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SITOY GROUP HOLDINGS LIMITED

時代集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1023)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus issued by SitoY Group Holdings Limited (the “Company”) dated 24 November 2011 (the “Prospectus”) in relation to the Global Offering of the Company’s shares for the listing on the Main Board of The Stock Exchange of Hong Kong Limited. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

USE OF PROCEEDS

It was disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus that the Company intended to use the net proceeds from the Global Offering of approximately HK\$798.2 million (assuming an Offer Price of HK\$3.45 per Share, being the mid-point of the proposed Offer Price range), after deducting underwriting fees and commissions and estimated expenses payable by the Company in relation to the Global Offering and not taking into account any exercise of the Over-allotment Option, for the following purposes:

- approximately HK\$279.4 million (or approximately 35% of the net proceeds) for the expansion of our manufacturing capacities through the completion of the second phase of our Yingde manufacturing facility;
- approximately HK\$159.6 million (or approximately 20% of the net proceeds) for the upgrading of machinery and tooling in our existing manufacturing facilities;
- approximately HK\$279.4 million (or approximately 35% of the net proceeds) for the expansion of our retail business including, among other things, the development of our “TUSCAN’S” brand, potential brand acquisitions or other mergers and acquisitions activities, which are consistent with our business strategies; and
- approximately HK\$79.8 million (or approximately 10% of the net proceeds) for general corporate purposes.

The actual net proceeds from the Global Offering was approximately HK\$718.2 million (the “IPO Proceeds”). There is approximately HK\$191.9 million of the IPO Proceeds which remains unutilised as at the date of this announcement.

CHANGE IN USE OF PROCEEDS

The Board has resolved to change the use of approximately HK\$170.8 million out of the remaining unutilised IPO Proceeds. The table below summarises the breakdown of (i) the proposed use of the proceeds as stated in the Prospectus (adjusted on a pro-rata basis according to the actual IPO Proceeds), (ii) the utilised IPO Proceeds up to the date of this announcement, (iii) the unutilised IPO Proceeds up to the date of this announcement, and (iv) the proposed change of use of the remaining unutilised IPO Proceeds (the “Proposed Change”):

	(i) Proposed use of the proceeds as stated in the Prospectus (adjusted on a pro-rata basis according to the actual IPO Proceeds)		(ii) Utilised IPO Proceeds up to the date of this announcement	(iii) Unutilised IPO Proceeds up to the date of this announcement	(iv) Proposed Change
	<i>HK\$'million approximately</i>	<i>Percentage approximately</i>	<i>HK\$'million approximately</i>	<i>HK\$'million approximately</i>	<i>HK\$'million approximately</i>
Second phase of Yingde manufacturing facility	251.4	35%	155.0	96.4	–
Upgrading of machinery and tooling in existing manufacturing facilities	143.6	20%	59.2	84.4	10.0
Expansion of retail business	251.4	35%	240.3	11.1	161.9
Working capital	71.8	10%	71.8	–	20.0
Total	<u>718.2</u>	<u>100%</u>	<u>526.3</u>	<u>191.9</u>	<u>191.9</u>

REASONS FOR THE PROPOSED CHANGE

Reference is made to the above table, the IPO Proceeds originally allocated for the use of (i) second phase of Yingde manufacturing facility and (ii) the upgrading of machinery and tooling in existing manufacturing facilities have not been fully utilised. The Company expects that the existing manufacturing capacity will be sufficient for fulfilling the future demand and potential growth.

As the Board intends to put more effort on developing the Group’s retail business and to fulfill the working capital requirements, the Board has resolved to change the use of certain remaining unutilised IPO Proceeds as to approximately HK\$150.8 million and HK\$20.0 million to be used for the development of the Group’s retail business and working capital respectively.

The Board considers that the Proposed Change is in the best interest of the Company and its shareholders as a whole. The Proposed Change will allow the Company to deploy its financial resources more effectively.

By Order of the Board
Sitoy Group Holdings Limited
Yeung Michael Wah Keung
Chairman

Hong Kong, 30 December 2016

As at the date of this announcement, the executive directors of the Company are Mr. Yeung Michael Wah Keung, Mr. Yeung Wo Fai, Mr. Chan Ka Dig Adam and Mr. Yeung Andrew Kin; and the independent non-executive directors of the Company are Mr. Yeung Chi Tat, Mr. Kwan Po Chuen, Vincent and Mr. Lung Hung Cheuk.