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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)

PROFIT WARNING

This announcement is made by Sterling Group Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform its shareholders and potential investors that, based on its preliminary review of the Group’s unaudited consolidated results for the year ended 31 March 2020, the Group anticipates to record a net loss of not less than HK\$60 million for the year ended 31 March 2020, as compared to the net loss of approximately HK\$22.7 million for the year ended 31 March 2019.

The significant increase in the net loss of the Group was principally due to the following reasons:

- (1) The country-wide lockdown of many businesses and stay-at-home orders in the U.S. as a result of COVID-19 has significantly impacted the financial position of a major customer of the Group, leading to its Chapter 11 filing on May 4th, 2020. Further to the announcement of the Company of even date, settlement agreements have been reached by the Group with that customer in June 2020. The estimated impairment related to this customer is approximately HK\$48 million.
- (2) Due to the severe economic contraction in our major market, USA, as a result of COVID-19, a significant increase in the allowance for expected credit loss (the “**ECL**”) will be recognized on the trade and other receivables held by the Group. The financial position and the probability of adverse economic outcomes are the key inputs for calculating the ECL provision. In addition, there is also impairment of intangible assets.

Shareholders and potential investors should note that the information contained in this announcement is only based on a preliminary assessment by the Board by reference to the information currently available in the management accounts. Such information has not been reviewed or audited by the Company's independent auditor, and has not been reviewed and approved by the Audit Committee of the Company. As at the date of this announcement, the Company is still in the process of finalizing its consolidated annual results for the year ended 31 March 2020, which are subject to the adjustment and audit by the auditor of the Company.

Shareholders and potential investors are advised to read carefully the announcement of the Company in relation to the audited annual results of the Group for the year ended 31 March 2020, which is expected to be published by the end of July 2020.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Sterling Group Holdings Limited
美臻集團控股有限公司*
Wong Mei Wai Alice
Executive Director and chief executive officer

Hong Kong, 12 June 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.

* For identification purpose only