

DATE: 30 AUGUST 2024

**CHOI SIU WAI WILLIAM
(as First Guarantor)**

AND

**WONG MEI WAI ALICE
(as Second Guarantor)**

AND

**STERLING APPAREL LIMITED
(as Company)**

GUARANTY FEE AGREEMENT

**MICHAEL LI & CO.
Room 1901A, 1902 & 1902A, 19/F.
New World Tower I
16-18 Queen's Road Central
Central, Hong Kong

(Re: CCL/KV/CN/2317985)**

THIS AGREEMENT is made on 30 August 2024

AMONG:

- (1) **CHOI SIU WAI WILLIAM**, holder of Hong Kong identity card number E440651(A) and his residential address is situated at 11/F Fuk Chiu Factory Building, 20 Bute Street, Mongkok, Kowloon, Hong Kong (the “**First Guarantor**”);
- (2) **WONG MEI WAI ALICE**, holder of Hong Kong identity card number E875454(7) and her residential address is situated at 18 – 19th Floor, Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong (the “**Second Guarantor**”, together with the First Guarantor, the “**Guarantors**”); and
- (3) **STERLING APPAREL LIMITED**, a company incorporated in Hong Kong with limited liability and its registered office is situated at 18 – 19th Floor, Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong (the “**Company**”, and collectively with the Guarantors, the “**Parties**” and each a “**Party**”).

WHEREAS:

- (A) As at the date of this Agreement, Hang Seng Bank Limited has granted various facilities with aggregate facilities limit of not exceeding HK\$145,000,000 (the “**HS Facilities**”) to the Company and Chiefway International Limited (“**Chiefway**”), being a fellow subsidiary of the Company and both the Company and Chiefway are wholly and beneficially owned by Sterling Group Holdings Limited (“**Sterling**”).
- (B) As at the date of this Agreement, The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”) has granted various facilities with aggregate facilities limit of not exceeding HK\$75,000,000 (the “**HSBC Facilities**”) to the Company and Chiefway.
- (C) As at the date of this Agreement, Citibank Hong Kong has granted various facilities with aggregate facilities limit of not exceeding US\$3,850,000 (equivalent to approximately HK\$30,030,000) (the “**Citibank Facilities**”, together with HS Facilities and HSBC Facilities, the “**Facilities**”) to the Company and Chiefway.
- (D) It is now requested by HSBC to provide additional security/collateral/guarantee to secure the HSBC Facilities.
- (E) The First Guarantor was a former director of Sterling and he controls Santai Global Asset Management Limited (“**Santai**”), which in turn controls JP Outfitters Inc (“**JPO**”), being a wholly owned subsidiary of Santai.
- (F) As at the date of this Agreement, (i) the Company entered a loan agreement with Santai to recognise the previous advances made by the Company to Santai and JPO (the “**Loan Agreement**”); (ii) the Company, Santai and JPO entered into the first agreement to recognise the letter of support executed by the Company in favour of JPO in 2022 and the supply of inventories to JPO and financial support therein made by the Company to JPO (the “**First Agreement**”); and (iii) the Company, Santai and

JPO entered into the second agreement to recognise the three letters of support executed by the Company in favour of JPO in 2023 and the financial support therein made by the Company to JPO (the “**Second Agreement**”).

- (G) 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 First 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 no more than HK\$50 million (subject to further agreement with HSBC) as an additional security for the HSBC Facilities.
- (H) The Second Guarantor is the chairperson, executive director and chief executive officer of Sterling and she has been supporting Sterling for many years. As at the date of this 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, details of which are more particularly described in the Schedule, to secure the Facilities. The Second Guarantor is also willing to provide a pledge of her other one property with a value of HK\$39,800,000 as at August 2024 as an additional security for the HSBC Facilities.
- (I) 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 Parties agree to enter into this Agreement to set out the terms and conditions to compensate and pay the Guarantors a guaranty fee.

NOW IT IS HEREBY AGREED as follows:

1. INTERPRETATION

- 1.1 In this Agreement (including the Recitals and Schedule), unless the context requires otherwise, the following words and expression shall have the meanings ascribed to each of them respectively below:

“ Hong Kong ”	the Hong Kong Special Administrative Region of the People’s Republic of China
“ Listing Rules ”	Rules Governing the Listing of Securities on the Stock Exchange
“ SFC ”	Securities and Futures Commission
“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited
“ Taxation ”	all forms of taxation including overseas taxation and all forms of profits tax, interest

tax, estate duty and stamp duty and all levies, imposts, duties, charges, fees, deductions and withholdings whatsoever charged or imposed by any statutory, governmental state, provincial, local government or municipal authority whatsoever and the expression “**Tax**” shall be construed accordingly

“**this Agreement**”

this guaranty fee agreement, as amended from time to time

“**HK\$**”

Hong Kong dollars, the lawful currency of Hong Kong

“**US\$**”

US dollars, the lawful currency of the United States of America

“**%**”

per cent.

- 1.2 References herein to Clauses and the Schedule are to clauses in and the schedule to, this Agreement unless the context requires otherwise and the Schedule to this Agreement shall be deemed to form part of this Agreement.
- 1.3 The expressions “**Guarantors**” and “**Company**” shall, where the context permits, include their respective successors and personal representatives.
- 1.4 The headings are inserted for convenience only and shall not affect the construction of this Agreement.
- 1.5 Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing a gender include every gender.

2. GUARANTY FEES

- 2.1 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 this Agreement.
- 2.2 Subject to the fulfilment of the conditions precedent in Clause 5.1 and the limitation in Clause 2.5, 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 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.

- 2.3 Subject to the fulfilment of the conditions precedent in Clause 5.1 and the limitation in Clause 2.5, the Second Guarantor is entitled to receive a guaranty fee, such guaranty fee shall, commencing from the date of this Agreement (given the Second Guarantor has been providing various personal guarantees and properties pledge to secure the Facilities as at the date of this 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 this Agreement, the details of which are set out in the Schedule). The guaranty fee payable to the Second Guarantor shall, commencing from the date of this 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.
- 2.4 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 Clauses 2.2 and 2.3 above shall accrue based on the adjusted amount of the guarantee provided by the First Guarantor and/or the Second Guarantor.
- 2.5 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 (as defined below).

3. PAYMENT

The accrued guaranty fee shall be payable to the Guarantors on the date falling two (2) years from the date of this Agreement.

4. TERM OF THIS AGREEMENT

This Agreement has a term of two years (the “**Term**”).

5. CONDITIONS PRECEDENT

- 5.1 This Agreement shall be conditional upon:

(a) the independent shareholders of Sterling having passed a resolution at the

extraordinary general meeting of Sterling to be convened and held to approve this Agreement and the transactions contemplated hereunder; and

- (b) 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 this Agreement); (ii) the First Agreement (save for the condition in relation to the satisfaction of all conditions precedent of this Agreement); and (iii) the Second Agreement (save for the condition in relation to the satisfaction of all conditions precedent of this Agreement).

- 5.2 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 hereto may agree), this Agreement shall cease and determine (save and except Clauses 9 and 19 which shall continue to have full force and effect). Thereafter the Guarantors will not be entitled to any guarantee fee under this Agreement and no parties shall have any obligations and liabilities towards the others hereunder save for any antecedent breaches of the terms hereof.

6. RESTRICTION ON ANNOUNCEMENTS

- 6.1 Each of the Parties undertakes to the others that it/he/she will not, at any time after the date of this Agreement, divulge or communicate to any person other than to its/his/her professional advisers, or when required by applicable law and the regulations or the requirements of the Stock Exchange, the SFC or any other regulatory body or authority, or to its/his/her respective officers or employees whose province it is to know the same any confidential information concerning the business, accounts, finance or contractual arrangements or other dealings, transactions or affairs of any of the others which may be within or may come to its/his knowledge and it/he/she shall use its/his/her best endeavours to prevent the publication or disclosure of any such confidential information concerning such matters.
- 6.2 No public announcement or communication of any kind shall be made in respect of the subject matter of this Agreement unless specifically agreed between the parties or unless an announcement is required pursuant to the Listing Rules, the applicable law and the regulations or the requirements of the Stock Exchange, the SFC or any other regulatory body or authority.

7. SUFFICIENCY OF CONSIDERATION

The Parties jointly and severally represent, warrant and covenant that each has received full and sufficient consideration for all grants made and obligations undertaken, in this Agreement.

8. SUCCESSOR AND ASSIGNS

This Agreement, and the obligations and rights of the Parties hereunder, shall be binding upon and inure to the benefit of the Parties' respective heirs, personal representatives, successors and assigns.

9. **NOTICES**

- 9.1 Each notice, demand or other communication given, made or serve under this Agreement shall be in writing and delivered or sent to the relevant party by prepaid postage (by airmail if to another country), email, facsimile transmission or personal delivery to its address, email address or fax number as set out below (or such other address, email address or fax number as the addressee has by five (5) days' prior written notice specified to the other parties):

To the Company: Sterling Apparel Limited

Address : 18 – 19th Floor, Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong
Email address : sam.chung@sphk.com.hk
Fax number: : 21170069
Attention : The board of directors

To the First Guarantor: Choi Siu Wai William

Address : 11/F Fuk Chiu Factory Building, 20 Bute Street, Mongkok, Kowloon
Email address : WilliamChoi@cflhk.com
Fax number: : 23981500

To the Second Guarantor: Wong Mei Wai Alice

Address : 18–19/F, Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong
Email address : alice.wong@sphk.com.hk
Fax number: : 21170069

- 9.2 Each notice, demand or other communication given, made or serve under this Agreement shall be deemed to have been given and received by the relevant parties (i) within two (2) days after the date of posting, if sent by local mail; four (4) days after the date of posting, if sent by airmail; (ii) when delivered, if delivered by hand; and (iii) on despatch, if sent by email or facsimile transmission.

10. **TIME AND NO WAIVER**

Time shall in every respect be of the essence of this Agreement but no failure on the part of any party hereto to exercise, and no delay on its part in exercising any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise of it or the exercise of any other right(s) or prejudice or affect any right(s) against any other parties hereto under the same liability, whether joint, several or otherwise. The rights

and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

11. INVALIDITY

If at any time any one or more of the provisions of this Agreement is/are or become(s) illegal, invalid or unenforceable in any respect under laws of any jurisdiction, the legality, validity or enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

12. AMENDMENTS

This Agreement may not be amended or modified, nor may any of its terms be waived, except by written instruments signed by the Company and the Guarantors.

13. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall be deemed to constitute one instrument.

14. ASSIGNMENT

The Company may not assign this Agreement, its rights or responsibilities hereunder, without the prior written authorisation of the Guarantors. Any assignment in derogation of the foregoing shall be void.

15. ENTIRE AGREEMENT

This Agreement shall constitute the full and entire understanding and agreement between the Parties with regard to the subjects hereof and thereof, and any and all other written or oral agreements existing between the Parties hereto are expressly canceled.

16. TAX

Each Party hereto shall be responsible for any and all Taxes levied as a result of the performance of each Party's respective activities under this Agreement.

17. EXPENSES

Each Parties shall bear his/her/its own costs and expenses (including legal fees) incurred in connection with the preparation, negotiation, execution and performance of this Agreement.

18. THIRD PARTY RIGHTS

Unless expressly provided to the contrary in this Agreement, a person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third

Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce any of the terms of this Agreement, and whether so provided in this Agreement or not, no consent of third party is required for the amendment to (including the waiver or compromise of any obligation), rescission of or termination of this Agreement.

19. GOVERNING LAW AND JURISDICTION

- 19.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong.
- 19.2 The Parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong.

Schedule

The existing personal guarantees and properties pledge provided by the Second Guarantor as at the date of this Agreement:

Bank	Bank facility principal amount (HK\$)	Nature of guarantee	Personal guarantee amount (HK\$)	Pledged properties value (HK\$)
The Hongkong and Shanghai Banking Corporation Limited	75,000,000	Personal guarantee	35,000,000	N/A
Hang Seng Bank Limited	145,000,000	Personal guarantee and pledged properties	50,000,000	97,600,000 (valued on 31.3.2024)
Citibank Hong Kong	30,030,000 (US\$3,850,000)	Personal guarantee	35,958,000 (US\$4,610,000)	N/A

THE FIRST GUARANTOR

SIGNED, SEALED and DELIVERED

by **CHOI SIU WAI WILLIAM**

in the presence of:

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THE SECOND GUARANTOR

SIGNED, SEALED and DELIVERED

by **WONG MEI WAI ALICE**

in the presence of:

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A handwritten signature in black ink, appearing to read 'Alice Wong', written over the closing parentheses of the signature line.

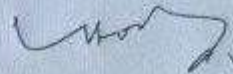
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THE FIRST GUARANTOR

SIGNED, SEALED and DELIVERED)

by **CHOI SIU WAI WILLIAM**)

in the presence of:)



THE SECOND GUARANTOR

SIGNED, SEALED and DELIVERED)

by **WONG MEI WAI ALICE**)

in the presence of:)

IN WITNESS WHEREOF this Agreement has been executed on the day and year first above written.

THE COMPANY

SIGNED by

for and on behalf of

**STERLING APPAREL
LIMITED**

in the presence of:

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)
)
)

Kendy

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Date: 20 February 2025

Guaranty fee agreement dated 30 August 2024 entered into among Sterling Apparel Limited, Choi Siu Wai William and Wong Mei Wai Alice (the “Guaranty Fee Agreement”)

Reference is made to the Guaranty Fee Agreement. Capitalised terms used herein shall have the same meanings as those defined in the Guaranty Fee Agreement unless otherwise defined.

By way of this letter, we hereby confirm our mutual agreement to extend the long stop date as stipulated in Clause 5.2 of the Guaranty Fee Agreement to take place on or before 30 April 2025 (or such later date as the parties to the Guaranty Fee Agreement may agree).

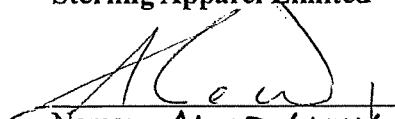
Subject only to the variations herein contained and such other alterations (if any) as may be necessary to make the Guaranty Fee Agreement consistent with this letter, the Guaranty Fee Agreement shall remain in full force and effect and shall be read and construed together with this letter and be enforceable as if the terms of this letter were incorporated therein by way of addition and substitution, as the case may be.


This letter may be signed in two or more counterparts whereas each of which shall be binding on the parties hereto and shall together constitute one instrument.

This letter shall be governed by and construed in accordance with the laws of Hong Kong.

Notwithstanding any other provisions of this letter, a person who is not a party to this letter shall not have any rights under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce any provisions of or enjoy and benefit under this letter.

For and on behalf of
Sterling Apparel Limited


Name: **ALICE WONG**
Title: **CEO**


Wong Mei Wai Alice



Choi Siu Wai William