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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Grand China Securities Limited

On 26 October 2022 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 40,000,000 Placing Shares at the Placing Price of HK\$0.12 per Placing Share.

The Placing Shares represents: (a) 20% of the total existing issued Shares as at the date of this announcement; and (b) approximately 16.67% of the total issued Shares as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Completion Date other than the issue of the Placing Shares).

The Placing Price of HK\$0.12 per Placing Share represents (i) a premium of approximately 8.1% to the closing price of HK\$0.111 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 4.5% to the average closing price of HK\$0.1256 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

Assuming that all Placing Shares are placed, the gross proceeds from the Placing are expected to be HK\$4.80 million, and the net proceeds from the Placing (after deduction of the placing commission in respect of the Placing and other related expenses including, among others, the professional fees) are expected to be approximately HK\$4.78 million, representing a net issue price of approximately HK\$0.1194 per Placing Share.

The Company intends to apply the entire net proceeds of the Placing for working capital and debt repayment purposes. Relevant details have been set out in the section headed “REASONS FOR THE PLACING AND USE OF PROCEEDS” in this announcement.

As Completion is conditional upon fulfilment of the conditions precedent set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

On 26 October 2022 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the Placing.

The principal terms and conditions of the Placing Agreement are as follows:

Date

26 October 2022 (after trading hours of the Stock Exchange)

Parties

- (1) The Company as issuer; and
- (2) The Placing Agent as placing agent

The Placing Agent

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the terms of the Placing Agreement, the Placing Agent will charge a placing commission of 0.5% of the aggregate consideration received by the Company from the sale of Placing Shares.

The placing commission was negotiated on arm's length basis between the Company and the Placing Agent, and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents in the market, the size of the Placing and the price performance of the Shares. The Directors consider that the terms of the Placing, including the placing commission, are fair and reasonable based on the current market conditions, and the Placing is in the interests of the Company and the Shareholders as a whole.

Number of the Placing Shares

The Placing Agent has conditionally agreed to act as agent of the Company to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 40,000,000 new Shares at the Placing Price (excluding the Stock Exchange trading fee, SFC transaction levy, CCASS stock settlement fee and brokerage as may be payable by the Placees), upon the terms and conditions set out in the Placing Agreement.

The Placing Shares represent: (a) 20% of the total existing issued Shares as at the date of this announcement; and (b) approximately 16.67% of the total issued Shares as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Completion Date other than the issue by the Company of the Placing Shares).

Rights of the Placing Shares

The Placing Shares will rank pari passu in all respects among themselves and with the other existing Shares upon issuance.

Placees

The Placing Shares are expected to be placed to not less than six Placees, who and whose respective ultimate beneficial owners are Independent Third Parties.

Placing Price

The Placing Price is HK\$0.12 per Placing Share and represents:

- (i) a premium of approximately 8.1% to the closing price of HK\$0.111 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 4.5% to the average closing price of approximately HK\$0.1256 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The net Placing Price (after deducting the costs and expenses of the Placing) is approximately HK\$0.1194 per Placing Share. Based on a nominal value of HK\$0.04 per Share, the aggregate nominal value of the Placing Shares is HK\$1,600,000.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent after taking into account factors including the recent market price of the Shares and the current market conditions.

Conditions of the Placing

The Placing Completion is conditional upon the satisfaction of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Placing Shares; and
- (ii) each of the Company and the Placing Agent having obtained all necessary consents and approvals in respect of the Placing Agreement and the transactions contemplated thereunder.

If any of the conditions precedent above is not fulfilled at or before 12:00 noon (Hong Kong time) on or before the Long Stop Date, the Placing under the Placing Agreement will terminate automatically, and all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and terminate and none of the parties shall have any claim against the other in relation thereto.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and the permission to deal in, the Placing Shares.

Completion

Completion of the Placing shall take place on the Completion Date (or such other date as may be agreed between the Company and the Placing Agent in writing) after the fulfilment of the conditions as set out in paragraph headed "Conditions of the Placing" above are satisfied.

Termination

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 9:00 a.m. on the Completion Date if there is:

- (a) any material breach of any of the representations and warranties set out in the Placing Agreement; or
- (b) any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of more than three trading days (other than in connection with the Placing); or

- (c) any of the following events:
- (i) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
 - (ii) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
 - (iii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange or any other stock exchange on which the Company's securities are traded, occurring due to exceptional financial circumstances or otherwise; or
 - (iv) a change in taxation in Hong Kong, or the People's Republic of China or the implementation of exchange controls which shall or might materially and adversely affect the Company in their capacity as such; or
 - (v) then, and in any such case, the Placing Agent may terminate this Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 9:00 a.m. on the Placing Completion Date.

Upon termination of the Placing Agreement, all obligations of the Company and the Placing Agent hereto hereunder shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

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. Under the General Mandate, the Company is authorised to issue up to 40,000,000 new Shares. Up to the date of this announcement, the 40,000,000 new Shares of the General Mandate have not been issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in the manufacturing and trading of apparel products and licensing of trademark.

Upon Completion, the aggregate gross proceeds from the Placing are expected to be HK\$4.80 million. The net proceeds from the Placing (after deduction of the placing commission in respect of the Placing and other related expenses including, among others, the professional fees, are estimated to be approximately HK\$4.78 million, representing a net issue price of approximately HK\$0.1194 per Placing Share. The Company intends to apply the entire net proceeds of the Placing of approximately HK\$4.78 million for working capital and debt repayment purposes.

The Directors consider that the Placing represents an opportunity to raise additional funding for the business operations of the Group and will strengthen the Group's financial position, and enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares, and provide working capital to the Group to lower bank borrowing and meet any other financial obligations of the Group without any interest burden, within a relatively shorter time frame and at lower costs when compared with other means of fundraising.

The Board has considered other alternative fundraising methods such as debt financing, rights issue or open offer. The Board considered that debt financing may incur interest burden on the Group and may be subject to lengthy due diligence and negotiations with the banks with reference to the Group's financial position and the then financial market condition and it may be relatively uncertain and time-consuming. On the other hand, rights issue or open offer may also involve relatively substantial time and cost to complete as compared to the equity financing through issue of the new Shares under General Mandate.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming all the Placing Shares are fully placed and there are no other changes in the share capital of the Company from the date of this announcement up to the date of issue of the Placing Shares, to the best knowledge, information and belief of the Directors and based on the disclosure of interest filed by the substantial shareholder, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion:

| Shareholders | As at the date of this announcement | | Immediately upon Completion | |
|--------------------------------------|--|---|----------------------------------|---|
| | <i>Number of Shares held</i> | <i>Approximate % of total issued Shares</i> | <i>Number of Shares held</i> | <i>Approximate % of total issued Shares</i> |
| Moonlight Global Holdings Limited | 40,100,000 | 20.05% | 40,100,000 | 16.71% |
| Public | | | | |
| – Placees | – | – | 40,000,000 | 16.67% |
| – Other public shareholders | <u>159,900,000</u> | <u>79.95%</u> | <u>159,900,000</u> | <u>66.62%</u> |
| Total | <u><u>200,000,000</u></u> | <u><u>100%</u></u> | <u><u>240,000,000</u></u> | <u><u>100%</u></u> |

EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fundraising activities in the past 12 months from the date of this announcement.

WARNING

As Completion is conditional upon fulfilment of the conditions precedent set out in the Placing Agreement, the Placing may or may not proceed. Shareholder and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as set forth below:

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| “Board” | the board of Directors |
| “Business Day(s)” | a day (other than a Saturday, Sunday or statutory holiday and days on which a typical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for ordinary banking business throughout their normal business hours |
| “CCASS” | the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited |
| “Company” | Sterling Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1825) |
| “Completion” | completion of the Placing in accordance with the terms and conditions of the Placing Agreement |
| “Completion Date” | three Business Days immediately following the fulfilment of the conditions of the Placing on which the Completion shall take place (or such other date as the Company and the Placing Agent may agree) |
| “connected person(s)” | has the same meaning as ascribed to it under the Listing Rules |
| “Director(s)” | director(s) of the Company from time to time |
| “General Mandate” | the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the Company’s annual general meeting held on 31 August 2022 to allot, issue and deal with up to 20% of the then issued Shares |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |

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|--------------------------------|---|
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | third party(ies) independent of and not connected with the Company and its connected person |
| “Last Trading Day” | 26 October 2022, being the last full trading day for the Shares before publication of this announcement |
| “Listing Committee” | has the meaning ascribed to it under the Listing Rules |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 9 December 2022 (or such other dates as the Company and the Placing Agent may agree in writing) |
| “Placee(s)” | any professional, institutional or other investor(s) to be procured by the Placing Agent or its agent(s) to subscribe for any Placing Shares pursuant to the Placing Agreement |
| “Placing” | the placing, on a best effort basis, of up to 40,000,000 Placing Shares on and subject to the terms and conditions set out in the Placing Agreement |
| “Placing Agent” | Grand China Securities Limited, being a corporation licensed to conduct Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong) |
| “Placing Agreement” | the conditional placing agreement dated 26 October 2022 entered into between the Company and the Placing Agent in relation to the Placing |
| “Placing Price” | HK\$0.12 per Placing Share (exclusive of any brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable) |
| “Placing Share(s)” | a total of up to 40,000,000 new Shares to be placed pursuant to the Placing Agreement and to be allotted and issued under the General Mandate, each a “Placing Share” |
| “PRC” | the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan |

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| “SFC” | the Securities and Futures Commission of Hong Kong |
| “Share(s)” | ordinary share(s) of HK\$0.04 each in the share capital of the Company |
| “Shareholder(s)” | shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent. |

By order of the Board
Sterling Group Holdings Limited
 美臻集團控股有限公司*
Wong Mei Wai Alice
Chairperson, Executive Director and Chief Executive Officer

Hong Kong, 26 October 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. Tsang Ho Yin, Ms. Zhang Lingling and Mr. Choi Wai Hin are the independent non-executive Directors.

* *For identification purposes only*