of sales and services decreased by 26.6% to approximately HK\$57.6 million for the Period as compared to HK\$78.5 million for the six months ended 31 October 2023. The cost of sales and services decreased along with the decrease in revenue for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTINUED)

Gross profit and gross profit margin

The Group's gross profit decreased to approximately HK\$6.8 million for the Period from approximately HK\$7.3 million for the six months ended 31 October 2023, representing a decrease of approximately 6.8%. The Group's gross profit margin was approximately 10.6% for the Period and approximately 8.5% for the six months ended 31 October 2023. Such increase in gross profit margin was primarily attributable to the continuous effort in optimization of both customer and supplier portfolio.

Other gains and losses

The Group recorded other net gains on foreign exchange of approximately HK\$404,000 for the Period, as compared to other net losses of approximately HK\$116,000 for the six months ended 31 October 2023. Such increase was mainly due to the foreign exchange gains on depreciation of Renminbi ("RMB") and the appreciation of Great British Pound ("GBP").

The Group recorded a net unrealised losses on financial assets at FVTPL of HK\$346,000 for the Period (for the six months ended 31 October 2023: HK\$1.8 million). However, the Group continues, from time to time, to explore, in a prudent way, suitable investment opportunities to enhance the interests of the Company and its shareholders.

Impairment loss recognised on trade receivables

The Group recorded a provision for impairment loss recognised on trade receivables of approximately HK\$1.7 million for the Period, as compared to a provision for impairment loss recognised on trade receivables of approximately HK\$0.7 million for the six months ended 31 October 2023. As a result of the increase in trade receivables of a major customer targeting US market and the increase in trade receivables of UK customers, which are past due at the end of the Period and took into account the forward looking factor when assessing the expected credit loss on the trade receivables, the Group incurred a greater amount of credit loss allowance against the trade receivables as compared to the six months ended 31 October 2023. There was no significant change of credit risk exposure for the major customers of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTINUED)

Administrative expenses

Administrative expenses primarily consist of employee benefit expenses, entertainment expenses, travelling expenses, depreciation of property and equipment and right of-use assets, legal and professional fees and other miscellaneous general and administrative expenses. Administrative expenses decreased to approximately HK\$8.1 million for the Period from approximately HK\$8.6 million for the six months ended 31 October 2023, representing a decrease of approximately 5.8%. The decrease was mainly attributable to the decrease in repair & maintenance expenses of approximately HK\$7,000 (for the six months ended 31 October 2023: HK\$382,000) and rental expenses in respect of short-term leases of approximately HK\$62,000 (for the six months ended 31 October 2023: HK\$1.2 million), resulting in the optimisation of back office team so as to cope with the new market and new customers. Nonetheless, the Group continues to inspire the team talent amid the marked slowdown in demand driven by global economic uncertainty and ensures proper cost control measures on the employees' remuneration during the Period.

Selling and distribution expenses

The Group's selling and distribution expenses increased to approximately HK\$7.1 million for the Period from approximately HK\$7.0 million for the six months ended 31 October 2023, representing an increase of approximately 1.4%. The increase in operating expenses incurred in respect of the provision of institutional catering to private institution mitigate the decrease of selling and distribution expenses incurred in respect of supply of apparel products. Nonetheless, the Group continues to inspire the team talent amid the marked slowdown in demand driven by global economic uncertainty and ensures proper cost control measures on the employees' remuneration during the Period.

Loss for the period

The Group recorded a loss for the period of approximately HK\$9.0 million for the Period, as compared to loss for the period of approximately HK\$10.2 million for the six months ended 31 October 2023. The loss was mainly due to the decrease in revenue and the decrease in purchase orders from a major customer targeting US market, as well as the provision for impairment loss recognised on trade receivables for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTINUED)

Total comprehensive expenses attributable to owners of the Company

Total comprehensive expenses attributable to owners of the Company amounted to approximately HK\$8.9 million for the Period, as compared to total comprehensive expenses of approximately HK\$10.3 million for the six months ended 31 October 2023. Total comprehensive expenses was mainly attributable to (i) decrease in revenue and the decrease in purchase orders from a major customer targeting US market; and (ii) the provision for impairment loss recognised on trade receivables; as a result of the downturn in the overall fashion retail and wholesale market and the continuous geopolitical tensions, high inflation and interest rate hikes as well as recession risk.

Basic loss per Share

The Company's basic loss per Share for the Period was approximately HK\$0.28, as compared to the basic loss per Share of approximately HK\$0.32 for the six months ended 31 October 2023. The decrease was in line with the loss for the period attributable to owners of the Company for the Period, as compared to that for the six months ended 31 October 2023.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains a healthy financial position. As at 31 October 2024 and 30 April 2024, the Group had net current assets of approximately HK\$57.4 million and HK\$64.3 million, respectively, which include bank balances and cash of approximately HK\$20.9 million and HK\$32.4 million, respectively. The Group's current ratio (that is, current assets divided by current liabilities) increased from approximately 5.8 as at 30 April 2024 to approximately 4.0 as at 31 October 2024.

Gearing ratio is calculated by dividing total debts by total equity as at the end of the reporting period. The total debts include bank borrowings and lease liabilities. The Group's gearing ratio was approximately 0.0713 as at 31 October 2024 (30 April 2024: 0.0716).

TREASURY POLICIES

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

MANAGEMENT DISCUSSION AND ANALYSIS

COMMITMENTS

As at 31 October 2024 and 30 April 2024, the Group did not have any capital commitments contracted for but not provided in the unaudited condensed consolidated financial statements.

CAPITAL STRUCTURE

As at 31 October 2024 and 30 April 2024, the Company's issued share capital was HK\$320,000 divided into 32,000,000 Shares of HK\$0.01 each.

SIGNIFICANT INVESTMENTS

As at 31 October 2024 and 30 April 2024, the Group did not hold any significant investments.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 31 October 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 October 2024 and 30 April 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

As at 31 October 2024 and 30 April 2024, the Group's exposure to currency risk primarily related to HK\$ and GBP. As HK\$ is pegged to the functional currency of the Group, US\$, the Group does not expect significant exchange rate risk from HK\$. The management of the Group strives to change invoicing currency of sales from GBP to US\$ to minimise exchange rate risk from fluctuations of GBP. The Group has set up a comprehensive foreign currency risk management policy that the Group may adopt to manage the risk it faces. The Group will review such policy from time to time. The Group currently does not undertake any foreign currency hedge.

PLEDGE OF ASSETS

As at 31 October 2024 and 30 April 2024, the Group did not have any leased assets secured by the lessor's title under finance lease.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees were 56 and 46 as at 31 October 2024 and 30 April 2024, respectively. The Group's employee benefit expenses mainly include salaries, wages, other staff benefits, contributions to retirement schemes. For the six months ended 31 October 2024 and 2023, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$7.1 million and HK\$4.8 million, respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to basic salary, year-end bonuses would be discretionarily offered to those employees with outstanding performance.

COMPLIANCE WITH LAWS AND REGULATIONS

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

The Group also complies with the requirements under the Company Law (2013 Revision) of the Cayman Islands, the Rules Governing the Listings of Securities on the Stock Exchange (the "Listing Rules") and the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO") for the disclosure of information and corporate governance.

MANAGEMENT DISCUSSION AND ANALYSIS

ENVIRONMENTAL POLICY

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

RELATIONSHIPS WITH STAKEHOLDERS

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

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

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

FUTURE PROSPECTS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECTS (CONTINUED)

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

OTHER INFORMATION

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

As at 31 October 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 13 of Appendix D2 to the Listing Rules, were as follows:

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

Notes:

- Mr. Charles Choi directly owns 100% of JC Fashion International Group Limited ("JC International"), which in turn holds 71.88% of the issued share capital of the Company. Mr. Charles Choi is deemed, or taken to be interested in, all the Shares held by JC International for the purpose of the SFO.
- The letter "L" denotes the person's long position in the Shares.

OTHER INFORMATION

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

Save as disclosed above, as at 31 October 2024, none of the Directors nor chief executive of the Company has registered an interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rule 13 of Appendix D2 to the Listing Rules.

OTHER INFORMATION

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

So far as the Directors are aware, as at 31 October 2024, the following persons (not being Directors or chief executive of the Company) will have or be deemed or taken to have an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

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

Notes:

1. Mr. Charles Choi directly owns 100% of JC International, which in turn holds 71.88% of the issued share capital of the Company. Mr. Charles Choi is deemed, or taken to be interested in, all the Shares held by JC International for the purpose of the SFO.
2. The letter "L" denotes the person's long position in the Shares.

Save as disclosed above, as at 31 October 2024, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

OTHER INFORMATION

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Appendix C3 to Listing Rules (the "Model Code"). In response to the specific enquiry made by the Company of the Directors, all Directors have confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company throughout the six months ended 31 October 2024.

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for as disclosed in this report, no transactions, arrangements or contracts of significance in relation to the business of the Group to which the Company, or any of its holding companies, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the six months ended 31 October 2024 or at any time during the six months ended 31 October 2024, nor was there any transaction, arrangements or contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder (as defined in the Listing Rules) or any of its subsidiaries for the six months ended 31 October 2024. There was also no contract of significance between the Company or one of the subsidiaries and the controlling shareholders or any of its subsidiaries.

OTHER INFORMATION

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

NON-COMPETITION UNDERTAKING

Each of the covenants of the deed of non-competition dated 21 February 2017 (“Non-Competition Undertakings”), Mr. Charles Choi and JC International (“Covenants”), has made annual declarations to the Company that during the six months ended 31 October 2024 and 2023, they have complied with the terms of the Non-Competition Undertakings. Details of the Non-Competition Undertakings are set out in the section headed “Relationship with our Controlling Shareholders” of the Prospectus.

The independent non-executive Directors have reviewed the status of compliance by each of the Covenants with the undertakings in the Non-Competition Undertakings and as far as the independent non-executive Directors can ascertain, the undertakings have been fully complied with and enforced during the six months ended 31 October 2024 and 2023. The executive Directors and the independent non-executive Directors also confirm that there are no other matters in relation to the aforesaid undertaking which should be brought to the attention of the Shareholders and the potential investors of the Group.

CORPORATE GOVERNANCE PRACTICES

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

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES (CONTINUED)

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

The Company complied with all code provisions in the CG Code during the six months ended 31 October 2024, save for code provision C.2.1.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events affecting the Group after the six months ended 31 October 2024 and up to the date of this report.

DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 31 October 2024 (31 October 2023: Nil).

OTHER INFORMATION

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has set up an Audit and Risk Management Committee on 21 February 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and section C3 of the CG Code. The duties of the Audit and Risk Management Committee are to review relationship with the Company's external auditors, review the Company's financial information, oversee the Company's financial reporting system and internal control procedures and oversee the Company's continuing connected transactions. The Audit and Risk Management Committee comprises all three independent non-executive Directors, namely Mr. Lai Kwok Hung, Alex, who is the chairman of the Audit and Risk Management Committee, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâlođlu. The unaudited condensed consolidated financial statements of the Group for the Period have been reviewed by the Audit and Risk Management Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Listing Rules and legal requirements, and adequate disclosures have been made.

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

Hong Kong, 31 December 2024

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

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF SG GROUP HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of SG Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 20 to 38, which comprises the condensed consolidated statement of financial position as of 31 October 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONCLUSION

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

D & PARTNERS CPA LIMITED

Certified Public Accountants

Hong Kong

31 December 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 OCTOBER 2024

		Six months ended 31 October	
		2024	2023
NOTES		HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue	4	64,393	85,768
Cost of sales and services		(57,636)	(78,482)
Gross profit		6,757	7,286
Other income		1,047	833
Other gains (losses), net	5	404	(116)
Net unrealised losses on financial assets at fair value through profit or loss ("FVTPL")		(346)	(1,794)
Net impairment loss recognised on trade receivables		(1,690)	(745)
Administrative expenses		(8,081)	(8,627)
Selling and distribution expenses		(7,096)	(7,038)
Finance costs		(116)	(103)
Loss before tax	6	(9,121)	(10,304)
Income tax credit	7	87	100
Loss for the period		(9,034)	(10,204)
OTHER COMPREHENSIVE INCOME (EXPENSES) FOR THE PERIOD			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of financial statements of foreign operations		122	(49)
Other comprehensive income (expenses) for the period		122	(49)
Total comprehensive expenses for the period		(8,912)	(10,253)
Loss per share			
– basic and diluted (Hong Kong dollars)	9	(0.28)	(0.32)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2024

	NOTES	31 October 2024 HK\$'000 (unaudited)	30 April 2024 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	14,776	15,944
Right-of-use assets		1,759	2,280
Investment properties		6,385	6,456
Intangible assets		1,165	1,982
Financial instrument at FVTOCI		-	-
		24,085	26,662
Current assets			
Inventories		6,023	45
Trade and other receivables	11	45,322	39,888
Tax recoverable		16	946
Financial assets at fair value through profit and loss ("FVTPL")		3,980	4,326
Bank balances and cash		20,902	32,430
		76,243	77,635
Current liabilities			
Contract liabilities		1,002	518
Trade and other payables	12	12,805	7,586
Lease liability		975	1,038
Bank borrowings	13	3,940	4,094
Tax payables		149	113
		18,871	13,349
Net current assets		57,372	64,286
Total assets less current liabilities		81,457	90,948

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2024

	NOTE	31 October 2024 HK\$'000 (unaudited)	30 April 2024 HK\$'000 (audited)
Non-current liabilities			
Lease liability		822	1,266
Deferred tax liabilities		203	338
		1,025	1,604
Net assets		80,432	89,344
Capital and reserves			
Share capital	14	320	320
Reserves		80,112	89,024
Total equity		80,432	89,344

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 OCTOBER 2024

	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000 (Note)	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 May 2023 (audited)	320	39,201	456	(2,925)	404	69,519	106,975
Loss and total comprehensive expenses for the period	-	-	-	-	(49)	(10,204)	(10,253)
At 31 October 2023 (unaudited)	320	39,201	456	(2,925)	355	59,315	96,722
At 1 May 2024 (audited)	320	39,201	456	(2,925)	(80)	52,372	89,344
Loss and total comprehensive income (expenses) for the period	-	-	-	-	122	(9,034)	(8,912)
At 31 October 2024 (unaudited)	320	39,201	456	(2,925)	42	43,338	80,432

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 OCTOBER 2024

	Six months ended 31 October	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Net cash used in operating activities	(10,865)	(23,364)
Investing activities		
Interest received	15	355
Dividend income	18	–
Purchases of property, plant and equipment	(13)	(48)
Deposit paid for acquisition of intangible assets	–	(800)
Deposit paid for acquisition of property, plant and equipment	–	(3,868)
Net cash from (used in) investing activities	20	(4,361)
Financing activities		
Repayment of bank borrowings	(154)	(1,239)
Repayment of lease liability	(513)	–
Interest paid	(116)	(103)
Cash used in financing activities	(783)	(1,342)
Net decrease in cash and cash equivalents	(11,628)	(29,067)
Cash and cash equivalents at beginning of the period	32,430	34,165
Effect of foreign exchange rate changes	100	19
Cash and cash equivalents at end of the period	20,902	5,117

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong). Besides, the condensed consolidation financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange. The condensed consolidated financial statements have been prepared under the historical cost convention.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current period

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 May 2024 for the preparation of the Group’s condensed consolidated financial statements:

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

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE AND SEGMENT INFORMATION

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

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

For the period ended 31 October 2024, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments. The Group combined the online fashion retailers segment with fashion retailers segment. With more fashion retailers started to trade on the online platform, the CODM started to make strategic decision for all fashion retails as a whole. Prior period segment disclosure have been represented to conform with the current period’s presentation.

The details of the Group’s of the reportable segment are as follows:

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

The operating segment also represent the Group’s reportable segment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

For the six months ended 31 October 2024

	Supply of Apparel Products – Traditional HK\$'000 (unaudited)	Supply of Apparel Products – New Retail HK\$'000 (unaudited)	Institutional catering HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue				
Supply of Apparel Products				
Womenswear	33,355	17,705	–	51,060
Childrenswear	7,624	–	–	7,624
Menswear	–	650	–	650
	<u>40,979</u>	<u>18,355</u>	<u>–</u>	<u>59,334</u>
Institutional catering	–	–	5,059	5,059
	<u>40,979</u>	<u>18,355</u>	<u>5,059</u>	<u>64,393</u>
Segment (loss) profit	(3,456)	(4,729)	334	(7,851)
Unallocated income				129
Unallocated gains and losses				(348)
Unallocated expenses				(1,051)
Loss before tax				<u>(9,121)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

For the six months ended 31 October 2023

	Supply of Apparel Products – Traditional HK\$'000 (unaudited)	Supply of Apparel Products – New Retail HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue			
Supply of Apparel Products			
Womenswear	45,192	13,291	58,483
Childrenswear	4,219	–	4,219
Menswear	22,352	714	23,066
	<u>71,763</u>	<u>14,005</u>	<u>85,768</u>
Segment loss	(2,838)	(4,376)	(7,214)
Unallocated income			524
Unallocated gains and losses			(2,178)
Unallocated expenses			<u>(1,436)</u>
Loss before tax			<u>(10,304)</u>

Segment profit/loss represents the profit/loss earned/incurred by segment without allocation of unallocated expenses and income mainly including certain depreciation on property, plant and equipment, depreciation on investment properties, net unrealised loss on financial assets at FVTPL, general office expenses, selling and distribution expenses, finance costs and net exchange gains. This is consistent with the measure reported to the CODMs of the Group for the purposes of resource allocation and performance assessment.

There were no inter-segment sales for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue by type of products

	Six months ended 31 October	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
At a point in time:		
Supply of apparel products		
Womenswear	51,060	58,483
Childrenswear	7,624	4,219
Menswear	650	23,066
Institutional catering	5,059	–
	64,393	85,768

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

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

Segment assets and liabilities

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. OTHER GAINS (LOSSES), NET

	Six months ended 31 October	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Net exchange gains (losses)	404	(116)

6. LOSS BEFORE TAX

	Six months ended 31 October	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Loss before tax has been arrived at after charging:		
Depreciation of property, plant and equipment	1,186	440
Depreciation of right-of-use assets	527	–
Depreciation of investment properties	71	72
Amortisation of intangible assets	817	817
Finance costs (Note)	116	103

Note: Included in the finance costs, a bank interest expense on the bank borrowings amounted to HK\$73,000 (2023: HK\$103,000) is incurred. There are two (2023: two) bank borrowings for the Group, both are guaranteed by Mr. Choi King Ting, Charles (2023: both are guaranteed by Mr. Choi King Ting, Charles). The remaining is interest on lease liabilities amounted to HK\$43,000 (2023: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX CREDIT

	Six months ended 31 October	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Current tax		
Hong Kong Profits Tax	–	–
The PRC Enterprise Income Tax (the “EIT”)	–	18
UK Corporate Tax	35	–
	35	18
Underprovision in prior years:		
Hong Kong	13	4
	48	22
Deferred tax credit	(135)	(122)
	(87)	(100)

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

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

The PRC EIT is calculated based on the statutory rate of 25% of the assessable profit of subsidiaries established in the PRC, as determined in accordance with the relevant enterprise income law, implementation rules and notices in the PRC.

The United Kingdom (the “UK”) Corporate Tax is calculated at 19% of the taxable profits of subsidiary established in UK.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. DIVIDEND

No dividend was paid or proposed for the ordinary shareholders of the Company during the six months ended 31 October 2024 (for the six months ended 31 October 2023: Nil), nor has any dividend been proposed since the end of the reporting period.

9. LOSS PER SHARE

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

	Six months ended 31 October	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
	<hr/>	<hr/>
Loss:		
Loss for the purpose of calculating basic loss per share loss for the period	(9,034)	(10,204)
	<hr/>	<hr/>
	'000	'000
Number of shares:		
Number of ordinary shares for the purpose of calculating basic loss per share	32,000	32,000
	<hr/>	<hr/>

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 October 2024, additions to property, plant and equipment, which mainly comprised additions to catering equipment, amounted to HK\$13,000 (for the six months ended 31 October 2023: mainly comprised additions to fixtures and furniture of HK\$48,000).

11. TRADE AND OTHER RECEIVABLES

	31 October 2024 HK\$'000 (unaudited)	30 April 2024 HK\$'000 (audited)
Trade receivables	33,097	14,442
Less: allowance for credit losses	(4,568)	(2,878)
	28,529	11,564
Other receivables		
– Deposits and prepayments	2,940	3,131
– Prepayment to suppliers	11,214	22,212
– Value-added tax receivables	2,015	1,965
– Others	624	1,016
	16,793	28,324
Total trade and other receivables	45,322	39,888

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

For customers with good credit quality and payment history, the Group allows credit periods of no longer than 120 days (30 April 2024: 90 days). For other customers, the Group requests an advance deposit payment and demands for full settlement upon delivery of the goods.

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

	31 October 2024 HK\$'000 (unaudited)	30 April 2024 HK\$'000 (audited)
Within 60 days	23,170	8,354
61 to 180 days	4,743	2,501
181 to 365 days	597	523
Over 365 days	19	186
	28,529	11,564

The management of the Group closely monitors the credit quality of trade receivables and considers the debts that are neither past due nor impaired are of a good credit quality. Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit rating limits for each customer. Limits attributed to customers are reviewed once a year. Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no history of default.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. TRADE AND OTHER PAYABLES

	31 October 2024 HK\$'000 (unaudited)	30 April 2024 HK\$'000 (audited)
Trade payables	8,663	2,557
Other payables	1,978	1,483
Accrued expenses	2,164	3,546
Total trade and other payables	12,805	7,586

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

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

	31 October 2024 HK\$'000 (unaudited)	30 April 2024 HK\$'000 (audited)
Within 60 days	6,115	1,682
61 to 180 days	2,468	725
181 to 365 days	3	133
Over 365 days	77	17
	8,663	2,557

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. BANK BORROWINGS

During the six months ended 31 October 2024, no new bank borrowing was raised by the Group (for the six months ended 31 October 2023: Nil). For the current bank borrowing of the Group which was used as general working capital. The bank borrowing bears variable interest at market rates and repayable on demand and secured by personal guarantee of Mr. Choi King Ting, Charles.

14. SHARE CAPITAL

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

	Number of shares	Share capital HK\$
	<hr/>	<hr/>
Ordinary share of HK\$0.01 each		
Authorised:		
At 1 May 2023, 31 October 2023, 1 May 2024 and 31 October 2024	200,000,000	2,000,000
	<hr/>	<hr/>
Issued and fully paid:		
At 1 May 2023 (audited), 31 October 2023 (unaudited), 1 May 2024 (audited) and 31 October 2024 (unaudited)	32,000,000	320,000
	<hr/>	<hr/>

There were no changes in both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. RELATED PARTY DISCLOSURES

In addition to the transactions, balances and commitments disclosed elsewhere in the condensed consolidated financial statements, the Group had entered into the following related party transactions:

(i) Relationships	Nature of balances/ transactions	Six months ended 31 October	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
A related company	Purchases of ingredients and beverage	374	–
	Supply chain management services	338	–

(ii) Compensation of key management personnel

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

	Six months ended 31 October	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Salaries and allowances	1,388	1,278
Retirement benefit schemes contributions	45	40
	1,433	1,318