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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)

CONNECTED TRANSACTION – RENEWAL TENANCY AGREEMENT

RENEWAL TENANCY AGREEMENT

Reference is made to the announcement of the Company dated 1 June 2018 in relation to the Existing Tenancy Agreement which will expire on 30 June 2021.

The Board announces that on 1 June 2021, Sityo HK (as tenant), an indirect wholly-owned subsidiary of the Company, entered into the Renewal Tenancy Agreement with Maxon (as landlord) in relation to the lease of the Premises for a term of three years commencing on 1 July 2021 and expiring on 30 June 2024.

LISTING RULES IMPLICATIONS

Maxon is directly wholly-owned by Mr. Michael Yeung, a controlling shareholder, the chairman and an executive Director of the Company. Maxon being an associate of Mr. Michael Yeung, is therefore a connected person of the Company under Rule 14A.07 of the Listing Rules. In accordance with HKFRS 16 “Leases”, the Group is required to recognize the value of the right-of-use asset in connection with the Renewal Tenancy Agreement and the transaction contemplated thereunder will be regarded as an acquisition of an asset by the Group pursuant to the Listing Rules. Accordingly, the transaction contemplated under the Renewal Tenancy Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The estimated value of the right-of-use asset to be recognized by the Group under the Renewal Tenancy Agreement is approximately HK\$6,701,000. Shareholders should note that the value of the right-of-use asset is unaudited and may be subject to adjustment in the future. As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the estimated value of the right-of-use asset to be recognized by the Group under the Renewal Tenancy Agreement is more than 0.1% but all of them are less than 5%, the transaction contemplated under the Renewal Tenancy Agreement is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

RENEWAL TENANCY AGREEMENT

Reference is made to the announcement of the Company dated 1 June 2018 in relation to the Existing Tenancy Agreement which will expire on 30 June 2021.

The Board announces that on 1 June 2021, Sitoy HK (as tenant), an indirect wholly-owned subsidiary of the Company, entered into the Renewal Tenancy Agreement with Maxon (as landlord) in relation to the lease of the Premises for a term of three years commencing on 1 July 2021 and expiring on 30 June 2024.

Date:	1 June 2021
Tenant:	Sitoy HK
Landlord:	Maxon, a company wholly-owned by Mr. Michael Yeung and principally engaged in property investment
Lease premises:	The residential unit situated at Kadoorie Avenue, Kowloon, Hong Kong
Term:	36 months from 1 July 2021 to 30 June 2024 (both days inclusive)
Rent:	The rent payable under the Renewal Tenancy Agreement is HK\$200,000 per month (inclusive of government rent, government rates and management fees) which shall be payable 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 the Premises shall be paid by Maxon.

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

HISTORICAL RENTALS

The historical rentals under the Existing Tenancy Agreement, including government rent, government rates and management fees, for each of the financial years of the Company ended on 30 June 2019, 30 June 2020 and 30 June 2021 were HK\$2,400,000 respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWAL TENANCY AGREEMENT

It is intended that the Premises will be used as executive quarter 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 Renewal Tenancy Agreement 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 building as well as the facilities and management services associated with the Premises, the Directors (including the independent non-executive Directors) consider that the terms of the Renewal Tenancy Agreement and the transaction contemplated thereunder 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, travel goods, footwear and fashion products, provision of advertising and marketing services, and property investment.

Sitoy HK is an indirect wholly-owned subsidiary of the Company and principally engaged in investment holding, trading of handbags, small leather goods and travel goods, and property investments.

Maxon is principally engaged in property investment.

LISTING RULES IMPLICATIONS

Maxon is directly wholly-owned by Mr. Michael Yeung, a controlling shareholder, the chairman and an executive Director of the Company. Maxon being an associate of Mr. Michael Yeung, is therefore a connected person of the Company under Rule 14A.07 of the Listing Rules. In accordance with HKFRS 16 "Leases", the Group is required to recognize the value of the right-of-use asset in connection with the Renewal Tenancy Agreement and the transaction contemplated thereunder will be regarded as an acquisition of an asset by the Group pursuant to the Listing Rules. Accordingly, the transaction contemplated under the Renewal Tenancy Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The estimated value of the right-of-use asset to be recognized by the Group under the Renewal Tenancy Agreement is approximately HK\$6,701,000. Shareholders should note that the value of the right-of-use asset is unaudited and may be subject to adjustment in the future. As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the estimated value of the right-of-use asset to be recognized by the Group under the Renewal Tenancy Agreement is more than 0.1% but all of them are less than 5%, the transaction contemplated under the Renewal Tenancy Agreement is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Michael Yeung, Mr. Yeung Wo Fai (being the brother of Mr. Michael Yeung) and Mr. Yeung Andrew Kin (being the son of Mr. Michael Yeung) are regarded as having material interest in the Renewal Tenancy Agreement, they have abstained from voting on the Board resolutions approving the Renewal Tenancy Agreement and the transaction contemplated thereunder.

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
“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
“Existing Tenancy Agreement”	the tenancy agreement dated 1 June 2018 entered into between Sitoy HK (as tenant) and Maxon (as landlord) in relation to the lease of the Premises to Sitoy HK for a term of 36 months from 1 July 2018 to 30 June 2021 (both days inclusive)
“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
“Maxon”	Maxon Properties Limited, a company incorporated in Hong Kong with limited liability which is wholly-owned by Mr. Michael Yeung
“Mr. Michael Yeung”	Mr. Yeung Michael Wah Keung, a controlling shareholder, the chairman and an executive Director of the Company

“Premises”	the residential unit situated at Kadoorie Avenue, Kowloon, Hong Kong to be leased to Sitoy HK under Renewal Tenancy Agreement
“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
“Renewal Tenancy Agreement”	the renewal tenancy agreement dated 1 June 2021 entered into between Sitoy HK (as tenant) and Maxon (as landlord) in relation to the lease of the Premises to Sitoy HK
“%”	per cent

By Order of the Board
Sitoy Group Holdings Limited
Wong Yu Kit
Company Secretary

Hong Kong, 1 June 2021

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