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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)

BUSINESS UPDATE AND 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).

BUSINESS UPDATE – TERMINATION OF DISTRIBUTION AND TRADEMARK LICENSE AGREEMENT IN RELATION TO “COLE HAAN”

Sitoy CH Retailing Co. Ltd. (“**Sitoy**”, a wholly-owned subsidiary of the Company) was first appointed as the sole and exclusive distributor for the brand “Cole Haan” in Mainland China, Hong Kong and Macau for the period from 7 July 2017 to 31 December 2022, which was subsequently renewed for the period from 1 January 2023 to 31 December 2027 (the “**Cole Haan Business**”) pursuant to a retail, wholesale and e-commerce distribution and trademark license agreement (as amended) (the “**Distribution and Trademark License Agreement**”) entered into with Cole Haan International B.V. (“**Cole Haan International**”, a private company with limited liability organized and existing under the laws of the Netherlands).

The Group's Cole Haan Business, especially offline retail has been affected by the economic downturn and weak customer sentiment for the past few years, and the Group has been actively seeking for ways to improve the performance of the Cole Haan Business, including early termination of the Cole Haan Business. After negotiation, on 26 November 2024, an agreement was entered into with Cole Haan International to terminate the Distribution and Trademark License Agreement from 30 November 2024 (the "**Termination Agreement**"). Pursuant to the Termination Agreement, an amount of USD7,000,000 shall be paid by Sitoy to Cole Haan, in full and final settlement of all and any claims or potential claims of whatsoever kind or nature which Cole Haan and/or its fellow subsidiaries has or may have against any members of the Group. The aforesaid amount is arrived at based on negotiation with Cole Haan.

The Cole Haan Business had generated unaudited loss of approximately HK\$22,503,000, HK\$32,577,000 and HK\$29,751,000 for the financial years ended 30 June 2022, 2023 and 2024, respectively. As such, the Company considers that it will be beneficial to the Group to terminate the Cole Haan Business to minimise loss which will also allow the Group to reallocate resources into developing other self-owned retail brands especially in the online market.

PROFIT WARNING

As a result of the termination of the Cole Haan Business, the Group is expected to record a loss attributable to the owners of the Company for the six months ended 31 December 2024, as compared to a profit attributable to the owners of the Company of approximately HK\$53,554,000 for the corresponding period in 2023, attributed from the loss incurred to write off certain Cole Haan inventories and Cole Haan shops capital expenditure, compensation to terminate related staff's employment and the final payment to Cole Haan. It is estimated that a one-off significant loss will arise from the termination of the Cole Haan Business.

As at the date of this announcement, the Company is still assessing the financial impact of the termination of the Cole Haan Business on the Group. The Company will make further announcement(s) to inform the shareholders and potential investors of the Company as and when appropriate once the financial impact has been determined.

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 as the total impact on the results of the Group cannot be ascertained at the moment, the actual interim results of the Group for the six months ended 31 December 2024 may be different from what is disclosed herein.

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, 26 November 2024

As at the date of this announcement, the executive directors of the Company are Mr. Yeung Michael Wah Keung, Dr. Yeung Wo Fai, Mr. Yeung Andrew Kin and Mr. Chan Tung Chit; and the independent non-executive directors of the Company are Mr. Yeung Chi Tat, Mr. Kwan Po Chuen, Vincent and Ms. Lee Pao Yue.