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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)

VOLUNTARY ANNOUNCEMENT – BUSINESS UPDATE

This is a voluntary announcement made by Sterling Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that, on 24 March 2020, Sterling Apparel Limited, an indirect wholly-owned subsidiary of the Company, entered into the direct vendor agreement (the “**Direct Vendor Agreement**”) with iMedia Brands, Inc. (“**IMBI**”), a company listed on the NASDAQ Capital Market (NASDAQ code: IMBI), pursuant to which the Group has become the exclusive supplier of apparel products under IMBI’s proprietary brands for five years.

REASONS AND BENEFITS OF THE DIRECT VENDOR AGREEMENT

The Board believes that this is an important development of the Company’s business having had a customer which can potentially contribute on any annual basis a significant increase in sales volume. According to the annual reports of IMBI for the three years ended 2 Feb 2019, their total fashion and accessories business, including proprietary and name brands, accounted for about 17 to 18% of their annual sales which ranged from US\$596 million to US\$666 million. Another noteworthy advantage of this business is that the Company will chiefly act as their sourcing agent, manufacturing very little in the Group’s own factories but mostly buying complete garments from outsourced factories which the Group manages the production process by providing technical, quality assurance and manufacturing support services. The additional business takes advantage of the Group’s existing manufacturing and sourcing infrastructure in China, Sri Lanka and Philippines allowing the Group to offer quality products at better value to IMBI.

The Board considers that the cooperation contemplated under the Direct Vendor Agreement is in the usual course of business of the Company and terms of the Direct Vendor Agreement are based on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

* *For identification purposes only*

INFORMATION ON THE GROUP

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 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.

INFORMATION ABOUT IMBI

IMBI is a global interactive media company that manages a growing portfolio of niche, lifestyle television networks and media service businesses, primarily in North America. Its brand portfolio spans multiple business models and product categories. ShopHQ, its flagship network with a reach of numerous homes, is a multiplatform interactive television network offering an assortment of proprietary, exclusive and name brands to consumers via television, online and mobile.

To the best of the Directors' information, knowledge and belief having made all reasonable enquiries, IMBI and its ultimate beneficial owners are independent third parties.

By order of the Board
Sterling Group Holdings Limited
美臻集團控股有限公司*
Choi Siu Wai William
Chairman

Hong Kong, 30 March 2020

As at the date of this announcement, Ms. Wong Mei Wai Alice, Mr. Siu Yik Ming and Mr. Chung Sam Kwok Wai are the executive Directors, Mr. Choi Siu Wai William is the non-executive Director, and Mr. Chan Kee Huen Michael, Mr. Cheng King Hoi Andrew and Mr. Ko Ming Tung Edward are the independent non-executive Directors.