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SG Group Holdings Limited

樺欣控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8442)

DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTY

The Board wishes to announce that on 11 September 2018 after trading hours, the Purchaser, a direct wholly-owned subsidiary of the Company, entered into the Formal Agreement with the Vendor, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the Property at the consideration of HK\$14,380,000.00.

As certain applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition are above 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

The Board wishes to announce that on 11 September 2018 after trading hours, the Purchaser, a direct wholly-owned subsidiary of the Company, entered into the Formal Agreement with the Vendor, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the Property at the consideration of HK\$14,380,000.00.

THE FORMAL AGREEMENT

Date:

11 September 2018

Parties:

Purchaser : A Dim Sum Story (HK) Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company; and

Vendor : Yi Kam Limited, a company incorporated in Hong Kong with limited liability.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Vendor is principally engaged in property investment; and (ii) the Vendor and its ultimate beneficial owners are Independent Third Parties.

Property to be acquired:

The Property to be acquired is the Unit B, 9th Floor, Mai Wah Industrial Building, Nos. 1-7 Wah Shing Street, Kwai Chung, New Territories, Hong Kong. The Property is an industrial property with a total gross area of approximately 3,380 square feet. The Property is currently occupied by the existing tenant. Pursuant to the Formal Agreement, the Vendor shall deliver the Property upon Completion.

Consideration:

The Consideration for the Acquisition is HK\$14,380,000.00 which shall be paid by the Purchaser to the Vendor as follows:

- (a) an initial deposit in the aggregate of HK\$1,438,000 has been paid upon signing of the Formal Agreement; and
- (b) the remaining balance of the Consideration in the sum of HK\$12,942,000.00 shall be paid upon Completion which is scheduled to take place on or before 12 October 2018.

The Consideration was agreed between the Vendor and the Purchaser after arm's length negotiations with reference to, amongst other things, the current market value of comparable properties in the proximity of the Property. The Consideration will be financed by the IPO Proceed.

Completion:

Completion shall take place on or before 12 October 2018.

Other:

The Purchaser has agreed to purchase the Property subject to the existing tenancy agreement of the Property at a monthly rental of HK\$36,000 (inclusive of management fee, government rates and rent) and the fixed terms of the tenancy agreement will end on 31 December 2018. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the existing tenant of the Property and its ultimate beneficial owners are independent of, and not connected with any of the Directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

INFORMATION ON THE GROUP

The Group is principally engaged in supply of apparel products to online fashion retailers and fashion retailers and the provision of consultation services.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the Company's prospectus dated 28 February 2017, the Company intended to set up a new flagship showroom by acquiring a premises with approximately 4,500 to 7,000 square feet with a budget of not more than HK\$45.0 million. Despite the fact that the size of the Property is smaller than originally proposed, the Directors are of the opinion that it is sufficient for the uses set out below and is within the budget.

The Property will be used to:

- (i) showcase our full range collection including both our latest in-house design collections and our historical archived design collections in order to demonstrate to our customers our track record in the apparel industry;
- (ii) host our customers who are en-route to the PRC for their inspections of the factories of our Approved Suppliers frequently visit our Hong Kong showroom as we are able to display a comprehensive range of design collections in our Hong Kong showroom; and
- (iii) conduct business negotiation with our customers when needed.

In view of the above, the Directors are of the view that the terms of the Formal Agreement are fair and reasonable and the entering into of the Formal Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition are above 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Acquisition”	acquisition of the Property by the Purchaser from the Vendor pursuant to the Formal Agreement;
“Approved Suppliers”	the suppliers of our Company which have been approved by our Company;
“Board”	Board of Directors;
“Company”	SG Group Holdings Limited (Stock Code: 08442), a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the GEM of the Stock Exchange;
“Completion”	completion of the Acquisition;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	total consideration for the Acquisition, being HK\$14,380,000.00;
“Director(s)”	Director(s) of the Company;
“Formal Agreement”	the formal agreement for sale and purchase of the Property entered into between the Vendor and the Purchaser on 11 September 2018;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

“Independent Third Party(ies)”	person(s) or company(ies) who/which is(are) independent of the Company and its connected persons;
“IPO Proceed”	the actual net proceeds of HK\$44.4 million from the listing of the Company’s ordinary shares on GEM by way of public offer and placing on 21 March 2017;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“percentage ratios”	has the same meaning ascribed to it under the Listing Rules;
“PRC”	the People’s Republic of China, for the purpose of this announcement, shall excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Property”	Unit B, 9th Floor, Mai Wah Industrial Building, Nos. 1-7 Wah Shing Street, Kwai Chung, New Territories;
“Purchaser”	A Dim Sum Story (HK) Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Yi Kam Limited, a company incorporated in Hong Kong with limited liability; and
“%”	per cent.

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

11 September 2018

As at the date of this announcement, 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 Bilâloğlu.

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“GEM”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of publication. This announcement will also be published on the website of the Company at www.jcfash.com.