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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)**

### **(1) CONNECTED TRANSACTION – EARLY TERMINATION OF A TENANCY AGREEMENT; AND (2) REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

On 24 November 2020 (after trading hours), Sterling Apparel Limited (“SAL”), a wholly owned subsidiary of the Company, as tenant entered into the Termination Agreement with Win 20 as landlord, pursuant to which the Group, and Win 20 agreed to terminate the Win 20 Tenancy Agreement with effect from 1 December 2020.

As at the date of this announcement, Win 20 is a company incorporated in Hong Kong which is wholly owned by Winfield. Winfield is owned as to 50% by Moonlight Global Holdings Limited (“**Moonlight**”) and as to 50% by Rainbow Galaxy Limited (“**Rainbow Galaxy**”). Moonlight and Rainbow Galaxy are the Controlling Shareholders of the Company. As such, Win 20 is connected person of the Group as defined under Chapter 14A of the Listing Rules.

As the revised Annual Cap for the period of 10 months ending 31 January 2021 is less than 25% regarding the relevant applicable percentage ratios and the annual consideration is less than HK\$10,000,000, the termination of the tenancy agreement is subject to the announcement requirement but exempt from the circular and independent shareholders’ approval requirements pursuant to Chapter 14A of the Listing Rules upon the Listing.

### **BACKGROUND**

Reference is made to the “Connected Transaction” section of the prospectus of the Company dated 29 September 2018 (the “**Prospectus**”) in relation to the share offer of the Company.

On 8 February 2018, SAL as the tenant, and Win 18, Win 19 and Win 20 as the landlords, entered into the Existing Tenancy Agreements in relation to the leasing of the Win 18 Premises, Win 19 Premises, and Win 20 Premises respectively from 8 February 2018 to 31 January 2021 (both days inclusive).

\* For identification purposes only

## THE TERMINATION AGREEMENT

The Board wishes to announce that on 24 November 2020 after trading hours, SAL as tenant entered into the Termination Agreement with Win 20 as landlord in relation to the early termination of Win 20 Tenancy Agreement, being one of the Existing Tenancy Agreements, the principal terms of which are set out below:

<b>Date</b>	:	24 November 2020
<b>Parties</b>	:	(1) SAL, an indirect wholly-owned subsidiary of the Company as tenant  (2) Win 20, as landlord
<b>Premises</b>	:	20 Floor, Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong and car parking space nos. P314 and P315 on 3rd Floor of Win Plaza, Kowloon, Hong Kong
<b>Termination Date</b>	:	1 December 2020

### Pursuant to the Termination Agreement:

The Win 20 Tenancy Agreement shall be terminated on and with effect from the Termination Date and SAL shall deliver vacant possession of Win 20 Premises, on an “as is” basis in accordance with the terms of Win 20 Tenancy Agreement, to Win 20 on or before the Termination Date.

## THE REVISED ANNUAL CAPS

In view of the Termination Agreement, the Annual Caps as disclosed in the Prospectus shall be revised as follows by deducting the rental of Win 20 Premises originally payable under the Win 20 Tenancy Agreement for the period from the day immediately after the Termination Date to its original expiry date of 31 January 2021:

	<b>10 months ending 31 January 2021 HK\$'000</b>
Rental for leasing of 18th floor	1,250
Rental for leasing of 19th floor	1,250
Rental for leasing of 20th floor	<u>1,000</u>
Revised Annual Caps	<u><u>3,500</u></u>

As the revised Annual Cap for the period of 10 months ending 31 January 2021 is less than 25% regarding the relevant applicable percentage ratios and the annual consideration is less than HK\$10,000,000, the termination of the tenancy agreement is subject to the announcement requirement but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules upon the Listing.

## **REASONS FOR ENTERING INTO THE TERMINATION AGREEMENT**

The Group had carried out a strategic review and decided to migrate some of its merchandising function to its product development centre in its Panyu factory. Hence, its requirement for office space is reduced. So both SAL and Win 20 agree to terminate Win 20 Tenancy Agreement with effect from 1 December 2020.

The terms of the Tenancy Agreement were arrived at after arm's length negotiation between SAL and Win 20. In view of the fact that no compensation is payable by the Group for the early termination of Win 20 Tenancy Agreement, the Directors (including the independent non-executive Directors) consider that the Termination Agreement and the terms thereof are fair and reasonable and on normal commercial terms or better in so far as the Group is concerned, and in the interests of the Company and its shareholders as a whole.

## **INFORMATION OF THE GROUP, SAL AND WIN 20**

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 since the 1990s with its largest customer who is an international apparel brand headquartered in the U.S.. In recent years, the Group has actively diversified its customer base and product portfolio having secured several new customers, including a high-end fashion brand from U.S., a British online fashion retailer, a well-known U.K. luxury brand and an American retailer business outfitters division supplying flight crew uniforms for U.S. airlines. In March 2020, the Group has entered into a direct vendor agreement with a company listed on the NASDAQ Capital Market pursuant to which the Group has become the exclusive supplier of apparel products under its proprietary brands for five years.

SAL is an indirect wholly-owned subsidiary of the Company and its principal business is trading of apparel products.

Win 20 is a company incorporated in Hong Kong. To the best of the Directors' knowledge, information and belief and having made reasonable enquiries, the principal business of Win 20 is property letting.

## THE LISTING RULES IMPLICATIONS

As at the date of this announcement, Win 20 is company incorporated in Hong Kong which is wholly owned by Winfield. Winfield is owned as to 50% by Moonlight and as to 50% by Rainbow Galaxy. Moonlight and Rainbow Galaxy are the Controlling Shareholders of the Company. As such, Win 20 is a connected person of the Group as defined under Chapter 14A of the Listing Rules.

As the revised Annual Cap for the period of 10 months ending 31 January 2021 is less than 25% regarding the relevant applicable percentage ratios and the annual consideration is less than HK\$10,000,000, the termination of the tenancy agreement is subject to the announcement requirement but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules upon the Listing.

Given that Ms. Wong Mei Wai Alice, being the executive Director of the Company and Mr. Choi Siu Wai William, being the non-executive Director and chairman of the Company, are also the directors of Win 18, Win 19, Win 20 and Winfield, they would abstain from voting on the board resolution approving the Termination Agreement. Save as disclosed above, to the best knowledge of the Directors having made all reasonable enquiries, no other Directors had a material interest in the Termination Agreement and thus was required to abstain from voting on the board resolution approving the Termination Agreement.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	The board of Directors
“Company”	Sterling Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on the Stock Exchange
“connected person(s)”	Has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“Controlling shareholder(s)”	Has the meaning ascribed to it in the Listing Rules
“Directors”	directors of the Company
“Existing Tenancy Agreements”	three tenancy agreements dated 8 February 2018 entered into between the Group as tenant and each of Win 18, Win 19 and Win 20 as landlords pursuant to which the Group leases the Win 18 Premises, the Win 19 Premises and the Win 20 Premises

“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Premises”	Win 18 Premises, Win 19 Premises and Win 20 Premises
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Agreement”	The agreement dated 24 November 2020 entered into between Win 20 as landlord and SAL as tenant to terminate the Win 20 Tenancy Agreement
“Win 18”	Win 18 Limited, a company incorporated in Hong Kong with limited liability on 19 May 2017 and is wholly owned by Winfield
“Win 18 Premises”	18th Floor of Win Plaza and car parking space nos. P310 and P311 on 3rd Floor of Win Plaza, Kowloon, Hong Kong
“Win 19”	Win 19 Limited, a company incorporated in Hong Kong with limited liability on 19 May 2017 and is wholly owned by Winfield
“Win 19 Premises”	19th Floor of Win Plaza and car parking space nos. P312 and P313 on 3rd Floor of Win Plaza, Kowloon, Hong Kong
“Win 20”	Win 20 Limited, a company incorporated in Hong Kong with limited liability on 19 May 2017 and is wholly owned by Winfield
“Win 20 Premises”	20th Floor of Win Plaza and car parking space nos. P314 and P315 on 3rd Floor of Win Plaza, Kowloon, Hong Kong
“Win 20 Tenancy Agreement”	tenancy agreement dated 8 February 2018 entered into between the Group as tenant and Win 20 as landlord pursuant to which the Group leases the Win 20 Premises

“Winfield”

Winfield Group Limited, a company incorporated in Hong Kong with limited liability on 11 May 2017

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, 24 November 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.*