時代集團控股有限公司
SITOY GROUP HOLDINGS LTD.

Sitoy Group Announced Interim Results for FY2017/2018
Profit for the Period Up 23.1% with
Retail Business Profitable and Manufacturing Business Rebounded

Financial highlights for the six months ended 31 December 2017:

- **Revenue increased by approximately 17.0% to approximately HK$1,160.2 million.**
- **Gross profit increased by approximately 15.8% to approximately HK$320.5 million.**
- **Profit for the period increased by approximately 23.1% to approximately HK$143.3 million.**
- **Basic earnings per share increased by approximately 24.4% to approximately HK14.45 cents.**
- **Proposed interim dividend per ordinary share was HK6 cents.**

(February 26, 2018, Hong Kong) **Sitoy Group Holdings Limited** ("Sitoy" or the "Company", together with its subsidiaries collectively as the "Group"; stock code: 1023) is pleased to announce the interim results for the six months ended 31 December 2017 (the "Period").

Revenue for the Period was HK$1,160.2 million, representing an increase of 17.0% as compared with the same period of the previous fiscal year. This increase was primarily due to the increase in demand from the brand customers and improvement of the retail business. Gross profit margin for the Period slightly decreased by 0.3 percentage point to 27.6%. Profit for the Period increased by 23.1% to HK$143.3 million from the same period of the previous fiscal year. Earnings per share increased by 24.4% to HK14.45 cents. The Board of Directors recommended payment of interim dividend of HK6 cents.

The manufacturing business continued to be the major source of revenue and profit of the Group. It has generated aggregated segment revenue of HK$1,063.1 million and segment profit before tax of HK$106.1 million for the Period. During the Period, the Group's purchase orders received from its aggregated segment customers increased by 12.6% as compared with the same period of the previous year, which was mainly due to a gradual increase in demand for branded products in markets worldwide. Meanwhile, the Group actively develops businesses with certain brands in China and other parts of the world, contributing to a more balanced revenue mix of customers from North America, Europe and the Greater China markets.

The retail business has achieved a major breakthrough and made a significant contribution to the Group's attributable profit during this Period. Revenue generated from this segment jumped by 111.9% to HK$153.1 million for the six months ended 31 December 2017 and the segment's profit before tax was HK$12.8 million as compared to a loss of HK$4.2 million for the same period of the previous year. The significant improvement mainly resulted from the increased contribution from licensed brands, thanks to the Group's strategy in enriching the retail brand portfolio. Revenue from the wholesale business and the improved operating leverage also contributed to the improvement of the financial results.

The Group launched the TUSCAN'S handbags to the market in 2011, subsequently the Fashion & Joy fashion brand, and then enriched its brand portfolio by obtaining exclusive rights of global brands for distribution and operation in China and Hong Kong in 2016. As at 31 December 2017, the Group operated eight brands including the self-owned TUSCAN'S and Fashion & Joy brands, and six exclusive licensed brands namely Cole Haan, Kenneth Cole, Bruno Magli, Jockey*, a. testoni* and i29*.

With a view that the Hong Kong commercial office leasing market remained strong with tight supply and robust demand, the Group expanded to the property investment market in year 2016 by acquiring a commercial building located in East Kowloon of Hong Kong, and named it as "Sitoy Tower". In addition, the Company's offices located at Hoi Yuen Road, Kwun Tong, were reclassified as investment properties for rental income or capital appreciation purpose in early 2017. The segment profit before tax was HK$40.4 million during the Period with fair value gain on investment properties of HK$37.3 million and revenue generated from the property investment business of HK$5.4 million. The properties held by the Group are expected to continue to generate stable rental income for the Group in the coming six months.

Comment on the interim results, CEO and Executive Director Mr. Teras Yeung said, "The Group's extensive experience and outstanding craftsmanship in the manufacturing, design, research and development of handbags, leather goods and business and travel goods enabled us to meet customers' diversified requirements. Apart from the advantages in manufacturing, the Group also recruited international staff to strengthen our sales team. The Group has successfully diversified our customer mix and product mix. We expect that certain European and Asian countries and areas, including Hong Kong and China, will become the Group's major markets, and consistent with the Group's strategies to mitigate the concentration risk and reduce the reliance on the North American market."

"As for the retail business, the Group is now operating eight fashion brands, each with its own history and unique character targeting different customer segments. The licensed brands not only provided a new stream of revenue to our retail business but also expanded our product offerings from handbags to male and female footwear and apparel products, therefore adding more impetus to our retail business. "

Looking ahead to the second half of the fiscal year, the Group will continue to expand its retail business amid improving consumer confidence and sustaining economic recovery. The Group will continue to expand its presence by opening new stores in Hong Kong and mainland China. In addition to adding mono-brand stores, the Group will also open multi-brand stores in landmark retail areas to target the younger generation. The development of our e-commerce business is running to take online orders from customers. The Group will further strengthen online sales and facilitate the development of a new retail model with integrated online to offline (O2O) sales, with a view of capturing the upcoming trend of the market development by presenting its products to customers through different platforms. As a brand operator, the Group will continue to invest in the enhancement of product design and development. The Group will also continue to host different marketing activities to raise brand awareness and increase sales.

**China only*

Talking about future prospects, Chairman and Executive Director Mr. Michael Yeung said, "The long-term plan of diversification in both manufacturing and retail businesses that we initiated several years ago has begun to achieve desirable results. The retail business has achieved stellar growth in revenue and started to report profit for the first half of the financial year, alongside a more diversified and international brand portfolio. The manufacturing business has a more diversified revenue mix in terms of geographical coverage and product category, which is consistent with the Group's strategies to achieve a balanced and healthy customer mix. We will continue with the positive business direction in the second half of the financial year and strive to achieve better return for our shareholders."

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About Sitoy Group Holdings Limited

Sitoy Group is one of the world's leading manufacturers of branded high-end and luxury handbags, small leather goods and travel goods and a brand distributor in Greater China. The Group is principally engaged in design, research, development, manufacturing, sale, retailing and wholesale of handbags, small leather goods, travel goods, footwear and fashion products, provision of advertising and marketing services, and property investment. Since 2011, the Group has entered into the rapidly growing China handbag retailing market and become a vertically integrated handbag and small leather goods company. Now the Group operates eight fashion brands, including self-owned brands TUSCAN's, Fashion & Joy, and six brands under exclusive licensee agreements including Cole Haan, Kenneth Cole, Bruno Magli, Jockey*, a.testoni* and i29*.

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