

**IPO FACT SHEET**
**Sterling Group Holdings Limited (1825 HK)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$91.2m – HK\$100.32m
<b>Placement Tranche:</b>	228m
<b>Price:</b>	HK\$0.40 – HK\$0.44
<b>Board lot:</b>	10,000
<b>Entry fee:</b>	HK\$4,444.34
<b>Historical PE</b>	16.07x – 17.68x
<b>Net tangible asset per share:</b>	HK\$0.14 – HK\$0.15
<b>Market Cap (post-IPO):</b>	HK\$320m – HK\$352m
<b>Open:</b>	29 Sep 2018
<b>Close:</b>	12.00 noon on 5 Oct 2018
<b>Trading:</b>	19 Oct 2018
<b>Sponsor:</b>	Ample Capital Limited

<b>Year ended 31 Mar</b>	<b>(HKD'000)</b>	<b>yoy % chg</b>
Revenue		
2017	670,955	20.7%
2018	676,856	0.9%
Total comprehensive income for the year		
2017	31,101	18.9%
2018	19,911	-36.0%

**BACKGROUND**

- Founded in 1993, their Group is an apparel manufacturer headquartered in Hong Kong providing a one-stop apparel manufacturing solution for their customers.
- They manufacture a wide range of apparel products such as outerwear, bottoms, tops and other products. The majority of their customers are international apparel brands with their products sold around the world.
- In particular, they have established a long standing relationship with their largest customer, Customer A who is an international apparel brand headquartered in the U.S., since the 1990s.
- Their apparel products can be grouped into four categories, namely (i) outerwear (e.g. jackets, coats and blazers); (ii) bottoms (e.g. pants, shorts and skirts); (iii) tops (e.g. shirts, blouses and tank tops); and (iv) other products such as dresses, suits, gown, scarf, jumpsuits and vests. Generally, the demand for their apparel products is seasonal and higher in the fall and winter seasons.

**BUSINESS STRATEGY AND FUTURE PLANS**

- Building on their long term relationships with existing customers and diversifying their Group's base of customers.
- Further upgrade and enhance their Group's production facilities.
- Continue to pursue strategic acquisitions, investments and alliance opportunities to capture other potential market opportunities.
- Further enhance their information technology systems.

**COMPETITIVE STRENGTHS**

- Ability to manufacture a diversified range of apparel products.
- Established long-term relationships with customers who are international apparel brand names.
- Established long-term relationships with third party factories.
- Stringent quality assurance and control measures.
- The geographical advantage of their production facilities located in the PRC and Sri Lanka.
- Experienced management team with a proven track record.

**KEY RISKS**

- Their Group relies heavily on Customer A and Customer G and any decrease in their sales to Customer A and Customer G would materially affect their business, financial condition and future operations.
- They have not entered into any long-term agreements with their customers, which exposes them to the risk of uncertainty and potential volatility in respect of their revenue.
- They rely significantly on their sales in the U.S. and any event negatively affecting the U.S. could have an adverse effect on their business, financial conditions, result of operations and future operations.
- They have completed the acquisition of their own production facilities during the Track Record Period and may experience difficulties in managing and integrating operations or otherwise fail to achieve the desired benefits from the acquisitions.
- They may not be able to sustain their historical financial performance and may encounter difficulties in sustaining profitability.
- Any failure to maintain an effective quality assurance system at their production facilities or any failure or deterioration of their quality assurance system may have a material adverse effect on their reputation.

**DIVIDEND POLICY**

- No fixed dividend policy

**USE OF PROCEEDS**

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Will be used for expanding and refurbishing our production facilities located in Sri Lanka and the PRC capacity.	16.30	30.0%
Will be used for repayment of part of our outstanding bank borrowings capacity.	13.60	25.0%
Will be used for acquisitions of production facilities.	13.60	25.0%
Will be used for upgrading our information technology system, lean manufacturing and productivity improvement programs.	5.40	10.0%
Will be used for our Group's general working capital.	5.50	10.0%
<b>Total:</b>	<b>54.40</b>	<b>100.00%</b>

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