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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) MAJOR AND CONNECTED TRANSACTION;  
(2) CONTINUING CONNECTED TRANSACTION AND CONNECTED  
TRANSACTION;  
(3) MAJOR TRANSACTION; AND  
(4) CONTINUING CONNECTED TRANSACTION**

References are made to the Announcements, in relation to, among others, the making of the Santai Advances, the continuing connected transaction, the connected transaction and the major transaction. Unless defined otherwise, capitalised terms used herein shall bear the same meaning as those defined in the Announcements.

### **(1) MAJOR AND CONNECTED TRANSACTION**

In accordance with Rule 14A.34 of the Listing Rules, SAL (a wholly-owned subsidiary of the Company) entered into the Loan Agreement with Santai, pursuant to which the Company and Santai agreed to, among other things, set out the terms of the Santai Advances in the aggregate sum of US\$4,212,811 (equivalent to HK\$32,859,926) subject to and upon the terms and conditions of the Loan Agreement.

#### **LOAN AGREEMENT**

The principal terms of the Loan Agreement are as follows:

<b>Date:</b>	30 August 2024
<b>Parties:</b>	(1) Sterling Apparel Limited (as the lender); and (2) Santai Global Asset Management Company Limited (as the borrower)
<b>Principal amount of the Santai Advances:</b>	US\$4,212,811 (equivalent to HK\$32,859,926)

**Repayment:**

Santai shall repay the Santai Advances in full in one lump sum together with all outstanding interest accrued thereon on the Repayment Date, being the date falling two (2) years from the date of the Loan Agreement. There is no penalty for prepayment of principal and relevant interest amount at any time.

**Interest Rate:**

Interest on the Santai Advances shall accrue from and including the date of the Loan Agreement at the interest rate of 7% per annum on the principal amount of the Santai Advances. All interest accrued will be payable in arrears in one lump sum as stipulated in the Loan Agreement when full repayment of the Santai Advances and the outstanding interests accrued thereon shall be repaid by Santai. Interest shall be calculated on the actual number of days elapsed and accrued on a daily basis.

The rate of interest of 7% per annum is determined after arm's length negotiation between SAL and Santai after taking into account the prevailing market interest rates and practices, including the interest rate of approximately 6-7% per annum offered by commercial banks for loans.

If Santai fails to pay any sum payable under the Loan Agreement when due, Santai shall pay a default interest from and including the due date to the date of actual payment at the rate of 10.5% per annum calculated on the actual number of days elapsed and accrued on a daily basis.

The rate of default interest of 10.5% per annum is determined after arm's length negotiation between the SAL and Santai after taking into account (i) the interest rate of 7% per annum on the principal amount of the Santai Advances; and (ii) premium to be charged by SAL to compensate for the default.

**Conditions Precedent:**

The Loan Agreement shall be conditional upon:

- (1) the Independent Shareholders having passed a resolution at the EGM to be convened and held to approve the Loan Agreement and the transactions contemplated hereunder;

- (2) SAL having received from Santai (i) the original documentation(s) in relation to the JPO Shares Charge duly executed by Santai as a collateral to ensure the due performance by Santai of its obligations under the Loan Agreement; and (ii) a copy certified as true and correct by a director of Santai of the resolution(s) of the director(s) of Santai authorising the execution, delivery and performance of the Loan Agreement and the JPO Shares Charge and authorising a person or person(s) to sign on its behalf the Loan Agreement and the JPO Shares Charge;
- (3) SAL having entered into a written agreement with JPO to appoint SAL as its exclusive supplier with the first right of refusal for the purchase of apparel, garment accessories, textiles and other products as may be agreed by the parties from time to time from manufacturers/factories and all other sources of supply worldwide for a term of five years;
- (4) the representations and warranties given by Santai under the Loan Agreement remaining true and accurate in all respects; and
- (5) the satisfaction of all conditions precedent set out in the Guaranty Fee Agreement (save for the condition in relation to the satisfaction of all conditions precedent of the Loan Agreement).

None of the above conditions are waivable and if the above conditions have not been satisfied on or before 30 November 2024 (or such later date as SAL and Santai may agree), the Loan Agreement shall cease and determine and neither party shall have any obligations and liabilities towards each other thereunder.

**Security:**

The principal amount of the Santai Advances is secured by the JPO Shares Charge, being the charge of 3,139,367 shares of JPO, the value of which will be sufficient to cover the aggregate of (i) the entire amount of the Santai Advances; (ii) the entire amount of the Financial Assistance; and (iii) the entire amount of the Second Financial Assistance, by Santai in favour of SAL to be duly executed by Santai as a collateral to ensure the due performance by Santai of its obligations under the Loan Agreement, the Agreement and the Second Agreement.

The aggregate number of JPO shares to be charged by Santai to SAL of 3,139,367 JPO shares was calculated based on the value of US\$2.71 per JPO share. The value of US\$2.71 per JPO share is based on the latest valuation of the fair market value of the common equity of JPO as at 1 June 2024 conducted by Andersen Tax LLC, an independent professional valuer.

The aggregate number of JPO shares is determined based on the aggregate value of the collateral (i.e. 3,139,367 JPO shares of US\$2.71 per share in the total value of approximately US\$8,507,684) representing the total amount of the Santai Advances, the Financial Assistance and the Second Financial Assistance (i.e. HK\$66,359,926 or US\$8,507,683).

**Right of first refusal:** JPO will enter into an agreement with SAL to appoint SAL as its exclusive supplier with the first right of refusal for the purchase of apparel, garment accessories, textiles and other products as may be agreed by the parties from time to time from manufacturers/factories and all other sources of supply worldwide for a term of five (5) years.

JPO will place order to SAL to purchase the products and notify SAL the requirements of the products including but not limited to the type, quality, style and standard products, quantity, indicative unit price, packing terms and delivery dates from time to time.

**Undertakings by Santai:** Santai undertakes to SAL that it will provide SAL with the original documentation(s) in relation to the JPO Shares Charge and the relevant copy certified as true and correct by a director of Santai of the resolution(s) of the director(s) of Santai authorising the execution, delivery and performance of the Loan Agreement and the JPO Shares Charge and authorising a person or person(s) to sign on its behalf the Loan Agreement and the JPO Shares Charge as soon as practicable after the entering into of the Loan Agreement and by no later than the latest practicable date of the circular of the Company to be despatched by the Company for the purpose of obtaining approval of the Loan Agreement by the Independent Shareholders at the EGM.

Santai further undertakes to SAL that, for so long as any part of the Santai Advances or interest thereon or any other amounts payable under the Loan Agreement remain outstanding:

- (1) it will procure JPO not to charge, pledge or dispose of its intellectual properties and other major assets as long as JPO remains a private company;
- (2) it will maintain not less than 50% shareholding interest in JPO as long as JPO remains a private company; and
- (3) it will procure JPO to produce and deliver to the SAL a copy of the financial statements of JPO upon request by SAL.

**Events of default:**

There shall be an event of default of the Loan Agreement if any one of the following events shall have occurred or is continuing:

- (1) Non-payment: Santai fails to pay any principal amount due from it under the Loan Agreement in the manner specified therein on the due date for payment, or fails to pay any accrued interest on the due date for payment; or
- (2) Other obligations: Santai commits any breach of or omits to observe any of its undertakings or obligations under the Loan Agreement and such breach or omission, if capable of remedy, is not remedied within ten (10) Business Days of notice to Santai from SAL requiring remedy of the same; or
- (3) Breach of representation: any representation or warranty made by Santai pursuant to the Loan Agreement is or proves to have been incorrect in any material respect when made and, if capable of remedy at the absolute discretion of SAL, is not remedied within ten (10) Business Days of notice to Santai from SAL requiring remedy of the same.

Upon the occurrence of an event of default and at any time thereafter, SAL may by notice in writing to Santai declare the Santai Advances, all interest accrued thereon and all other monies payable under the Loan Agreement to be forthwith due and payable whereupon the same shall be forthwith due and payable.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT**

The Loan Agreement is entered into by SAL and Santai in accordance with Rule 14A.34 of the Listing Rules. The terms and conditions of the Loan Agreement, including the interest rate of 7% per annum, were negotiated and arrived at after arm's length negotiations between SAL and Santai, having taken into account the prevailing market interest rates and practices, including the interest rate of approximately 6-7% per annum offered by commercial banks for loans. The Loan Agreement is entered into by SAL having regard to (i) the reasons and benefits of the grant of the Santai Advances as detailed in the Announcements; (ii) the interest income per annum to be received by SAL under the Loan Agreement being more favourable than that offered by banks in Hong Kong for a 1-year fixed deposit; and (iii) the repayment obligation of Santai under the Loan Agreement will be secured by the JPO Shares Charge pursuant to the undertaking made by Santai in the Loan Agreement.

Taking into account the above, the Directors (save for the independent non-executive Directors whose views shall be set out in the circular after obtaining the advice from the independent financial adviser) are of the view that the terms and conditions of the Loan Agreement are on normal commercial terms, fair and reasonable and the Loan Agreement is in the interests of the Company and the Shareholders as a whole. The Loan Agreement has been duly approved by the Board (other than Ms. Wong and Mr. Siu who have shareholding interests in JPO, Mr. Chung Sam Kwok Wai who has an option to acquire shares of JPO and the independent non-executive Directors whose views shall be set out in the circular after obtaining the advice from the independent financial adviser and they abstained from voting on the resolution to approve the Loan Agreement) on the date of Loan Agreement.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the aggregate amount of the Santai Advances made within a 12-month period in the amount of US\$4,212,811 (equivalent to approximately HK\$32,859,926) exceeds 25%, the Santai Advances and the entering of the Loan Agreement constituted a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the aggregate amount of the Santai Advances (when aggregated with the Financial Assistance and the Second Financial Assistance) exceeds 25%, the entering into of the Loan Agreement, the Agreement and the Second Agreement constituted a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Santai is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holdings. It is wholly-owned by Ever Peace Asia Limited who acquired the entire share capital of Santai from Lo Yuk Lam, who is a third party independent of the Group, on 1 September 2022. Ever Peace Asia Limited is owned as to 50% by Mr. Choi and 50% by Ms. Cheung Shui Lin (the spouse of Mr. Choi).

Mr. Choi was a former non-executive director of the Company who resigned on 23 March 2022 and had sold his entire shareholding in July 2021. Santai was an associate of Mr. Choi at the material time when the Santai Advances were made. As such, the four advances made to Santai (i.e. advances made on 15 December 2022, 19 December 2022, 26 January 2023 and 14 March 2023) in the total amount of US\$2,050,000 (equivalent to approximately HK\$15,990,000) constituted connected transactions of the Company under Chapter 14A of the Listing Rules given that Mr. Choi was a director of the Company in the last 12 months. The Loan Agreement has covered all tranches of the Santai Advances made which remained outstanding as at the date of this announcement in order to rectify the Santai Advances and for the purpose of compliance with the requirements under the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The advances made to Santai were connected only because of the interest of Mr. Choi, being a former non-executive director of the Company who resigned in the last 12 months. As at the date of this announcement, Santai legally and beneficially owns approximately 88.33% of the issued share capital of JPO.

**(2) CONTINUING CONNECTED TRANSACTION AND CONNECTED TRANSACTION**

SAL executed the First Letter of Support dated 18 November 2022 in favour of JPO, pursuant to which SAL agreed (i) to continue to supply Inventories to JPO; and (ii) not to enforce its right to collect from JPO any trade payable for Inventories supplied until the earlier of 1 Jan 2024 or JPO receives its initial public offering proceeds (the “**Financial Assistance**”).

In accordance with Rule 14A.34 of the Listing Rules, on 30 August 2024, SAL entered into the Agreement with Santai and JPO, pursuant to which the parties agreed to, among other things, terminate the First Letter of Support and set out the terms and conditions of (i) supply of Inventories; and (ii) provision of Financial Assistance, subject to the terms and conditions of the Agreement.

The principal terms of the Agreement are set out below:

**The Agreement**

**Date:** 30 August 2024

**Parties:** (1) Sterling Apparel Limited;  
(2) Santai Global Asset Management Company Limited;  
and  
(3) JP Outfitters Inc.

## **Supply of Inventories**

Pursuant to the terms of the Agreement, SAL agreed to sell and/or supply and JPO agreed to purchase the Inventories at the Purchase Price pursuant to such Purchase Order as may from time to time be given by JPO and accepted by SAL during the Supply Term and the actual sale during the Supply Term was approximately HK\$6,000,000 and hence, the Sales Cap is set in the amount of HK\$6,000,000 for the purpose of Rule 14.53 of the Listing Rules.

The Purchase Price was determined after arm's length negotiations between the parties with reference to (i) the existing prices of similar Inventories in the market in respect of each Inventory as agreed between JPO and SAL from time to time; and (ii) comparable selling prices of similar Inventories to other customers of SAL. In any event, the Purchase Price was no more favourable than those provided by SAL to third-party customers.

## **Financial Assistance**

Pursuant to the First Letter of Support, SAL agreed not to enforce its right to collect from JPO any trade payable for Inventories supplied after the entering into of the First Letter of Support until the earlier of 1 Jan 2024 or JPO received its initial public offering proceeds (i.e. the Financial Assistance).

The maximum amount of Trade Payables during the Supply Term was approximately HK\$6,000,000 and hence, the amount of Financial Assistance provided under the First Letter of Support was approximately HK\$6,000,000.

Pursuant to the Agreement, Santai or JPO shall repay the Financial Assistance (i.e. HK\$6,000,000) in full in one lump sum together with all outstanding interest accrued thereon on the TP Repayment Date, being the date falling two (2) years from the date of the Agreement (or such earlier date as may be notified in writing by Santai or JPO to SAL in advance). There is no penalty for prepayment of the Financial Assistance and the relevant interest amount at any time.

The Financial Assistance will be secured by the JPO Shares Charge, being a charge of shares of JPO, the value of which will be sufficient to cover the aggregate of (i) the entire amount of the Santai Advances; (ii) the entire amount of the Financial Assistance; and (iii) the entire amount of the Second Financial Assistance, by Santai in favour of SAL to be duly executed by Santai as a collateral to ensure the due performance by Santai of its obligations under the Agreement. Santai undertakes to SAL that it will provide SAL with the original documentation(s) in relation to the JPO Shares Charge and the relevant copy certified as true and correct by a director of Santai of the resolution(s) of the director(s) of Santai authorising the execution, delivery and performance of the JPO Shares Charge and authorising a person or person(s) to sign on its behalf the JPO Shares Charge as soon as practicable after the entering into of the Agreement.



Interest on the Financial Assistance (i.e. HK\$6,000,000) shall accrue from and including the date of the Agreement at the interest rate of 7% per annum (which is no less favourable than the market rate and having taken into account the prevailing market interest rates and practices, including the interest rate of approximately 6-7% per annum offered by commercial banks for loans) up to the TP Repayment Date. All interest will be payable in arrears in one lump sum on the TP Repayment Date. Interest shall be calculated on the actual number of days elapsed and accrued on a daily basis.

The Trade Payables in the amount of approximately HK\$6,000,000 were novated from JPO to Santai pursuant to the Third Novation Agreement.

If JPO or Santai fails to pay any sum payable under the Agreement when due, JPO and Santai shall pay a default interest from and including the due date to the date of actual payment at the rate of 10.5% per annum calculated on the actual number of days elapsed and accrued on a daily basis. The rate of default interest of 10.5% per annum is determined after arm's length negotiation between SAL, JPO and Santai after taking into account (i) the interest rate of 7% per annum; and (ii) premium to be charged by SAL to compensate for the default.

### **Termination of the First Letter of Support**

Each of SAL and JPO agrees, confirms and ratifies the termination of the First Letter of Support with immediate effect from the date of the Agreement.

Each of SAL and JPO agrees that all the rights, interests, obligations and liabilities whatsoever of SAL and JPO to the First Letter of Support arising thereunder or in relation to the First Letter of Support shall cease and determine and no party to the First Letter of Support shall have any claim against the other party in respect of any matter arising out of or in connection with the First Letter of Support.

### **Conditions Precedent**

The Agreement shall be conditional upon:

- (1) the Independent Shareholders having passed a resolution at the EGM to be convened and held to approve the Agreement and the transactions contemplated hereunder;
- (2) SAL having received from Santai (i) the original documentation(s) in relation to the JPO Shares Charge duly executed by Santai as a collateral to ensure the due performance by Santai of its obligations under the Agreement; and (ii) a copy certified as true and correct by a director of Santai of the resolution(s) of the director(s) of Santai authorising the execution, delivery and performance of the Agreement and the JPO Shares Charge and authorising a person or person(s) to sign on its behalf the Agreement and the JPO Shares Charge; and

- (3) the satisfaction of all conditions precedent set out in the Guaranty Fee Agreement (save for the condition in relation to the satisfaction of all conditions precedent of the Agreement).

None of the above conditions are waivable and if the above conditions have not been satisfied on or before 30 November 2024 (or such later date as SAL and JPO may agree), the Agreement shall cease and determine and neither party shall have any obligations and liabilities towards each other thereunder. The Company is entitled to request Santai and JPO for immediate repayment of the principal amount and accrued interest (if any) of the Financial Assistance in the event the above conditions have not been satisfied on or before 30 November 2024 (or such later date as SAL and JPO may agree).

## **REASONS FOR AND BENEFITS OF THE AGREEMENT**

The Agreement was entered into by SAL, Santai and JPO in accordance with Rule 14A.34 of the Listing Rules. The execution of the First Letter of Support was to serve as an acknowledgment of the positive feedback of JPO, leading to increased trust and more opportunities for business growth of JPO and more collaborative business relationship between JPO and SAL. The terms and conditions of the Agreement, including the interest rate of 7% per annum, were negotiated and arrived at after arm's length negotiations between SAL, Santai and JPO, having taken into account the prevailing market interest rates and practices, including the interest rate of approximately 6-7% per annum offered by commercial banks for loans. The Agreement was entered into by SAL having regard to (i) the interest income per annum to be received by SAL under the Agreement being more favourable than that offered by banks in Hong Kong for a 1-year fixed deposit; (ii) the continuous business relationship between SAL, Santai and JPO; and (iii) the support given to JPO such that JPO can turnaround from its financial difficulties which will eventually enhance the recoverability of the other receivables from JPO.

Taking into account the above, the Directors (save for the independent non-executive Directors whose views shall be set out in the circular after obtaining the advice from the independent financial adviser) are of the view that the terms and conditions of the Agreement are on normal commercial terms, fair and reasonable and the Agreement is in the interests of the Company and the Shareholders as a whole. The Agreement has been duly approved by the Board (other than Ms. Wong and Mr. Siu who have shareholding interests in JPO, Mr. Chung Sam Kwok Wai who has an option to acquire shares of JPO and the independent non-executive Directors whose views shall be set out in the circular after obtaining the advice from the independent financial adviser and they abstained from voting on the resolution to approve the Agreement) on the date of the Agreement.

## **LISTING RULES IMPLICATIONS**

SAL is a wholly-owned subsidiary of the Company and is principally engaged in trading of apparel products.

JPO is mainly engaged in the business of direct to consumer multi-channel apparel retailing mainly in 2 brands, J. Peterman and Territory Ahead. To the best knowledge, information and belief of the Directors, as at the date of this announcement, JPO is beneficially owned as to 88.33% by Santai, 6.67% by Ms. Wong (who is an executive Director) and 5% by Mr. Siu (who is an executive Director). Ms. Wong and Mr. Siu respectively acquired 6.67% and 5% of the entire issued shares of JPO from Santai on 19 October 2023. As at the date of this announcement, save as Ms. Wong and Mr. Siu, each of Santai, JPO and their ultimate beneficial owners are third parties independent of the Company.

Mr. Choi was a former non-executive director of the Company who resigned on 23 March 2022 and JPO was an associate of Mr. Choi at the material time when the First Letter of Support was executed. As such, (i) the supply of Inventories contemplated under the First Letter of Support constituted continuing connected transaction of the Company under Chapter 14A of the Listing Rules; and (ii) the provision of Financial Assistance contemplated under the First Letter of Support constituted a connected transaction of the Company under Chapter 14A of the Listing Rules, given that Mr. Choi was a director of the Company in the last 12 months prior to the date of the First Letter of Support.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Sales Cap exceed 5% and are less than 25% and the relevant monetary amount is less than HK\$10 million, the supply of Inventories contemplated under the Agreement constitutes a continuing connected transaction under Chapter 14A of the Listing Rules, and are subject to the reporting, annual review, announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Financial Assistance exceed 5% and are less than 25% and the relevant monetary amount is less than HK\$10 million, the Financial Assistance contemplated under the Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules, and are subject to the reporting, annual review, announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the aggregate amount of the Financial Assistance (when aggregated with the Santai Advances and the Second Financial Assistance) exceeds 25%, the entering into of the Agreement, the Loan Agreement and the Second Agreement constituted a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Despite the above Listing Rules implications, as part of the remedial actions to prevent the occurrence of similar non-compliance incident in the future, the Company will convene the EGM for the Independent Shareholders to, among other things, consider, approve and ratify the Loan Agreement, the Agreement and the Second Agreement and the transaction contemplated thereunder and the Agreement is therefore subject to the circular (including independent financial advice) and Independent Shareholders' approval at the EGM.

### (3) MAJOR TRANSACTION

SAL executed the Letters of Support in favour of JPO, pursuant to which SAL agreed, among other things, not to enforce its right to collect from JPO any MT Trade Payables for the Inventories supplied until (a) the earlier of 1 January 2024 or JPO receives its initial public offering proceeds (for the Letter of Support dated 13 April 2023); and (b) JPO receives its initial public offering proceeds (for the Letters of Support dated 20 September 2023 and 28 December 2023).

On 30 August 2024, SAL entered into the Second Agreement with Santai and JPO, pursuant to which the parties agreed to, among other things, terminate the Letters of Support and set out the terms and conditions of provision of Second Financial Assistance, subject to the terms and conditions of the Second Agreement.

From the date of the first Letters of Support (i.e. 13 April 2023) up to the date of termination of the Letters of Support (i.e. the date of the Second Agreement), the maximum amount of outstanding MT Trade Payables during the MT Term was approximately HK\$27,500,000 (the “**Second Financial Assistance**”).

The principal terms of the Second Agreement are set out below:

#### **The Second Agreement**

**Date:** 30 August 2024

**Parties:** (1) Sterling Apparel Limited;  
(2) Santai Global Asset Management Company Limited;  
and  
(3) JP Outfitters Inc.

#### **Second Financial Assistance**

Pursuant to the Second Agreement, Santai or JPO shall repay the Second Financial Assistance (i.e. HK\$27,500,000) in full in one lump sum together with all outstanding interest accrued thereon on the MT Repayment Date, being the date falling two (2) years from the date of the Second Agreement (or such earlier date as may be notified in writing by Santai or JPO to SAL in advance). There is no penalty for prepayment of the Second Financial Assistance and the relevant interest amount at any time.

The principal amount of the Second Financial Assistance is HK\$27,500,000 is arrived at based on the actual MT Trade Payables incurred and repaid up to the date of this announcement and thereafter SAL will not provide further Inventories to JPO.

Interest on the Second Financial Assistance (i.e. HK\$27,500,000) shall accrue from and including the date of the Second Agreement at the interest rate of 7% per annum (which is no less favourable than the market rate and having taken into account the prevailing market interest rates and practices, including the interest rate of approximately 6-7% per annum offered by commercial banks for loans) up to the MT Repayment Date. All interest will be payable in arrears in one lump sum on the MT Repayment Date. Interest shall be calculated on the actual number of days elapsed and accrued on a daily basis.

The Second Financial Assistance will be secured by the JPO Shares Charge, being the charge of shares of JPO, the value of which will be sufficient to cover the aggregate of (i) the entire amount of the Santai Advances; (ii) the entire amount of the Financial Assistance; and (iii) the entire amount of the Second Financial Assistance, by Santai in favour of the SAL to be duly executed by Santai as a collateral to ensure the due performance by Santai of its obligations under the Second Agreement. Santai undertakes to SAL that it will provide SAL with the original documentation(s) in relation to the JPO Shares Charge and the relevant copy certified as true and correct by a director of Santai of the resolution(s) of the director(s) of Santai authorising the execution, delivery and performance of the JPO Shares Charge and authorising a person or person(s) to sign on its behalf the JPO Shares Charge as soon as practicable after the entering into of the Second Agreement.

Some of the MT Trade Payables in the amount of HK\$6,800,000 were novated from JPO to Santai pursuant to the Third Novation Agreement and the Fourth Novation Agreement.

If JPO or Santai fails to pay any sum payable under the Second Agreement when due, JPO and Santai shall pay a default interest from and including the due date to the date of actual payment at the rate of 10.5% per annum calculated on the actual number of days elapsed and accrued on a daily basis. The rate of default interest of 10.5% per annum is determined after arm's length negotiation between SAL, JPO and Santai after taking into account (i) the interest rate of 7% per annum; and (ii) premium to be charged by SAL to compensate for the default.

### **Conditions Precedent**

The Second Agreement shall be conditional upon:

- (1) the Independent Shareholders having passed a resolution at the EGM to be convened and held to approve the Second Agreement and the transactions contemplated hereunder;
- (2) SAL having received from Santai (i) the original documentation(s) in relation to the JPO Shares Charge duly executed by Santai as a collateral to ensure the due performance by Santai of its obligations under the Second Agreement; and (ii) a copy certified as true and correct by a director of Santai of the resolution(s) of the director(s) of Santai authorising the execution, delivery and performance of the Second Agreement and the JPO Shares Charge and authorising a person or person(s) to sign on its behalf the Second Agreement and the JPO Shares Charge;

- (3) the representations and warranties given by JPO and Santai under the Second Agreement remaining true and accurate in all respects; and
- (4) the satisfaction of all conditions precedent set out in the Guaranty Fee Agreement (save for the condition in relation to the satisfaction of all conditions precedent of the Second Agreement).

None of the above conditions are waivable and if the above conditions have not been satisfied on or before 30 November 2024 (or such later date as SAL and JPO may agree), the Second Agreement shall cease and determine and neither party shall have any obligations and liabilities towards each other thereunder. The Company is entitled to request Santai and JPO for immediate repayment of the principal amount and accrued interest (if any) of the Second Financial Assistance in the event the above conditions have not been satisfied on or before 30 November 2024 (or such later date as SAL and JPO may agree).

### **REASONS FOR AND BENEFITS OF THE SECOND AGREEMENT**

The terms and conditions of the Second Agreement, including the interest rate of 7% per annum, were negotiated and arrived at after arm's length negotiations between SAL, Santai and JPO, having taken into account (i) the terms and conditions of the Agreement; and (ii) the prevailing market interest rates and practices, including the interest rate of approximately 6-7% per annum offered by commercial banks for loans. The Second Agreement was entered into by SAL having regard to (i) the interest income per annum to be received by SAL under the Second Agreement being more favourable than that offered by banks in Hong Kong for a 1-year fixed deposit; (ii) the continuous business relationship between SAL, Santai and JPO; and (iii) the support given to JPO such that JPO can turnaround from its financial difficulties which will eventually enhance the recoverability of the other receivables from JPO.

Taking into account the above, the Directors (save for the independent non-executive Directors whose views shall be set out in the circular after obtaining the advice from the independent financial adviser) are of the view that the terms and conditions of the Second Agreement are on normal commercial terms, fair and reasonable and the Second Agreement is in the interests of the Company and the Shareholders as a whole. The Second Agreement has been duly approved by the Board (other than Ms. Wong and Mr. Siu who have shareholding interests in JPO, Mr. Chung Sam Kwok Wai who has an option to acquire shares of JPO and the independent non-executive Directors whose views shall be set out in the circular after obtaining the advice from the independent financial adviser and they abstained from voting on the resolution to approve the Second Agreement) on the date of the Second Agreement.

### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the aggregate amount of the Second Financial Assistance exceeds 25% but is less than 100%, the entering into of the Second Agreement constituted a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the aggregate amount of the Second Financial Assistance (when aggregated with the Santai Advances and the Financial Assistance) exceeds 25%, the entering into of the Second Agreement, the Loan Agreement and the Agreement constituted a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Despite the above Listing Rules implications, as part of the remedial actions to prevent the occurrence of similar non-compliance incident in the future, the Company will convene the EGM for the Independent Shareholders to, among other things, consider, approve and ratify the Loan Agreement, the Agreement and the Second Agreement and the transaction contemplated thereunder and the Second Agreement is therefore subject to the circular (including independent financial advice) and Independent Shareholders' approval at the EGM.

#### **(4) CONTINUING CONNECTED TRANSACTION**

On 30 August 2024, SAL (a wholly-owned subsidiary of the Company), Mr. Choi as the First Guarantor and Ms. Wong as the Second Guarantor entered into the Guaranty Fee Agreement, pursuant to which the Company, Mr. Choi and Ms. Wong agreed to, among other things, set out the terms and conditions to compensate and pay the Guarantors a guaranty fee.

The principal terms of the Guaranty Fee Agreement are set out below:

**Date:** 30 August 2024

**Parties:**

- (1) Sterling Apparel Limited;
- (2) Mr. Choi Siu Wai William (as the First Guarantor); and
- (3) Ms. Wong Mei Wai Alice (as Second Guarantor).

#### **Guaranty Fees**

In consideration of (a) the First Guarantor will provide a personal guarantee to secure the HSBC Facilities; (b) the Second Guarantor has been providing various personal guarantees and properties pledge to secure the Facilities; and (c) the Second Guarantor will provide a pledge of her other one property to secure the HSBC Facilities, the Company agrees to pay the Guarantors a guaranty fee in accordance with the terms and conditions of the Guaranty Fee Agreement.

Subject to the fulfilment of the conditions precedent and the limitations set out below, the First Guarantor is entitled to receive a guaranty fee, such guaranty fee shall, commencing from the date of provision of the personal guarantee by the First Guarantor in favour of HSBC, accrue at a rate of 2.5% per annum on the amount of the personal guarantee to be provided by the First Guarantor in favour of HSBC. The guaranty fee payable to the First Guarantor shall, commencing from the date of provision of the personal guarantee by the First Guarantor in favour of HSBC, be accrued on a daily basis and calculated on the basis of the actual number of days elapsed on the basis of a 365-day year.

Subject to the fulfilment of the conditions precedent and the limitations set out below, the Second Guarantor is entitled to receive a guaranty fee, such guaranty fee shall, commencing from the date of the Guaranty Fee Agreement (given the Second Guarantor has been providing various personal guarantees and properties pledge to secure the Facilities as at the date of the Guaranty Fee Agreement), accrue at a rate of 2.5% per annum on the aggregate amount of guarantee provided by the Second Guarantor to secure the Facilities (including various personal guarantees and properties pledge provided by the Second Guarantor to secure the Facilities as at the date of the Guaranty Fee Agreement). The guaranty fee payable to the Second Guarantor shall, commencing from the date of the Guaranty Fee Agreement (given the Second Guarantor has been providing various personal guarantees and properties pledge to secure the Facilities as at the date of the Guaranty Fee Agreement), be accrued on a daily basis and calculated on the basis of the actual number of days elapsed on the basis of a 365-day year.

Should the amount of the guarantee provided by the First Guarantor and/or the Second Guarantor be adjusted at the request of relevant banks, the guaranty fee already accrued based on the previous amount of the guarantee provided by the First Guarantor and/or the Second Guarantor will not be affected but once the amount of the guarantee provided by the First Guarantor and/or the Second Guarantor has been effectively adjusted, the guaranty fee payable to the Guarantors in the above manner shall accrue based on the adjusted amount of the guarantee provided by the First Guarantor and/or the Second Guarantor.

### **Limitations**

Upon the occurrence of any of the following events, no guaranty fee of the relevant Guarantors shall accrue further:

- (a) the relevant Guarantors cease to provide any security/collateral/guarantee to secure the relevant Facilities; or
- (b) the relevant Facilities are terminated by the relevant banks; or
- (c) the expiry of the Term.

**Payment:** The accrued guaranty fee shall be payable to the Guarantors on the date falling two (2) years from the date of the Guaranty Fee Agreement.

**Term:** The Guaranty Fee Agreement has a term of two years.

### **Conditions Precedent**

The Guaranty Fee Agreement shall be conditional upon:

- (1) the Independent Shareholders having passed a resolution at the EGM to be convened and held to approve the Guaranty Fee Agreement and the transactions contemplated hereunder; and



- (2) the satisfaction of all conditions precedent set out in (i) the Loan Agreement (save for the condition in relation to the satisfaction of all conditions precedent of the Guaranty Fee Agreement); (ii) the Agreement (save for the condition in relation to the satisfaction of all conditions precedent of the Guaranty Fee Agreement); and (iii) the Second Agreement (save for the condition in relation to the satisfaction of all conditions precedent of the Guaranty Fee Agreement).

None of the above conditions are waivable and if the above conditions have not been satisfied on or before 30 November 2024 (or such later date as the parties thereto may agree), the Guaranty Fee Agreement shall cease and determine. Thereafter the Guarantors will not be entitled to any guarantee fee under the Guaranty Fee Agreement and no parties shall have any obligations and liabilities towards the others thereunder save for any antecedent breaches of the terms thereof.

### **Proposed annual cap and basis for determination**

For the purpose of Rule 14A.53 of the Listing Rules, the annual cap of the guaranty fee payable to the Second Guarantor pursuant to the Guaranty Fee Agreement is HK\$6.46 million, which is equivalent to a rate of 2.5% per annum on the aggregate amount of the existing guarantees provided by the Second Guarantor to secure the Facilities (i.e. HK\$218,558,000 as at the date of the Guaranty Fee Agreement) and the value of the property with a value of HK\$39.8 million as at August 2024 to be pledged by the Second Guarantor as an additional security for the HSBC Facilities.

### **REASONS FOR AND BENEFITS OF THE GUARANTY FEE AGREEMENT**

The First Guarantor was a former director of Sterling and he controls Santai, which in turn controls JPO, being a wholly-owned subsidiary of Santai.

The Second Guarantor is the chairperson, executive director and chief executive officer of the Company and she has been supporting the Company for many years. As at the date of the Guaranty Fee Agreement, the Second Guarantor has been providing various personal guarantees in the aggregate amount of up to HK\$120,958,000 and a pledge of her two properties with a value of HK\$97,600,000 as at 31 March 2024 to secure the Facilities.

It is now requested by HSBC to provide additional security/collateral/guarantee to secure the HSBC Facilities. In consideration of the financial support made by the Company to Santai and JPO from time to time as recognised by the Loan Agreement, the Agreement and the Second Agreement, the First Guarantor is willing to provide a personal guarantee in the amount of not less than HK\$40 million and not more than HK\$50 million (subject to further agreement with HSBC) as an additional security for the HSBC Facilities.

In view of the request by HSBC, the Second Guarantor is willing to provide a pledge of her another property with a value of HK\$39.8 million as at August 2024 as an additional security for the HSBC Facilities.

As at 31 March 2024, the cash and bank balances of the Group amounted to approximately HK\$26,965,000. The Group has secured total credit facilities of HK\$250,030,000 under the Facilities, which are intended to be utilised for the Group's business operations and general working capital requirements. The credit facilities granted to the Company under the Facilities allow the Group to manage short-term cash flow fluctuations and is crucial to the Group's operational flexibility and financial resilience.

In consideration of (a) the First Guarantor will provide a personal guarantee to secure the HSBC Facilities; (b) the Second Guarantor has been providing various personal guarantees and properties pledge to secure the Facilities; and (c) the Second Guarantor will provide a pledge of her other one property to secure the HSBC Facilities, the Directors (save for the independent non-executive Directors whose views shall be set out in the circular after obtaining the advice from the independent financial adviser) consider that it is fair and reasonable to compensate and pay the Guarantors a guaranty fee subject to the term and conditions of the Guaranty Fee Agreement. The terms and conditions of the Guaranty Fee Agreement were negotiated on an arm's length basis between the parties with reference to the prevailing market rates for other guaranty fee transactions.

Taking into consideration of the aforesaid, the Directors (save for the independent non-executive Directors whose views shall be set out in the circular after obtaining the advice from the independent financial adviser) consider that the terms and conditions of the Guaranty Fee Agreement are on normal commercial terms and are fair and reasonable and that the entering into of the Guaranty Fee Agreement is in the interests of the Company and the Shareholders as a whole. Given that Mr. Siu is the son of Ms. Wong, each of Ms. Wong and Mr. Siu had abstained from voting on the board resolution approving the Guaranty Fee Agreement.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Ms. Wong, the Second Guarantor, is an executive Director of the Company and is a connected person of the Group as defined under Chapter 14A of the Listing Rules. Therefore, the transactions with the Second Guarantor contemplated under the Guaranty Fee Agreement constitute continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the highest proposed annual cap for the guaranty fee payable to the Second Guarantor under the Guaranty Fee Agreement is less than 25% and the total consideration is less than HK\$10 million, the provision of guaranty fee payable to the Second Guarantor under the Guaranty Fee Agreement is subject to the reporting, annual review and announcement but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Despite the above Listing Rules implications, as the Guaranty Fee Agreement is inter-conditional with the Loan Agreement, the Agreement and the Second Agreement, the Company will convene the EGM for the Independent Shareholders to, among other things, consider and approve the Guaranty Fee Agreement and the transactions contemplated thereunder and the Guaranty Fee Agreement is therefore subject to the circular (including independent financial advice) and Independent Shareholders' approval at the EGM.

## **OTHERS**

### **Circular**

A circular containing, among other things, (i) further details in relation to the Loan Agreement, the Agreement, the Second Agreement, the Guaranty Fee Agreement and the transactions contemplated thereunder, (ii) the recommendation of the Independent Board Committee in relation to the Loan Agreement, the Agreement, the Second Agreement and the Guaranty Fee Agreement, (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Loan Agreement, the Agreement, the Second Agreement, the Guaranty Fee Agreement and the transactions contemplated thereunder; and (iv) other information required under the Listing Rules, is expected to be despatched to the Shareholders on or before 25 October 2024 as additional time is required to prepare the information to be contained in the circular.

### **Independent Board Committee**

The Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders in respect of the Loan Agreement, the Agreement, the Second Agreement, the Guaranty Fee Agreement and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **EGM**

The EGM will be convened for the Independent Shareholders and/or Shareholders (as the case may be) to, among other things, consider and, if thought fit, approve (i) the Loan Agreement and the transactions contemplated thereunder; (ii) the Agreement and the transactions contemplated thereunder; (iii) the Second Agreement and the transactions contemplated thereunder; and (iv) the Guaranty Fee Agreement and the transactions contemplated thereunder.

### **Voting**

Each of Ms. Wong and Mr. Siu has shareholding interests in JPO, Mr. Chung Sam Kwok Wai who has an option to acquire shares of JPO and the independent non-executive Directors whose views shall be set out in the circular after obtaining the advice from the independent financial adviser and they abstained from voting at the Board meeting to approve the resolutions for approving the Loan Agreement, the Agreement and the Second Agreement.

Given that Mr. Siu is the son of Ms. Wong, each of Ms. Wong and Mr. Siu had abstained from voting on the board resolution approving the Guaranty Fee 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 Guaranty Fee Agreement and thus was required to abstain from voting on the board resolution approving the Guaranty Fee Agreement.

To the best knowledge, information and belief of the Directors, no Shareholders or any of their respective associates have a material interest in (i) the Loan Agreement and the transactions contemplated thereunder; (ii) the Agreement and the transactions contemplated thereunder; (iii) the Second Agreement and the transactions contemplated thereunder; or (iv) the Guaranty Fee Agreement and the transactions contemplated thereunder, and no Shareholder is required to abstain from voting at the EGM.

## DEFINITIONS

In this announcement, unless the context otherwise requires, shall have the following meanings:

“Agreement”	the agreement dated 30 August 2024 entered into among the SAL, Santai and JPO
“Announcements”	the announcements of the Company dated 24 November 2023 and 3 June 2024
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday and/or a Sunday and/or any public holiday or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 6:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Chiefway”	Chiefway International Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by the Company
“Citibank Facilities”	various facilities with aggregate facilities limit of not exceeding US\$3,850,000 (equivalent to approximately HK\$30,030,000) granted by Citibank Hong Kong to SAL and Chiefway
“Company”	Sterling Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to, among other things, consider and, if thought fit, approve the Loan Agreement, the Agreement, the Second Agreement, the Guaranty Fee Agreement and the transactions contemplated thereunder
“Facilities”	collectively, the HS Facilities, the HSBC Facilities and the Citibank Facilities
“First Letter of Support”	the first letter of support executed by SAL in favour of JPO dated 18 November 2022, in relation to, among other things, (i) supply of Inventories to JPO; and (ii) non-enforcement of SAL’s right to collect from JPO any Trade Payables until JPO receives its initial public offering proceeds
“Fourth Novation Agreement”	the fourth novation agreement entered into between Santai, JPO and SAL dated 1 October 2023
“Group”	the Company and its subsidiaries
“Guaranty Fee Agreement”	the guaranty fee agreement entered into among Mr. Choi, Ms. Wong and the Company dated 30 August 2024
“Guarantors”	collectively, the First Guarantor and the Second Guarantor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“HSBC Facilities”	various facilities with aggregate facilities limit of not exceeding HK\$75,000,000 granted by HSBC to SAL and Chiefway
“HS Facilities”	various facilities with aggregate facilities limit of not exceeding HK\$145,000,000 granted by Hang Seng Bank Limited to SAL and Chiefway
“Independent Board Committee”	the independent committee of the Board to be formed by the Company, which will comprise all the independent non-executive Directors, namely Ms. Zhang Lingling and Mr. Chow Yun Cheung

“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Shareholders and the Independent Board Committee in respect of the Loan Agreement, the Agreement, the Second Agreement, the Guaranty Fee Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than any Shareholders or any of their respective associates with a material interest in the Loan Agreement, the Agreement, the Second Agreement and the Guaranty Fee Agreement who are required to abstain from voting at the EGM under the Listing Rules
“Inventories”	the inventories including apparel products, and such other products of SAL as shall be agreed in writing by the parties hereto from time to time
“JPO”	JP Outfitters Inc, a company incorporated in Delaware, the United States of America and is wholly and beneficially owned by Santai
“JPO Shares Charge”	the charge of 3,139,367 shares of JPO, the value of which will be sufficient to cover the aggregate of (i) the entire amount of the Santai Advances; (ii) the entire amount of the Financial Assistance; and (iii) the entire amount of the Second Financial Assistance, by Santai in favour of SAL to be duly executed by Santai as a collateral to ensure the due performance by Santai of its obligations under the Loan Agreement, the Agreement and the Second Agreement
“Letters of Support”	a total of three letters of support executed by SAL in favour of JPO dated 13 April 2023, 20 September 2023 and 28 December 2023, in relation to, among other things, non-enforcement of SAL’s right to collect from JPO any MT Trade Payables
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 30 August 2024 entered into between SAL and Santai
“Mr. Choi” or “First Guarantor”	Mr. Choi Siu Wai William
“Mr. Siu”	Mr. Siu Yik Ming, an executive Director

“Ms. Wong” or “Second Guarantor”	Ms. Wong Mei Wai Alice, an executive Director
“MT Repayment Date”	being the date falling two (2) years from the date of the Second Agreement (or such earlier date as may be notified in writing by Santai or JPO to SAL in advance)
“MT Term”	a period starting from 13 April 2023 and ending on the date of termination of the Letters of Support (i.e. 30 August 2024, being the date of the Second Agreement)
“MT Trade Payables”	JPO’s trade payables for Inventories supplied by SAL to JPO during the MT Term
“Purchase Price”	the purchase price with reference to the existing prices of similar Inventories in the market in respect of each Inventory as agreed between JPO and SAL from time to time
“Purchase Order”	an order for the purchase of the Inventories given by the JPO to SAL in the manner specified in the Agreement
“Repayment Date”	the date falling two (2) years from the date of the Loan Agreement
“SAL”	Sterling Apparel Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by the Company
“Sales Cap”	the maximum amount of Inventories supplied by SAL to JPO during the Supply Term
“Santai”	Santai Global Asset Management Limited, a company incorporated in Hong Kong with limited liability
“Santai Advances”	the advances made by the Group to Santai or JPO and payments made by the Group on behalf of JPO from 15 December 2022 to 27 October 2023 in the aggregate sum of US\$4,212,811 (equivalent to approximately HK\$32,859,926)
“Second Agreement”	the second agreement dated 30 August 2024 entered into among the SAL, Santai and JPO
“Shares(s)”	ordinary Share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supply Term”	a period starting from 18 November 2022 and ended on 23 March 2023
“Term”	term of the Guaranty Fee Agreement, being two years
“Third Novation Agreement”	the third novation agreement entered into between Santai, JPO and SAL dated 28 September 2022
“TP Repayment Date”	being the date falling two (2) years from the date of the Agreement (or such earlier date as may be notified in writing by Santai or JPO to SAL in advance)
“Trade Payables”	JPO’s trade payables for Inventories supplied by SAL to JPO during the Supply Term
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board  
**Sterling Group Holdings Limited**  
美臻集團控股有限公司\*  
**Wong Mei Wai Alice**  
*Chairperson, Executive Director and  
Chief Executive Officer*

Hong Kong, 30 August 2024

*As at the date of this announcement, Ms. Wong Mei Wai Alice is the executive Director and Chairperson, Mr. Siu Yik Ming, Mr. Chung Sam Kwok Wai, Mr. Leung Ka Wai and Mr. Ma Jian are the executive Directors, and Ms. Zhang Lingling and Mr. Chow Yun Cheung are the independent non-executive Directors.*

*For the purpose of this announcement, all amounts denominated in US\$ has been translated (for information only) into HK\$ using the exchange rate of US\$1.00:HK\$7.8. Such translation shall not be construed as a representation that amounts of US\$ were or may have been converted.*

\* For identification purpose only