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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)

CHANGES IN ACCOUNTING ESTIMATES

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of Sterling Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces that, in order to ensure that the accounting depreciable lives of fixed assets are in better alignment with their actual usage conditions, the Company resolved to change the accounting depreciable lives of certain fixed assets in accordance with the actual conditions. The above changes have been implemented with effect from 1 April 2020.

1. OVERVIEW OF CHANGES IN ACCOUNTING ESTIMATES

According to the relevant requirement of the “Hong Kong Accounting Standard 16 for Property, Plant and Equipment, the residual value and the useful life of an asset shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. After conducting a review on the useful lives of the Group’s fixed assets in Sri Lanka by an independent valuer and on the useful lives of the Group’s other fixed assets by the Group, in order to more accurately reflect the useful lives of the fixed assets of the Group and to ensure that the fixed assets and their related depreciation expenses more appropriately reflect the Group’s actual usage conditions, the Company resolved to change the accounting estimates of the depreciable lives of certain fixed assets. The useful lives of office equipment and furniture and fixtures have been changed from 5 years to 10 years, the useful lives of plant and machinery have been changed from 5–10 years to 10 years, and the useful lives of building has been changed from 20–50 years to 30–50 years.

2. PARTICULARS OF CHANGES IN ACCOUNTING ESTIMATES

The Company changed the depreciable lives of certain fixed assets, particulars of which are as follow:

Category of fixed assets	Depreciable lives before the changes	Depreciable lives after the changes
Buildings	20–50 years	30–50 years
Office equipment	5 years	10 years
Furniture and fixtures	5 years	10 years
Plant and machinery	5–10 years	10 years

3. REASONS FOR THE CHANGE

The directors of the Company believed that the revised useful lives will reflect better the actual usage conditions of the fixed assets, which in turn gives rise to a better accounting of the depreciation, which will assist the Company's management and investors to keep abreast of the value of the fixed assets and provide more accurate and appropriate information to the users of the consolidated financial statements of the Group.

4. EXPECTED FINANCIAL IMPACT OF CHANGES IN ACCOUNTING ESTIMATES ON THE COMPANY

The above changes have been implemented with effect from 1 April 2020. The changes in depreciable lives of certain fixed assets are considered as changes in accounting estimates and are to be accounted for prospectively without retrospective adjustment. Therefore, such changes will not have any impact on the Group's financial statements for previous years. Based on the existing information, in accordance with the calculations under Hong Kong Financial Reporting Standards, the above changes in accounting estimates are expected to decrease the depreciation expenses of the Group for the year ending 31 March 2021 by approximately HK\$5.0 million (out of which approximately HK\$4.5 million relating to fixed assets in Sri Lanka), which are also expected to affect the profit/(loss) of the Group for the year ending the year ending 31 March 2021. The Company's auditor, Messrs BDO Limited, will perform interim review and audit for the consolidated financial statements of the Group for the period ending 30 September 2020 and the year ending 31 March 2021 respectively which include these changes in accounting estimates.

The expected impact on the depreciation and profit/(loss) arising from the above changes in accounting estimates is only a preliminary assessment by the Company based on the information currently available, which has not been reviewed or audited by the Company's auditor.

5. BOARD'S OPINION

Taking into consideration the opinion of the audit committee of the Company, the Board is of the view that the changes in accounting estimates are in compliance with applicable laws and regulations. The changes in accounting estimates are able to more accurately reflect the useful lives and actual usage conditions of the fixed assets of the Company. Meanwhile, it is in compliance with relevant regulations of Hong Kong Financial Reporting Standards and in the interests of the Company and its shareholders as a whole.

In the meantime, investors are advised to exercise caution in dealing in the securities 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
Chief Executive Officer

Hong Kong, 25 September 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 Chairman, 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 purposes only*