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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



On 30 July 2024 (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 48,000,000 Placing Shares at the Placing Price of HK\$0.11 per Placing Share.

The Placing Shares represent (a) 20% of the total existing issued Shares as at the date of this announcement; and (b) approximately 16.7% 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\$0.11 per Placing Share represents (i) a discount of approximately 1.8% to the closing price of HK\$0.112 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 3.5% to the average closing price of HK\$0.114 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\$5.28 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\$5.12 million, representing a net issue price of approximately HK\$0.1067 per Placing Share.

The Company intends to apply the entire net proceeds of the Placing for general working capital purposes in order to meet its ongoing development and its existing operations and/or its business exploration. 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 condition 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 30 July 2024 (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

30 July 2024 (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.

The Placing Agent will charge the Company a placing fee of 3.0% of the aggregate Placing Price of the Placing Shares placed by the Placing Agent. The placing fee payable to the Placing Agent under the Placing Agreement was negotiated on an arm’s length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing market commission rate for similar transactions, 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 48,000,000 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 16.7% 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\$0.11 per Placing Share and represents:

- (i) a discount of approximately 1.8% to the closing price of HK\$0.112 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 3.5% to the average closing price of approximately HK\$0.114 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\$0.1067 per Placing Share. Based on a nominal value of HK\$0.04 per Share, the aggregate nominal value of the Placing Shares is HK\$1,920,000.

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.

Condition of the Placing

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Placing Shares.

If the above condition is not fulfilled by 21 August 2024 (or such other date as may be agreed in writing between the Company and the Placing Agent), all rights, obligations and liabilities of the Company and the Placing Agent under the Placing Agreement shall cease and terminate and neither of the Parties shall have any claim against the other in respect of the Placing, save for any antecedent breach under the Placing Agreement prior to such termination.

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 fulfillment of the condition as set out in paragraph headed “Condition of the Placing” above are satisfied.

Termination

Pursuant to the Placing Agreement, the Placing Agent is entitled to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 12:00 noon on the Completion Date, if in its reasonable opinion, the success of the Placing would be materially and adversely affected by any of the following events:

- (i) there shall have been, since the date of this Agreement, such a change in national or national financial, political or economic conditions or taxation or exchange controls as world, in the reasonable opinion of the Placing Agent, be likely to prejudice materially the consummation of the Placing; or
- (ii) any material breach of any of the representations and warranties set out in this Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provisions of this Agreement; or
- (iii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;

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 12 September 2023, 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 allot and issue up to 48,000,000 new Shares. Up to the date of this announcement, none of the 48,000,000 new Shares of the General Mandate have not been allotted and 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.

The Directors are of the view that the Placing can strengthen the financial position of the Group and provide additional working capital to the Group to meet its ongoing development and its existing operations and/or business exploration. The Placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company. The Directors consider that the Placing is in the interest of the Company and the Shareholders as a whole.

Upon Completion, the aggregate gross proceeds from the Placing are expected to be HK\$5.28 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\$5.12 million, representing a net issue price of approximately HK\$0.1067 per Placing Share. The Company intends to apply the entire net proceeds of the Placing of approximately HK\$5.12 million for working capital purposes.

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.

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 pursuant to the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the issue of the Placing Shares:

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>
Public				
– Placees (<i>Note</i>)	–	–	48,000,000	16.7%
– Other public shareholders	240,000,000	100%	240,000,000	83.3%
Total	240,000,000	100%	288,000,000	100%

Note: The Placees will be Independent Third Parties and will be public Shareholders upon Completion.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

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

WARNING

As Completion is conditional upon fulfilment of the condition 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:

“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 Stock Exchange (stock code: 1825)
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	Fourth Business Days immediately following receipt of the listing approval on which completion of the Placing Agreement 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 12 September 2023 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
“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
“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
“Placee(s)”	any professional, institutional or other investor(s) 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 48,000,000 Placing Shares on and subject to the terms and conditions set out in the Placing Agreement

“Placing Agent”	Zijing Capital Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 30 July 2024 (after trading hours of the Stock Exchange) entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.11 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 48,000,000 new Shares to be placed pursuant to the Placing Agreement and to be 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
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.04 each in par value 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, 30 July 2024

As at the date of this announcement, Ms. Wong Mei Wai Alice is the executive Director and Chairperson, Mr. Siu Yik Ming, Mr. Chung Sam Kwok Wai, Mr. Leung Ka Wai and Mr. Ma Jian are the executive Directors, and Ms. Zhang Lingling and Mr. Chow Yun Cheung are the independent non-executive Directors.

* For identification purposes only