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SITOIY GROUP HOLDINGS LIMITED

時代集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1023)

**CONTINUING CONNECTED TRANSACTIONS –
TENANCY AGREEMENTS**

On 1 June 2018, Sitoy HK (as tenant), an indirect wholly-owned subsidiary of the Company, entered into the Tenancy Agreements with each of Company A and Company B (each as landlord) in relation to the lease of Premises A and Premises B to Sitoy HK respectively.

Company A is directly wholly-owned by Mr. Michael Yeung, a controlling shareholder, the chairman and an executive Director of the Company. Company B is directly wholly-owned by Mr. Teras Yeung, a substantial shareholder, the chief executive officer and an executive Director of the Company. Each of Company A and Company B, being an associate of Mr. Michael Yeung and Mr. Teras Yeung respectively, is therefore a connected person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Transactions are aggregated in accordance with Rule 14A.81 of the Listing Rules. As the applicable percentage ratios (as defined under the Listing Rules) (other than the profits ratio) calculated based on the Proposed Annual Caps, on an aggregate basis, are expected to be more than 0.1% but less than 5%, the Transactions are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement pursuant to Rule 14A.76 of the Listing Rules.

The Board announces that on 1 June 2018, Sitoy HK (as tenant), an indirect wholly-owned subsidiary of the Company, entered into the Tenancy Agreements with each of Company A and Company B (each as landlord) in relation to the lease of Premises A and Premises B to Sitoy HK respectively.

TENANCY AGREEMENT A

Date: 1 June 2018

Tenant: Sitoy HK

Landlord: Company A, a company wholly-owned by Mr. Michael Yeung and principally engaged in property investment

Lease premises: Premises A is a residential unit situated at Kadoorie Avenue, Kowloon, Hong Kong.

Term: 36 months from 1 July 2018 to 30 June 2021 (both days inclusive)

Rent: The rent payable under Tenancy Agreement A is HK\$200,000 per month (inclusive of government rent, government rates and management fees) which shall be payable in cash by Sitoy HK in advance on the first day of each calendar month. The rent will be settled by the internal resources of the Group. All charges for water, gas, electricity and other utilities consumed on or in Premises A shall be paid by Company A.

The rent payable by the Group under Tenancy Agreement A was determined after arm's length negotiations by the parties with reference to the prevailing market rental chargeable in respect of premises similar to Premises A, less a discount taking into consideration the housing allowances available to the intended occupant of Premises A.

TENANCY AGREEMENT B

Date: 1 June 2018

Tenant: Sitoy HK

Landlord: Company B, a company wholly-owned by Mr. Teras Yeung and principally engaged in property investment

Lease premises: Premises B is a residential unit situated at Celestial Heights Phase 2, 80 Sheung Shing Street, Ho Man Tin, Kowloon, Hong Kong.

Term: 36 months from 1 July 2018 to 30 June 2021 (both days inclusive)

Rent:

The rent payable under Tenancy Agreement B is HK\$200,000 per month (inclusive of government rent, government rates and management fees) which shall be payable in cash by Sitoy HK in advance on the first day of each calendar month. The rent will be settled by the internal resources of the Group. All charges for water, gas, electricity and other utilities consumed on or in Premises B shall be paid by Company B.

The rent payable by the Group under Tenancy Agreement B was determined after arm's length negotiations by the parties with reference to the prevailing market rental chargeable in respect of premises similar to Premises B.

PROPOSED ANNUAL CAPS

The rent payable by the Group under Tenancy Agreement A is expected to be as follows:

For the year ending 30 June		
2019	2020	2021
no more than <u>HK\$2,400,000</u>	no more than <u>HK\$2,400,000</u>	no more than <u>HK\$2,400,000</u>

The rent payable by the Group under Tenancy Agreement B is expected to be as follows:

For the year ending 30 June		
2019	2020	2021
no more than <u>HK\$2,400,000</u>	no more than <u>HK\$2,400,000</u>	no more than <u>HK\$2,400,000</u>

Based on the aggregate rent payable under the Tenancy Agreements as set out above, the Proposed Annual Caps are as follows:

For the year ending 30 June		
2019	2020	2021
<u>HK\$4,800,000</u>	<u>HK\$4,800,000</u>	<u>HK\$4,800,000</u>

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

It is intended that the Premises will be used as executive quarters of the Group. With a view to recognising and rewarding the contributions of the executive members of the Group, the Company considers that the provision of such accommodation will provide incentives for its executives to improve their work performance. As the terms under the Tenancy Agreements were arrived at after arm's length negotiations by the parties with reference to the (i) prevailing market rent for similar properties in the vicinity of the Premises; and (ii) various conditions of the Premises, including but not limited to the location and age of the buildings as well as the facilities and management services associated with the Premises, the Directors (including the independent non-executive Directors) are of the view that:

- (i) the Proposed Annual Caps are fair and reasonable; and
- (ii) the terms of the Tenancy Agreements and the Transactions are fair and reasonable, are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

GENERAL INFORMATION

The Group is principally engaged in design, research, development, manufacture, sale, retailing and wholesale of handbags, small leather goods and travel goods, footwear and fashion products provision of advertising and marketing services and property investment.

Both Company A and Company B are principally engaged in property investment.

LISTING RULES IMPLICATIONS

Company A is directly wholly-owned by Mr. Michael Yeung, a controlling shareholder, the chairman and an executive Director of the Company. Company B is directly wholly-owned by Mr. Teras Yeung, a substantial shareholder, the chief executive officer and an executive Director of the Company. Each of Company A and Company B, being an associate of Mr. Michael Yeung and Mr. Teras Yeung respectively, is therefore a connected person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Transactions are aggregated in accordance with Rule 14A.81 of the Listing Rules. As the applicable percentage ratios (as defined under the Listing Rules) (other than the profits ratio) calculated based on the Proposed Annual Caps, on an aggregate basis, are expected to be more than 0.1% but less than 5%, the Transactions are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement pursuant to Rule 14A.76 of the Listing Rules.

As Mr. Michael Yeung, Mr. Teras Yeung and Mr. Yeung Andrew Kin (being the son of Mr. Michael Yeung and the nephew of Mr. Teras Yeung) had a material interest in the Transactions, they have abstained from voting on the Board resolutions approving the Tenancy Agreements and the Transactions.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Sitoy Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Company A”	Maxon Properties Limited, a company incorporated in Hong Kong with limited liability which is wholly-owned by Mr. Michael Yeung
“Company B”	Golden Palace Corporation Limited, a company incorporated in Hong Kong with limited liability which is wholly-owned by Mr. Teras Yeung
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the 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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Michael Yeung”	Mr. Yeung Michael Wah Keung, a controlling shareholder, the chairman and an executive Director of the Company
“Mr. Teras Yeung”	Mr. Yeung Wo Fai, a substantial shareholder, the chief executive officer and an executive Director of the Company
“Premises”	Premises A and Premises B
“Premises A”	the residential unit situated at Kadoorie Avenue, Kowloon, Hong Kong to be leased to Sitoy HK under Tenancy Agreement A

“Premises B”	the residential unit situated at Celestial Heights Phase 2, 80 Sheung Shing Street, Ho Man Tin, Kowloon, Hong Kong to be leased to Sitoy HK under Tenancy Agreement B
“Proposed Annual Caps”	the proposed annual caps for each of the three years ending 30 June 2019, 2020 and 2021 in respect of the aggregate rent payable by (i) Sitoy HK to Company A under Tenancy Agreement A; and (ii) Sitoy HK to Company B under Tenancy Agreement B
“Sitoy HK”	Sitoy (Hong Kong) Handbag Factory Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Tenancy Agreement A”	the tenancy agreement dated 1 June 2018 entered into between Sitoy HK (as tenant) and Company A (as landlord) in relation to the lease of Premises A to Sitoy HK
“Tenancy Agreement B”	the tenancy agreement dated 1 June 2018 entered into between Sitoy HK (as tenant) and Company B (as landlord) in relation to the lease of Premises B to Sitoy HK
“Tenancy Agreements”	Tenancy Agreement A and Tenancy Agreement B
“Transactions”	the transactions contemplated under the Tenancy Agreements
“%”	per cent

By Order of the Board
Sitoy Group Holdings Limited
Lau Kin Shing, Charles
Executive Director

Hong Kong, 1 June 2018

As at the date of this announcement, the executive Directors of the Company are Mr. Yeung Michael Wah Keung, Mr. Yeung Wo Fai, Mr. Yeung Andrew Kin and Mr. Lau Kin Shing, Charles; and the independent non-executive Directors of the Company are Mr. Yeung Chi Tat, Mr. Kwan Po Chuen, Vincent and Mr. Lung Hung Cheuk.