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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1825)

DISCLOSEABLE TRANSACTION: DISPOSAL OF PROMISSORY NOTES

On 28 March 2022, Asiamax Holdings Limited (the “**Vendor**”), a wholly owned subsidiary of Sterling Group Holdings Limited (the “**Company**”) entered into the Agreement with Santai Biotechnology Research Institute Company Limited (the “**Purchaser**”), pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Promissory Note (“**PN**”) for a cash consideration of US\$500,000. Upon Completion, the Group will cease to hold any interests in the PN.

As one of the applicable percentage ratio(s) exceeds 5% but all the applicable percentage ratios are below 25%, the Disposal constitutes a disclosable transaction on the part of the Company under Chapter 14 of the Listing Rules.

THE DISPOSAL

On 28 March 2022, the Vendor, a wholly owned subsidiary of the Company, entered into the Agreement with the Purchaser pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the PN for an aggregate consideration of US\$500,000 subject to and conditional upon the terms of the Agreement.

The Agreement

Date: 28 March 2022

Parties: (1) Vendor : Asiamax Holdings Limited

(2) Purchaser : Santai Biotechnology Research Institute Company Limited

The Vendor is a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company which is principally engaged in investment holding.

The Purchaser is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. To the best of the Directors' knowledge and information, the ultimate beneficial owner of the Purchaser is Mr. LO Yuk Lam. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed

Before Completion, the Vendor is the legal and beneficial owner of the PN, which is a convertible promissory note issued by JP Outfitters, LLC (the "PN Issuer") with face value of US\$500,000. The PN bears interest rate of 6% per annum. The PN Issuer is an Independent Third Party.

Pursuant to the Agreement, the Vendor has agreed to dispose and the Purchaser has agreed to acquire the PN subject to and conditional upon the terms and conditions of the Agreement.

Consideration

The consideration for the Disposal is US\$500,000, which is equivalent to the face value of the PN and shall be payable by the Purchaser in cash upon Completion.

The consideration for the Disposal was determined with reference to the face value and book value of the PN (which was the appraised value determined by an independent valuation firm as of 31 March 2021) and arrived at after arm's length negotiations between the parties to the Agreement. The Directors (including the independent non-executive Directors) consider the terms of the Agreement (including but not limited to the consideration) to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The Agreement is not conditional upon any conditions precedent.

Completion

Completion will take place on or before 31 March 2022 upon payment of the agreed purchase price.

Upon Completion, the Group will cease to hold any interests in the PN.

INFORMATION ON THE PN

The PN is a convertible promissory note issued by the PN Issuer with face value of US\$500,000. Pursuant to the PN, the PN Issuer promises to pay to the order of the PN holder, the principal sum of US\$500,000, together with cash interest of 6% per annum on the outstanding principal balance from the date the payee received the principal until the PN has been indefeasibly paid in full.

The interest received by the Group under the PN for the year ended 31 March 2020 and 31 March 2021 were US\$21,042 and US\$29,665 respectively. The book value of the PN as at 31 March 2021 and 30 September 2021 was US\$422,051 and US\$422,051 respectively.

The PN Issuer is a Delaware, U.S. limited liability company incorporated on 2 May 2019 and engaged in, among other things, the business of direct-to-consumer multi-channel retailing, providing a broad range of products to consumers marketed under different brands. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the PN Issuer and its ultimate beneficial owner(s) are Independent Third Parties.

REASONS AND BENEFITS FOR THE DISPOSAL

The Group is an apparel manufacturer headquartered in Hong Kong providing a one-stop apparel manufacturing solution for its customers. The Group manufactures a wide range of men's, women's and children's apparel products such as outerwear, bottoms, tops and other products. The majority of the customers are international apparel brands that are headquartered in the U.S. and certain European countries such as the U.K. with their products sold around the world. In particular, the Group has established a long standing relationship with its largest customer who is an international apparel brand headquartered in the U.S. since the 1990s. In recent years, the Group has actively diversified its customer base and product portfolio having secured several new customers, including high-end fashion brands from the U.S. and the U.K.

It is estimated that upon Completion, the Group will record a gain of approximately HK\$608,000 on the Disposal, which is the difference between the book value of the PN as at 30 September 2021 and the consideration receivable by the Group. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to audit to be performed by the Company's auditors.

After deducting the expenses relating to the Disposal, it is expected that the net proceeds will be approximately HK\$3,900,000, which shall be applied towards the repayment of indebtedness and for the general working capital of the Group.

The Board is of the view that the Disposal provides a good opportunity for the Group to realise its investment in the PN and focus its resources on the business development of the Group. The Disposal is in line with the strategy of the Group to utilize its resources (both financial and man-power) to concentrate on the apparel manufacturing business.

Taking into consideration of the aforesaid, the Directors (including the independent non-executive Directors) consider that the terms of the Disposal are fair and reasonable and are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As one of the applicable percentage ratio(s) exceeds 5% but all the applicable percentage ratios are below 25%, the Disposal constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Agreement”	the assignment agreement dated 28 March 2022 and entered into between the Purchaser and the Vendor in respect of the disposal of PN
“Board”	board of the Directors
“Company”	Sterling Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on the Main Board of the Stock Exchange (stock code: 1825)
“Completion”	completion of the Disposal in accordance with the terms of the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company from time to time
“Disposal”	the disposal of the PN as contemplated under the Agreement
“Group”	the Company together with its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not core connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PN”	the convertible promissory notes with face value of US\$500,000 and issued by the PN Issuer
“Purchaser”	Santai Biotechnology Research Institute Company Limited, a company incorporated in Hong Kong with limited liability
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Asiamax Holdings Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

By order of the Board
Sterling Group Holdings Limited
Wong Mei Wai Alice
Chairperson, Executive Director and Chief Executive Officer

Hong Kong, 28 March 2022

As at the date of this announcement, Ms. Wong Mei Wai Alice is the executive Director and Chairperson, Mr. Siu Yik Ming and Mr. Chung Sam Kwok Wai are the executive Directors, and Mr. Chan Kee Huen Michael, Mr. Tsang Ho Yin and Ms. Zhang Lingling are the independent non-executive Directors.

* *for identification purposes only*