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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)

PROFIT WARNING

This announcement is made by Sitoy Group Holdings Limited (the “**Company**”), together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that, based on a preliminary review of the Group’s unaudited consolidated financial statements for the year ended 30 June 2020 and other information currently available to the Board, the Group is expected to record a loss attributable to the owners of the Company for the year ended 30 June 2020 with a range from approximately HK\$110,000,000 to HK\$140,000,000, as compared to a profit attributable to owners of the Company of approximately HK\$125,566,000 for the corresponding period in 2019. It is mainly due to the impairment losses expected to be recognised in respect of different assets in the retail business and the fair value loss expected to be recorded in the property investment business, with an expected total effect ranging from HK\$130,000,000 to HK\$154,000,000.

The revenue from manufacturing business and segment profit before tax for the year ended 30 June 2020 is expected to significantly decrease when compared to the segment revenue of approximately HK\$1,859,958,000 and segment profit before tax of approximately HK\$132,358,000 for the corresponding period in 2019 as a result of the global COVID-19 outbreak since January 2020, such that customers are more cautious when placing the orders or even canceled and suspended the orders.

The revenue from retail business for the year ended 30 June 2020 is expected to decrease when compared to the retail segment revenue of approximately HK\$570,232,000 for the corresponding period in 2019 and retail segment is expected to incur segment loss before tax as compared to the segment profit before tax of approximately HK\$7,927,000 for the corresponding period in 2019. It is mainly due to weaker consumer sentiment caused by the global COVID-19 outbreak, and the retail business has been heavily disrupted due to the quarantine and other travel restriction measures implemented by different countries or areas. The non-cash accounting treatments made in accordance with relevant accounting policies in relation to the impairment losses on right-of-use assets, leasehold improvements (included in property, plant and equipment), trademarks (included in intangible assets) and write-down of inventories to net realisable value are also contributing factors to such decrease, but these treatments, with an expected total range from approximately HK\$110,000,000 to HK\$130,000,000, have no impact on the Group's cash position.

The revenue from property investment segment is expected to increase after transferring a self-occupied property to investment property in April 2019 and generating rental income during the year ended 30 June 2020, but it is expected to record a segment loss before tax when compared to the segment profit before tax of approximately HK\$42,313,000 in the corresponding period in 2019. It is mainly due to the fair value loss with an expected range from approximately HK\$20,000,000 to HK\$24,000,000 on investment properties revaluation that is expected to be recorded during the year ended 30 June 2020.

The Company is still in the process of finalising the consolidated financial statements of the Group for the year ended 30 June 2020. The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the information currently available, which has not been reviewed or audited by the external auditors and the audit committee of the Company and may be subject to change, and the actual results of the Group for the year ended 30 June 2020 may be different from what is disclosed herein. Shareholders and potential investors of the Company are advised to refer to the details of the Group's final results announcement for the year ended 30 June 2020 to be published in due course.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 21 August 2020

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 Dr. 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.