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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)

**ADOPTION OF SHARE AWARD SCHEME
AND CONNECTED TRANSACTION
IN RELATION TO GRANT OF AWARD SHARES**

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that it has adopted the Scheme on 12 July 2018. Pursuant to the Scheme Rules, the Board may, from time to time, at its absolute discretion, select any Eligible Persons to participate in the Scheme as Selected Participants, and such Selected Participants may be granted Award of Restricted Shares and/or Performance Shares at no consideration during the Award Period.

The total number of Shares to be awarded under the Scheme shall not exceed 10% of the total number of issued Shares from time to time. The maximum number of Award Shares which may be granted to a Selected Participant but unvested under the Scheme shall not exceed 1% of the total number of issued Shares from time to time.

The Scheme does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules, so shareholders' approval is not required for adoption of the same.

GRANT OF AWARD SHARES

The Board is also pleased to announce that it has resolved to grant an aggregate of 9,000,000 Award Shares to Selected Participants on 12 July 2018. Among the 9,000,000 Award Shares granted, a total of 2,646,000 Award Shares (representing approximately 0.264% of the total number of Shares in issues as at the date of this announcement) were granted to Mr. Lau, being the executive Director, chief financial officer and company secretary of the Company.

As Mr. Lau is an executive Director, he is a connected person of the Company and accordingly, the grant of the Award Shares to Mr. Lau constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the relevant percentage ratios (as defined under the Listing Rules) are more than 0.1% but less than 5%, the grant of the Award Shares to Mr. Lau and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

ADOPTION OF SHARE AWARD SCHEME

The Board adopted the Scheme on 12 July 2018. The following is a summary of the principal terms and conditions of the Scheme:

Purposes

The purposes of the Scheme are to recognise the contributions by the Eligible Persons and to provide them with incentives in order to retain them for continual operation and development of the Group and to attract suitable personnel for further development of the Group through the grant of Award to the Selected Participants.

Duration

Unless terminated earlier by the Board in accordance with the Scheme Rules, the Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

Administration

The Scheme will be subject to the administration of the Board in accordance with the Scheme Rules.

Operation

Awards

The Board may, from time to time, at its absolute discretion, select any Eligible Persons to participate in the Scheme as Selected Participants in accordance with the Scheme Rules, taking into consideration matters including (but without limitation) the present and expected contribution of the relevant Eligible Persons to the Group. A Selected Participant may be granted an Award of Restricted Shares and/or Performance Shares at no consideration during the Award Period.

Subject to the Scheme Rules, the Company shall pay to the Trustee monies and may give directions or recommendations to the Trustee to apply such monies and/or such other net amount of cash derived from Shares held as part of the funds of the Trust to acquire Shares or otherwise to apply any Returned Shares held in the Trust to satisfy any Award made or any expected or potential Award to be made under the Scheme. Within a reasonable time period as agreed between the Trustee and the Company from time to time after receiving the monies or the direction to use such monies, the Trustee shall apply the same towards the purchase of the Shares at the prevailing market price in order to satisfy any Award.

No Award shall be made to Selected Participants and no payment shall be made to the Trustees and no directions or recommendations to acquire Shares shall be given to the Trustees under the Scheme where any Director is in possession of unpublished inside information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws, rules and regulations from time to time.

Vesting

Subject to the Scheme Rules, the Board shall determine from time to time the vesting criteria and conditions or periods for the Award to be vested. For vesting of the Awards to the Selected Participants, the Board may at its absolute discretion either:

- (i) direct and procure the Trustee to release the Award Shares to the Selected Participants by transferring the number of Award Shares to the Selected Participants; or

- (ii) to the extent where it is in the reasonable opinion of the Board not practicable (on the basis stated in the Award Letter) for the Selected Participants to receive the Award in Shares and provided that the trading of the Shares has not been suspended, direct and procure the Trustee to sell the number of Award Shares within any time as stipulated in the Scheme Rules and pay the Selected Participants the proceeds arising from such sale.

Lapse/Forfeiture

If a Selected Participant is unable to meet the vesting conditions as set out in the Award Letter issued to such Selected Participant, the relevant Award Shares shall lapse.

If a Selected Participant ceases to be an Eligible Person other than for reasons or events specifically provided in the Scheme Rules for specific treatments, all outstanding Awards granted to such Selected Participant but not yet vested under the Scheme shall be forfeited upon his ceasing to be an Eligible Person unless the Board determines otherwise at its absolute discretion.

All such Award Shares which are not vested and/or are lapsed or forfeited pursuant to the Scheme Rules shall immediately become Returned Shares, which shall be held by the Trustee and applied in accordance with the instructions from the Board and the Scheme Rules for the purpose of the Scheme.

Voting rights

The Scheme Rules provide that the Trustee shall only exercise the voting rights and powers in respect of any Shares held by it as nominee or under the Trust in accordance with the instructions of the Company until such Shares have been transferred to the relevant Selected Participants.

Dividends

A Selected Participant shall have no right to any dividend held under the Trust or any of the Returned Shares which shall be retained by the Trustee for the benefit of the Scheme.

Transferability and other rights to Award Shares

Any Award granted under the Scheme but not yet vested shall not be assignable or transferable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Award, or enter into any agreement to do so.

Equity Issues

If there is a rights issue, the Trustee shall sell such amount of the nil-paid rights allotted to it as is appropriate and the net proceeds of sale of such rights shall be held as income of the Trust and applied in the subscription of rights shares under the rights issue.

If there is an open offer of new securities, the Trustee shall not subscribe for any new Shares.

If there is a bonus warrant issue, the Trustee shall not subscribe for any new Shares by exercising any of the subscription rights attached to the bonus warrants and shall sell the bonus warrants created and granted to it, the net proceeds of sale of such bonus warrants shall be held as income of the Trust.

Scheme Limit

The total number of Shares to be awarded under the Scheme shall not exceed 10% of the total number of issued Shares from time to time.

The maximum number of Award Shares which may be granted to a Selected Participant but unvested under the Scheme shall not exceed 1% of the total number of issued Shares from time to time.

Termination

The Scheme shall terminate on the earlier of the 10th anniversary of the Adoption Date and such date as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant under the Scheme.

Alteration

The Scheme may be altered in any respect by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any Selected Participant hereunder except: (a) where the consent in writing of the Selected Participants is obtained amounting to three-fourths in nominal value of all Award Shares already granted on that date; or (b) with the sanction of a special resolution passed at a meeting of the Selected Participants.

IMPLICATIONS UNDER THE LISTING RULES

The Scheme does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules, so shareholders' approval is not required for adoption of the same.

CONNECTED TRANSACTION IN RELATION TO GRANT OF AWARD SHARES

On 12 July 2018, the Board also resolved to grant an aggregate of 9,000,000 Award Shares to Selected Participants. Among the 9,000,000 Award Shares granted, a total of 2,646,000 Award Shares (representing approximately 0.264% of the total number of Shares in issue as at the date of this announcement) were granted to Mr. Lau, being the executive Director, chief financial officer and company secretary of the Company. The Award Shares shall be Shares purchased by the Trustee on the market in accordance with the Scheme Rules and the Trust Deed and no new Shares will be allotted and issued in this regard.

Mr. Lau is not required to pay any consideration for the acceptance of the Award Shares. Based on the closing price of HK\$2.00 per Share as quoted on the Stock Exchange on 12 July 2018 (being the Grant Date of the 9,000,000 Award Shares), the market value of the Award Shares granted to Mr. Lau amounts to HK\$5,292,000.

Subject to the condition that Mr. Lau remains in employment with the Group, (i) 823,000 Award Shares will be vested on the date falling on the first anniversary of the Grant Date; (ii) 882,000 Award Shares will be vested on the date falling on the second anniversary of the Grant Date; and (iii) 941,000 Award Shares will be vested on the date falling on the third anniversary of the Grant Date. In the event that the vesting condition is not met, the Award Shares granted to Mr. Lau shall automatically lapse forthwith and become Returned Shares.

Save for the laws, rules and regulations applicable to Directors for transaction of securities of the Company (including the Listing Rules), the Award Shares vested are not subject to restrictions for subsequent sale.

The grant of the Award Shares to Mr. Lau has been approved by the Board (including the independent non-executive Directors), except for Mr. Lau who has abstained from voting on the relevant Board resolution in which he is materially interested. Taking into account Mr. Lau's important role in and contributions to the Group, the Directors believe that the grant of the Award Shares to Mr. Lau is in line with the purposes of the Scheme, and the Directors (including the independent non-executive Directors) are of the view that the grant of the Award Shares to Mr. Lau is on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As Mr. Lau is an executive Director, he is a connected person of the Company and accordingly, the grant of the Award Shares to Mr. Lau constitutes a connected

transaction of the Company under Chapter 14A of the Listing Rules. As the relevant percentage ratios (as defined under the Listing Rules) are more than 0.1% but less than 5%, the grant of the Award Shares to Mr. Lau and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

GENERAL INFORMATION

The Group is principally engaged in design, research, development, manufacture, sale, retailing and wholesale of handbags, small leather goods and travel goods, footwear and fashion products provision of advertising and marketing services and property investment.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

- “Adoption Date”** 12 July 2018, being the date on which the Board adopted the Scheme;
- “Award”** an award granted by the Board to the Selected Participants which may vest in the form of Award Shares or cash representing the actual selling price of the Award Shares as the Board may determine in accordance with the terms of the Scheme Rules;
- “Award Letter”** a letter issued by the Company to each Selected Participant in such form as the Board may from time to time determine, specifying the Grant Date, the number of Award Shares underlying the Award, the vesting criteria and conditions, performance conditions and targets (as applicable) and the vesting dates and such other details as the Board may consider necessary;
- “Award Period”** the period commencing on the Adoption Date, and ending on the day immediately prior to the 10th anniversary of the Adoption Date (or in case such date is not a Business Day, the Business Day immediately thereafter);

“Award Shares”	the Shares (including Restricted Shares and/or Performance Shares) granted to a Selected Participant pursuant to an Award and purchased by the Trustee to service the Scheme;
“Board”	the board of directors of the Company;
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities and on which the banking institutions in Hong Kong are open generally for normal banking business;
“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;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“Eligible Person”	any Directors (including, without limitation, any executive, non-executive or independent non-executive Directors) and senior managers of the Group; however, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Scheme and such individual shall therefore be excluded from the term Eligible Person;
“Grant Date”	the date (which shall be a Business Day) on which the grant of an Award is made to a Selected Participant;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“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;
“Mr. Lau”	Mr. Lau Kin Shing, Charles, an executive Director, chief financial officer and company secretary of the Company;
“Performance Shares”	the Shares granted to the Selected Participants pursuant to an Award during the Award Period in accordance with the Scheme Rules, which will vest over a period of time subject to the satisfaction of the performance conditions particular to a Selected Participant and/or other criteria as determined by the Board in its absolute discretion;
“Restricted Shares”	the Shares granted to the Selected Participants pursuant to an Award during the Award Period in accordance with the Scheme Rules, which will vest over a period of time subject to such conditions as determined by the Board in its absolute discretion;
“Returned Shares”	such Award Shares which are not vested and/or are forfeited in accordance with the terms of the Scheme, or such Shares deemed to be Returned Shares under the terms of the Scheme Rules;
“Scheme”	the share award scheme adopted by the Company on the Adoption Date;
“Scheme Rules”	the rules relating to the Scheme adopted by the Board in its present form or as may be amended from time to time;
“Selected Participant(s)”	any Eligible Person approved for participation in the Scheme on the relevant Grant Date pursuant to the Scheme Rules;
“Shares”	ordinary shares of HK\$0.10 each of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Trust”	the trust constituted by the Trust Deed to service the Scheme;

“Trust Deed”	a trust deed dated 12 July 2018 entered into between the Company and the Trustee in relation to the Trust (as may be restated, supplemented and amended from time to time);
“Trustee”	the trustee appointed by the Company for the purpose of the Trust, and initially, Acheson Limited, a company incorporated in Hong Kong with its registered office at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong;
“%”	per cent.

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

Hong Kong, 12 July 2018

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