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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)

**DISCLOSEABLE TRANSACTION –
ACQUISITION OF PROPERTY INTEREST**

The Board is pleased to announce that on 13 May 2016 (after trading hours), Sitoy Property Investment, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Seller and the Guarantor, each an independent third party of the Company, pursuant to which Sitoy Property Investment agreed to purchase, and the Seller agreed to sell, the Sale Share and the Sale Loan at the total consideration of HK\$560 million, subject to adjustments with reference to the Net Current Asset Value of the Target Group.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are expected to be more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 15 March 2016 in relation to the Expression of Interest between the Company and the Seller regarding the possible acquisition of the entire issued share capital of the Target Company (together with any related shareholder's loan). The Board is pleased to announce that on 13 May 2016 (after trading hours), Sitoy Property Investment entered into the Acquisition Agreement with the Seller and the Guarantor, each an independent third party of the Company, pursuant to which Sitoy Property Investment agreed to purchase, and the Seller agreed to sell, the Sale Share and the Sale Loan at the total consideration of HK\$560 million, subject to adjustments with reference to the Net Current Asset Value of the Target Group.

The principal terms of the Acquisition Agreement are as follows:

THE ACQUISITION AGREEMENT

- Date:** 13 May 2016 (after trading hours)
- Seller:** High Point Properties Limited, an investment holding company incorporated in the BVI with limited liability
- Guarantor:** Pamfleet Real Estate Fund, L.P., an exempted limited partnership established in the Cayman Islands and a private equity real estate fund (acting through its general partner, Pamfleet GP Limited, an exempted company incorporated in the Cayman Islands)
- To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of the Seller and the Guarantor and their respective ultimate beneficial owner(s) is a third party independent of the Company and its connected persons
- Purchaser:** Sitoy Property Investment, a wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability

Assets to be acquired

- (i) the Sale Share, i.e. the one issued share in the capital of the Target Company, being the entire issued share capital of the Target Company; and
- (ii) the Sale Loan, representing the loan owing by the Target Company to the Seller as at the Completion Date.

The Target Company is the legal and beneficial owner of the entire issued share capital of the Subsidiary, which is the sole registered and beneficial owner of the Property, further information relating to which is set out in the paragraph headed "Information of The Target Group" below.

Subject to the adjustments as set out in the paragraph headed "Payment" below, the total Consideration for the Acquisition, being the aggregate consideration for the Sale Loan (which shall be an amount equal to the face amount of the Sale Loan) and the Sale Share, shall be HK\$560 million, plus the Net Current Asset Value as set out in the Pro Forma Completion Accounts (where value is a positive amount) or minus the Net Current Asset Value as set out in the Pro Forma Completion Accounts (where value is a negative amount) (the "**Pre-Adjustment Consideration**"). Pursuant to the Acquisition Agreement, the Pre-Adjustment Consideration or the Consideration as set out therein shall not exceed HK\$570 million. The Consideration was determined after arm's length negotiations between parties, primarily with reference to the prevailing market value of similar properties in the same area of the Property.

Conditions precedent

Completion is conditional upon the following conditions being satisfied on or before the Completion Date:

- (i) the Seller has good title to the Sale Share;
- (ii) the Sale Loan is due and owing from the Target Company to the Seller;
- (iii) the entire issued share capital of the Target Company is legally and beneficially owned by the Seller free from all encumbrances;
- (iv) subject to the release or discharge of certain existing securities on the Target Company and the Subsidiary as set out in the Acquisition Agreement (the “**Existing Securities**”) which shall be discharged or released upon Completion, the entire issued share capital of the Subsidiary is legally and beneficially owned by the Target Company;
- (v) the Subsidiary is the sole registered and beneficial owner of the Property, subject to the Existing Securities which shall be discharged or released upon Completion; and
- (vi) the Subsidiary has good title to the Property free from all encumbrances save and except the Existing Securities which shall be discharged or released upon Completion.

If any of the above conditions (which have not previously been waived by the Purchaser in accordance with the terms of the Acquisition Agreement) have not been satisfied on or before Completion, then the Purchaser may on that date, at its option (but without prejudice to any other right or remedy it may have), by written notice to the Seller:

- (a) waive the conditions which have not been satisfied;
- (b) postpone the Completion Date to a date (being a Business Day) falling not more than ten Business Days after Completion; or
- (c) terminate the Acquisition Agreement.

Payment

The Purchaser shall pay the Seller the Consideration by cashier order or solicitors’ cheque in the following manner:

- (i) HK\$5 million (the “**Earnest Money**”), being the earnest money, was paid to the Seller’s solicitors as stakeholder pursuant to the Expression of Interest prior to the date of the Acquisition Agreement;

- (ii) HK\$51 million (together with the Earnest Money as deposit and part payment of the Consideration, the “**Deposit**”) shall be paid upon execution of the Acquisition Agreement to the Seller’s solicitors as stakeholder who may release the Deposit to the Seller upon the Seller providing a copy confirmation letter from Industrial and Commercial Bank of China (Asia) Limited (the “**Lender**”) (or such other reasonable evidence) to show that the balance of the Consideration is sufficient to discharge the amount of redemption money payable to the Lender for release and discharge of the Existing Securities at Completion;
- (iii) an amount equal to the Stakeheld Amount (as defined below) payable in favour of the Seller’s solicitors shall be paid by the Purchaser to the Seller’s solicitors at Completion;
- (iv) the balance of the Pre-Adjustment Consideration after deducting the Deposit and the Stakeheld Amount shall be paid by the Purchaser at Completion to the Seller; and
- (v) as security for the Seller’s performance of its obligations and observance of the terms of the Acquisition Agreement, the Seller shall deposit a sum of HK\$10 million (“**Stakeheld Amount**”) with the Seller’s solicitors as stakeholders for a period of 12 months from the date of Completion (“**Stakeheld Period**”):
 - (a) If no written notice for claims against the Seller and/or the Guarantor (the “**Claim Notice**”) is received by the Seller’s solicitors during the Stakeheld Period, the Stakeheld Amount shall be released by the Seller’s solicitors to the Seller following expiry of the Stakeheld Period.
 - (b) Subject to terms of the Acquisition Agreement, if Claim Notices are received by the Seller’s solicitors within the Stakeheld Period, then the Seller’s solicitors shall set aside the total claimed amount in question (“**Set Aside Amount**”) pending a joint written instruction to the Seller’s solicitors signed by the Seller and the Purchaser regarding the way to handle the Set Aside Amount and release the balance of the Stakeheld Amount to the Seller after deducting the Set Aside Amount following expiry of the Stakeheld Period.

Pursuant to the Acquisition Agreement, the Seller shall procure that the draft Completion Accounts be prepared and delivered to the Purchaser within one month after the Completion Date.

After the agreement or determination of the Completion Accounts, (i) if the Net Current Asset Value as set out in the Completion Accounts is more than that as set out in the Pro Forma Completion Accounts, the Consideration shall be increased by the amount of the difference and the Purchaser shall pay to the Seller such amount of increase; and (ii) if the Net Current Asset Value as set out in the Completion Accounts is less than that as set out in the Pro Forma Completion Accounts, the Consideration shall be reduced by the amount of the difference and the Seller shall repay to the Purchaser such amount of deduction.

The payment of the Consideration will be financed by internal resources of the Group.

Pursuant to the Acquisition Agreement, the Guarantor agreed to guarantee unconditionally and irrevocably, as primary obligor and not merely as surety, to the Purchaser the due observance and performance by the Seller of all the agreements, obligations, commitments and undertakings contained in the Acquisition Agreement and each documents referred to in the Acquisition Agreement.

Completion

Pursuant to the Acquisition Agreement, the Completion Date shall be on 30 June 2016, or such other date as the Seller and the Purchaser may agree in writing. Upon Completion, each member of the Target Group will become a wholly-owned subsidiary of the Company.

INFORMATION OF THE TARGET GROUP

The Target Company is an investment holding company incorporated in the BVI with limited liability. The Target Company is the legal and beneficial owner of the entire issued share capital of the Subsidiary, a property investment company incorporated in Hong Kong with limited liability. The Subsidiary is the sole registered and beneficial owner of the Property and its principal asset is the Property.

The Property is a 20-storey office building located at No. 164 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong with a total gross floor area of approximately 70,000 square feet. The Property will be sold to the Purchaser on an “as is” basis subject to the tenancies as set out in the Acquisition Agreement.

The unaudited consolidated total asset value and net asset value of the Target Group as at 31 March 2016 according to its management accounts were approximately HK\$573 million and HK\$288 million respectively.

The unaudited consolidated financial information of the Target Group for each of the two years ended 31 December 2014 and 2015 are set out below:

	For the year ended 31 December 2015 (Unaudited) (note) HK\$'000	For the year ended 31 December 2014 (Unaudited) (note) HK\$'000
Revenue	4,208	54
(Decrease) increase in fair value of the investment properties	(63,542)	179,374
Net (loss) profit before taxation	(73,086)	169,808
Net (loss) profit after taxation	(73,086)	169,808

Note: The financial year-end of each member of the Target Group is 31 December.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the manufacture, sale and retail of handbags, small leather goods and travel goods and provision of advertising and marketing services. The Company intends that, after completion of the Acquisition, the Property will be used as headquarter of the Group and for investment purposes by leasing out the premises for rental income. The Directors consider that the Acquisition represents an attractive investment opportunity which (i) enables the Group to save recurring rental expenses for leasing office premises; (ii) broadens the income base of the Group; and (iii) strengthens the Group's property portfolio. The Directors are of the view that the terms of the Acquisition Agreement and the Acquisition are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are expected to be more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Acquisition”	the acquisition of the Sale Share and the Sale Loan by Sitoy Property Investment, a wholly-owned subsidiary of the Company from the Seller as contemplated under the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchase agreement dated 13 May 2016 entered into between Sitoy Property Investment, the Seller and the Guarantor in relation to the Acquisition
“Board”	the board of Directors
“Business Day”	a day on which banks are open in Macau, the BVI and Hong Kong other than (a) a general holiday as defined in the General Holidays Ordinance (Chapter 149 of the Laws of Hong Kong) (where applicable), (b) a Saturday and (c) any day on which typhoon signal no. 8 or above is hoisted or the black rainstorm warning signal is issued during the period from 9:00 a.m. to 5:00 p.m. on any week day in Hong Kong
“BVI”	the British Virgin Islands

“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
“Completion”	completion of the Acquisition
“Completion Accounts”	the consolidated statement of financial position of the Target Group as at the close of business on the Completion Date
“Completion Date”	30 June 2016, or such other date as the Seller and the Purchaser may agree in writing
“Consideration”	the consideration for the Acquisition, subject to adjustments set out in the Acquisition Agreement
“Directors”	the directors of the Company
“Expression of Interest”	the expression of interest dated 15 March 2016 entered into between the Company and the Seller in relation to the possible acquisition of the entire issued share capital of the Target Company (together with any related shareholder’s loan), as disclosed in the announcement of the Company dated 15 March 2016
“Group”	the Company and its subsidiaries
“Guarantor”	Pamfleet Real Estate Fund, L.P., an exempted limited partnership established in the Cayman Islands and a private equity real estate fund (acting through its general partner, Pamfleet GP Limited, an exempted company incorporated in the Cayman Islands)
“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
“Net Current Asset Value”	the total assets of the Target Group (other than the value of the Property) minus the total liabilities of the Target Group (other than the Sale Loan and other liabilities as set out in the Acquisition Agreement) to be determined with reference to the Pro Forma Completion Accounts or the Completion Accounts (as the case may be)

“Pro Forma Completion Accounts”	the pro forma consolidated statement of financial position of the Target Group as at the close of business on the Completion Date
“Property”	a 20-storey office building located at No. 164 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong, which is beneficially owned by the Subsidiary
“Sale Loan”	the loan owing by the Target Company to the Seller as at the Completion Date
“Sale Share”	the one issued share in the capital of the Target Company, being the entire issued share capital of the Target Company
“Seller”	High Point Properties Limited, a limited liability company incorporated in the BVI
“Sitoy Property Investment” or “Purchaser”	Sitoy Property Investment Company Limited, a wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	Worldmax Enterprises Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Target Company
“Target Company”	Harbour Century Limited, a limited liability company incorporated in the BVI
“Target Group”	the Target Company and the Subsidiary
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 13 May 2016

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