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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)

**CONTINUING CONNECTED TRANSACTION:
RENEWAL OF TENANCY AGREEMENTS AND
REVISION OF ANNUAL CAPS**

On 29 January 2021 (after trading hours), the Board announces that two new tenancy agreements were entered into between each of Win 18 and Win 19 as landlord, and SAL, a wholly owned subsidiary of the Company, as tenant in respect of the leasing of the Win 18 Premises and Win 19 Premises respectively. The term of each of the New Tenancy Agreements is one year commencing from 1 February 2021 to 31 January 2022, both days inclusive, with a rental of HK\$125,000 per calendar month (equivalent to HK\$1,500,000 per annum for each of Win 18 Premises and Win 19 Premises), exclusive of management fee, rates, government rent, utilities charges and all other outgoing charges.

LISTING RULES REQUIREMENTS

As at the date of this announcement, Win 18 and Win 19 are companies incorporated in Hong Kong which both are 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 18 and Win 19 are connected persons of the Group as defined under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (other than the profits ratio) in respect of the aggregate amount of rentals payable by the tenants under the New Tenancy Agreements are, on an annual basis, more than 0.1% but is less than 25% regarding the relevant applicable percentage ratios and annual consideration is less than HK\$10,000,000, the transaction contemplated under the New Tenancy Agreements is exempt from independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

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 and the announcement of the Company dated 24 November 2020 in relation to the early termination of Win 20 Tenancy Agreement.

On 8 February 2018, SAL as the tenant, and Win 18, Win 19 and Win 20 each of which as the landlords, had entered into the respective Original 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). Also, on 24 November 2020, 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 Original Tenancy Agreements.

In order to renew the Win 18 Tenancy Agreement and Win 19 Tenancy Agreement (two of the Original Tenancy Agreements) which will expire on 31 January 2020, each of Win 18 and Win 19 entered into the New Win 18 Tenancy Agreement and New Win 19 Tenancy Agreement on 29 January 2021 in respect of the lease of the Win 18 Premises and Win 19 Premises respectively for another term of one (1) year commencing from 1 February 2021 to 31 January 2022 (both days inclusive) at a monthly rental of HK\$125,000 for each of Win 18 Premises and Win 19 Premises.

NEW TENANCY AGREEMENTS

The principal terms of each of the New Tenancy Agreements are set out below:

New Win 18 Tenancy Agreement

Date:	29 January 2021
Parties:	(1) SAL, an indirect wholly-owned subsidiary of the Company, as tenant (2) Win 18, as landlord
Premises:	18th Floor, Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong and the car parking space nos. P310 and P311 on the 3rd Floor of Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong
Term:	One (1) year commencing on 1 February 2021 and ending on 31 January 2022
Rentals:	HK\$125,000, being the monthly rental for the Win 18 Premises, exclusive of management fees, rates, government rent, utilities charges and all other outgoing charges

New Win 19 Tenancy Agreement

Date:	29 January 2021
Parties:	(1) SAL, an indirect wholly-owned subsidiary of the Company, as tenant (2) Win 19, as landlord
Premises:	19th Floor, Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong and the car parking space nos. P312 and P313 on the 3rd Floor of Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong
Term:	One (1) year commencing on 1 February 2021 and ending on 31 January 2022
Rentals:	HK\$125,000, being the monthly rental for the Win 19 Premises, exclusive of management fees, rates, government rent, utilities charges and all other outgoing charges

REVISION OF ANNUAL CAPS

Based on the monthly rentals payable under the New Tenancy Agreements, the revised annual caps for the aggregate rentals of the Win 18 Premises and Win 19 Premises payable are shown as follows:

	10 months ending 31 January 2021	2 months ending 31 March 2021	10 months ending 31 January 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental for leasing of 18th floor	1,250	250	1,250
Rental for leasing of 19th floor	1,250	250	1,250
Rental for leasing of 20th floor	1,000	–	–
Aggregate Annual Caps	<u>3,500</u>	<u>500</u>	<u>2,500</u>

As all of the applicable percentage ratios (other than the profits ratio) in respect of the aggregate amount of rentals payable by the tenants under the New Tenancy Agreements are, on an annual basis, more than 0.1% but is less than 25% regarding the relevant applicable percentage ratios and annual consideration is less than HK\$10,000,000, the transaction contemplated under the New Tenancy Agreements is exempt from independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

REASONS FOR ENTERING INTO NEW TENANCY AGREEMENT

The Win 18 Premises and the Win 19 Premises rented under the New Tenancy Agreements are used as offices by the Group. The terms of the New Tenancy Agreements were negotiated on an arm's length basis between the parties with reference to the fair market rentals of the Win 18 Premises and Win 19 Premises. The Directors (including the independent non-executive Directors) consider that the New Tenancy Agreements had been entered in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms are fair and reasonable and in the interest of the Company and its shareholders as a whole. The Board (including the independent non-executive Directors) is also of the view that the annual caps are fair and reasonable.

INFORMATION OF THE GROUP, SAL AND LANDLORDS

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 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 year.

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

Win 18 and Win 19 are companies incorporated in Hong Kong. To the best of the Directors' knowledge, information and belief and having made reasonable enquiries, the principal business of both Win 18 and Win 19 is property letting.

THE LISTING RULES IMPLICATIONS

As at the date of this announcement, Win 18 and Win 19 are companies incorporated in Hong Kong which are 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 18 and Win 19 are connected persons of the Group as defined under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (other than the profits ratio) in respect of the maximum aggregate amount of rentals payable by the tenants under the New Tenancy Agreements are, on an annual basis, more than 0.1% but is less than 25% regarding the relevant applicable percentage ratios and annual consideration is less than HK\$10,000,000, the transaction contemplated under the New Tenancy Agreements is exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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, and both of them are also the directors of Win 18 and Win 19, they would abstain from voting on the board resolution approving the New Tenancy Agreements. 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 New Tenancy Agreements and thus was required to abstain from voting on the board resolution approving the New Tenancy Agreements.

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
“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
“Moonlight”	Moonlight Global Holdings Limited, a company incorporated in the BVI with limited liability on 19 April 2017 which is wholly owned by Mr. Siu Chi Wai and is one of the Group’s controlling shareholders
“New Tenancy Agreements”	two tenancy agreements dated 29 January 2021 entered into between SAL as tenant and each of Win 18 and Win 19 as landlord pursuant to which SAL leases the Win 18 Premises and the Win 19 Premises respectively
“New Win 18 Tenancy Agreement”	new tenancy agreement dated 29 January 2021 entered into between SAL as tenant and Win 18 as landlord pursuant to which the Group leases the Win 18 Premises
“New Win 19 Tenancy Agreement”	new tenancy agreement dated 29 January 2021 entered into between SAL as tenant and Win 19 as landlord pursuant to which the Group leases the Win 19 Premises
“Original Tenancy Agreements”	three tenancy agreements dated 8 February 2018 entered into between SAL as tenant and each of Win 18, Win 19 and Win 20 as landlord pursuant to which SAL leases the Win 18 Premises, the Win 19 Premises and the Win 20 Premises respectively
“Rainbow Galaxy”	Rainbow Galaxy Limited, a company incorporated in BVI with limited liability on 8 December 2004 which is ultimately wholly owned by Choi’s Family Trusts and is one of the Group’s Controlling Shareholder
“SAL”	Sterling Apparel Limited, a company incorporated in Hong Kong with limited liability on 19 June 2012 and is wholly owned by Excel Tops Limited
“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 for the termination of 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 18 Tenancy Agreement”	tenancy agreement dated 8 February 2018 entered into between the Group as tenant and Win 18 as landlord pursuant to which the Group leases the Win 18 Premises
“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 19 Tenancy Agreement”	tenancy agreement dated 8 February 2018 entered into between the Group as tenant and Win 19 as landlord pursuant to which the Group leases the Win 19 Premises
“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, 29 January 2021

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 purposes only