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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)

PROFIT WARNING

This announcement is made by Sityo Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 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 shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that, based on a preliminary review of the Group’s unaudited interim condensed consolidated financial statements for the six months ended 31 December 2019, the profit attributable to owners of the Company for the six months ended 31 December 2019 is expected to decrease significantly by approximately 55% to 65% as compared to the profit attributable to owners of the Company of approximately HK\$114,819,000 for the corresponding period in 2018.

The revenue from manufacturing business and segment profit before tax for the six months ended 31 December 2019 are expected to decrease when compared to the segment revenue of approximately HK\$1,053,116,000 and segment profit before tax of approximately HK\$114,395,000 for the corresponding period in 2018 as a result of 1) intense competition among the Asian regions and 2) the increasing production and operation costs in mainland China.

The retail business has shown significant growth for the six months ended 31 December 2019 after the acquisition of A. Testoni S.p.A. and its subsidiaries in late 2018. The retail segment revenue for the six months ended 31 December 2019 is expected to record a significant increase when compared to the retail segment revenue of approximately HK\$224,212,000 for the corresponding period in 2018 but retail segment is expected to incur segment loss before tax as compared to the segment profit before tax of approximately HK\$13,327,000 for the corresponding period in 2018. It is mainly due to 1) weaker consumer sentiment caused by continuous social incidents in Hong Kong, and thus extra discounts offered by the Group to increase sales and lower the inventories and 2) costs for more management staff recruited to expand and manage the global retail business of the Group.

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 six months ended 31 December 2019, while segment profit before tax is expected to decrease significantly when compared to the segment profit before tax of approximately HK\$27,976,000 in the corresponding period in 2018. The decrease in segment profit before tax is mainly due to no fair value gain on investment properties revaluation recorded during the six months ended 31 December 2019.

The Company is still in the process of finalising the interim condensed consolidated financial statements of the Group for the six months ended 31 December 2019. The information contained in this announcement is only based on a 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 six months ended 31 December 2019 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 interim results announcement for the six months ended 31 December 2019 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, 24 January 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.