



2025 INTERIM REPORT

SITOY

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Corporate Information

Board of Directors

Executive Directors

Mr. Yeung Michael Wah Keung (*Chairman*)

Dr. Yeung Wo Fai (*Chief Executive Officer*)

Mr. Yeung Andrew Kin
(*Deputy General Manager*)

Mr. Chan Tung Chit
(*Chief Financial Officer*)

Independent Non-executive Directors

Mr. Yeung Chi Tat

Mr. Kwan Po Chuen, Vincent

Ms. Lee Pao Yue

Authorized Representatives

Dr. Yeung Wo Fai

Mr. Yeung Andrew Kin

Company Secretary

Mr. Wong Yu Kit

Registered Office

Grand Pavilion, Hibiscus Way
802 West Bay Road, P.O. Box 31119
KY1-1205, Cayman Islands

Head Office and Principal Place of Business in Hong Kong

9th Floor, Sitoy Tower
164 Wai Yip Street, Kwun Tong
Kowloon, Hong Kong

Principal Place of Business in the People's Republic of China

The Third Industrial District
Qiaotou Village, Houjie Town
Dongguan, Guangdong Province
The People's Republic of China

Board Committees

Audit Committee

Mr. Yeung Chi Tat (*Chairman*)

Mr. Kwan Po Chuen, Vincent

Ms. Lee Pao Yue

Remuneration Committee

Ms. Lee Pao Yue (*Chairlady*)

Mr. Yeung Michael Wah Keung

Mr. Yeung Chi Tat

Nomination Committee

Mr. Yeung Michael Wah Keung (*Chairman*)

Mr. Kwan Po Chuen, Vincent

Ms. Lee Pao Yue

Environmental, Social and Governance Committee

Dr. Yeung Wo Fai (*Chairman*)

Mr. Yeung Chi Tat

Mr. Kwan Po Chuen, Vincent

Ms. Lee Pao Yue

Legal Adviser as to Hong Kong Laws

Woo Kwan Lee & Lo

Corporate Information

Principal Bankers

The Hongkong and Shanghai
Banking Corporation Limited
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited

Cayman Islands Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited
Suite 3204, Unit 2A,
Block 3, Building D,
P.O. Box 1586, Gardenia Court,
Camana Bay,
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited
Suites 3301-04, 33/F.,
Two Chinachem Exchange Square
338 King's Road, North Point
Hong Kong

Auditors

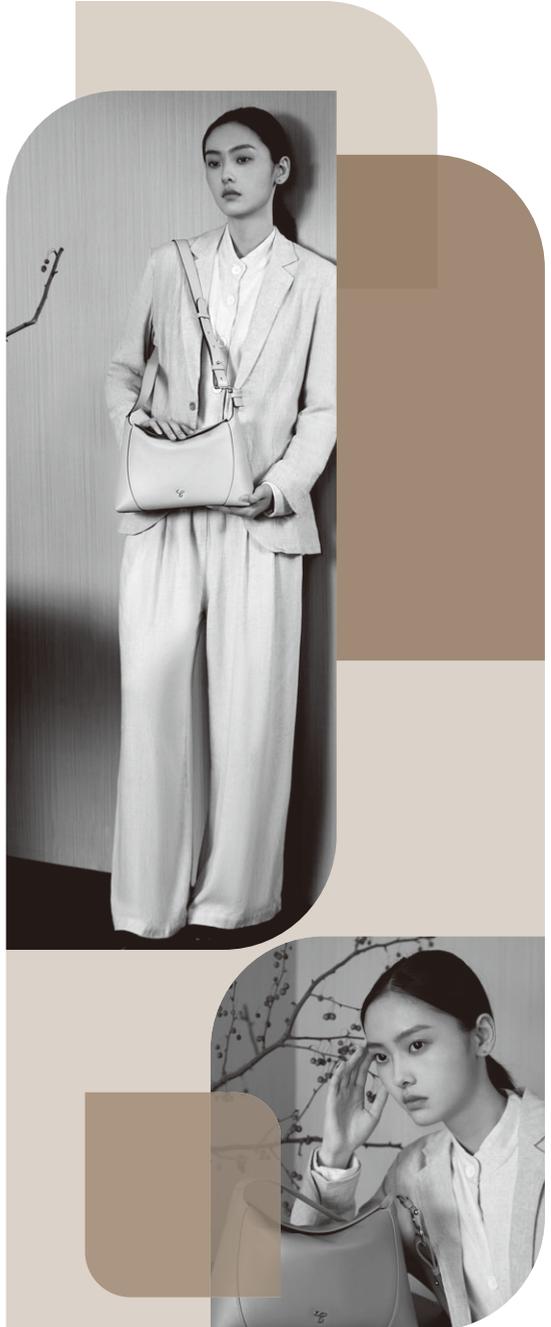
Ernst & Young

Stock Code

1023

Company Website

www.sitoy.com



Management Discussion and Analysis

The board (the “Board”) of directors (the “Directors”) of Sitoy Group Holdings Limited (the “Company”) is pleased to present this interim report, including the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 December 2024 (the “Period”).

Business Review

Retail business

Revenue generated from this segment increased by approximately 25.6% period to period to approximately HK\$315.7 million for the Period, benefiting from our online and live broadcast channels. However, it suffered segment loss before tax of approximately HK\$85.0 million when compared to the same period in the previous year of segment profit before tax of approximately HK\$13.1 million. It was mainly due to the termination of the Cole Haan business in late November 2024, which incurred a one-off significant loss of approximately HK\$83.4 million. The loss is attributable to the write-off of certain

TUSCAN'S



Management Discussion and Analysis

Cole Haan inventories and Cole Haan shops capital expenditure, compensation to terminate related staff's employment and the final payment to Cole Haan International B.V..

The Group currently operates three self-owned brands — TUSCAN'S, Fashion & Joy and Duffy. TUSCAN'S is a brand of high quality handbags originated in Italy. Fashion & Joy is a self-developed brand focusing on stylish travel luggage and business accessories designed and expertly crafted for bold and young trend-setters. While Duffy is a design refined and timeless styles brand with a touch of traditional oriental art for modern women to last, aiming to become the new iconic luxury brand in China.

On the digital front, the Group continued to strengthen the development of its e-commerce platforms with most of its brands already available on Tmall and JD.com or their own brand websites and also our livestream channels. We have also co-operated with different key opinion leaders on Facebook and TikTok. The Group has successfully built up its own livestream sales team with more than 200 people and achieved satisfactory results.

Manufacturing business

During the Period, revenue from the manufacturing business has decreased by approximately 11.6% when compared to the same period in the previous year. Due to global economic uncertainties and inventory gluts, customers were more cautious when placing their orders and had scaled down the order size. The manufacturing business has generated segment revenue from external customers of approximately HK\$491.4 million with segment profit before tax of approximately HK\$33.5 million for the Period.

Cost optimisation is one of the Group's key strategies to maintain considerable returns. Despite rising labour cost and keener competition, the Group continuously upgrades itself to meet the higher requirements of both existing and new customers, which include sourcing high quality raw materials at competitive prices, upgrading production facilities, continuing to optimise and streamline production procedures to boost competitiveness and satisfying brand customers' demands. The Group has made its best endeavours to tap new opportunities under a challenging business environment.

Management Discussion and Analysis

Property investment business

The Group expanded into the property investment market in 2016 by acquiring a 20-storey office building, now named as “Sitoy Tower”, located in East Kowloon at 164 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong. Prime office locations such as Central, Causeway Bay and nearby areas are occupied by enterprises and companies from the financial industry. Tenants from other industries, therefore, have to seek prime offices in other areas, such as East Kowloon, which are getting popular because of convenient locations, well-connected transportation options, and abundant lifestyle offerings such as shopping centres and entertainment facilities. In addition, the Company’s office premise located at 4th to 5th Floor, The Genplas Building, 56 Hoi Yuen Road, Kwun Tong ceased to be for own use and was transferred to investment properties for rental income and capital appreciation purpose in early 2017. In 2019, the Group transferred its self-use property located at No. 1011, 10th Floor, Tower 1, Silvercord, No. 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong, to investment property for rental income and capital appreciation purpose. The property investment segment is expected to generate stable returns for the Group. The property investment business has generated revenue of approximately HK\$6.6 million with segment loss before tax of approximately HK\$0.8 million during the Period due to the fair value revaluation loss of approximately HK\$3.3 million incurred.

Product Research, Development and Design

The internal Creative Centre and R&D Centre of the Group offer customers one-stop design, research, development and manufacturing solutions, which help the Group serve its customers in response to fast-changing consumer preferences and fashion trends as well as to develop and manufacture products with complex designs. By offering customers value-added services and high level of craftsmanship, the Group will strengthen its competitive edge in the industry, which in turn will attract and retain leading international and mainland Chinese brands of high-end and luxury products as our customers. In the future, the Group shall continue to source high quality raw materials at competitive prices, enhance the production machines, tools and systems and optimise and streamline production procedures, ensure and stabilise the product qualities and reduce the reliance on labours to boost competitiveness of the Group and satisfy brand customers’ demands.

Management Discussion and Analysis

Prospect

Retail business

The Group had transformed a 4-storey factory building with more than 4,400 square meters in Dongguan to “Sitoy e-Commerce Center”, which serves as a platform to provide all the necessary facilities and support to other brand owners for their e-commerce business. Sitoy e-Commerce Center has livestreaming rooms, retail stores and show rooms. At the same time, the Group had also transferred the use of two additional buildings to administrative, supporting office for the Sitoy e-Commerce Center.

After terminating the Cole Haan business in late November 2024, the Group could minimise loss which also allow the Group to reallocate resources into developing other self-owned retail brands especially in the online market. We are confident that our retail segment can achieve a satisfactory growth in the next few years together with Sitoy e-Commerce Center and our own livestreaming sales. We believe that the retail segment will become another major profit stream and bring considerable profit to the Group in the near future. We are open to any potential brand acquisitions which fits into our brand portfolio.

In the near future, we are planning to expand our online business to other Asian countries, such as Thailand, Malaysia and Singapore.

Manufacturing business

In the view of the market uncertainties, such as geopolitical risks, inflation, and market volatility, we have to diversify the geographical risk of our manufacturing business by expanding our production facility to Indonesia, in order to attract more new brand customers, which will broaden not only our manufacturing product range, but also the price range, as well as meeting the mass production demands of our brand customers. We had purchased a piece of land of approximately 22,000 square meters and built a factory with more than 15,000 square meters on it. Our Indonesian factory started operations in late 2024 and is expecting to generate revenue from January 2025. The factory currently has 1,200 employees, while our target is 3,000 employees when it is running in full capacity.

Management Discussion and Analysis

Property investment business

The properties held by the Group are expected to continue to generate stable rental income for the Group in the coming six months of this fiscal year.

Financial Review

Revenue

The Group's revenue remained relatively stable, totaling approximately HK\$813.7 million for the six months ended 31 December 2024, compared to approximately HK\$813.8 million for the six months ended 31 December 2023. There was a decrease in revenue from the manufacturing business, but this was offset by growth in revenue from the retail business.

Cost of sales

Cost of sales of the Group slightly increased by approximately 2.2% to approximately HK\$539.6 million for the six months ended 31 December 2024 from approximately HK\$528.0 million for the six months ended 31 December 2023.

Gross profit and gross profit margin

Gross profit decreased by approximately 4.1% to approximately HK\$274.1 million for the six months ended 31 December 2024 from approximately HK\$285.8 million for the six months ended 31 December 2023. Gross profit margin decreased from 35.1% for the six months ended 31 December 2023 to 33.7% for the six months ended 31 December 2024, mainly due to the clearance of stock in retail business.

Management Discussion and Analysis

Selling and distribution expenses

Selling and distribution expenses increased by approximately 29.2% to approximately HK\$133.7 million for the six months ended 31 December 2024 from approximately HK\$103.4 million for the six months ended 31 December 2023. The increase was primarily attributable to the launch of certain marketing activities of the retail business.

Administrative expenses

Administrative expenses increased by approximately 6.9% to approximately HK\$122.5 million for the six months ended 31 December 2024 from approximately HK\$114.6 million for the six months ended 31 December 2023 due to the commencement of operation of our Indonesian factory for the six months ended 31 December 2024.

Other income and gains/expenses

Other income and gains increased from approximately HK\$10.2 million for the six months ended 31 December 2023 to approximately HK\$12.7 million for the six months ended 31 December 2024.

The increase in other income and gains was driven by an exchange gain of approximately HK\$6.6 million recorded in the current period, compared to an exchange loss of approximately HK\$9.0 million for the six months ended 31 December 2023, which was included in other expenses.

Other expenses increased from approximately HK\$9.7 million for the six months ended 31 December 2023 to approximately HK\$88.9 million for the six months ended 31 December 2024. The other expenses mainly comprised of a one-off significant loss of approximately HK\$83.4 million from termination of Cole Haan business in late November 2024. Such loss is attributable to the write-off of certain Cole Haan inventories and Cole Haan shops capital expenditure, compensation to terminate related staff's employment and the final payment to Cole Haan International B.V..

Management Discussion and Analysis

Income tax expense

Under the current laws of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to tax on its income or capital gains. In addition, any payments of dividends are not subject to withholding tax in the Cayman Islands or the BVI.

Hong Kong Profits Tax as applicable to the Group was 16.5% for the six months ended 31 December 2024 and 2023 of the assessable profits arising in Hong Kong during the relevant periods.

Macau Complementary Income Tax has not been provided for as the Group has no assessable profit arising in Macau during the six months ended 31 December 2024 and 2023.

Indonesia Complementary Income Tax has not been provided for as the Group had no assessable profit arising in Indonesia during the six months ended 31 December 2024 and 2023.

The PRC Corporate Income Tax was based on a statutory rate of 25% of the assessable profit of all the subsidiaries incorporated in the PRC as determined in accordance with the PRC Corporate Income Tax Law.

(Loss)/Profit for the Period

The Group recorded loss for the Period of approximately HK\$67.1 million when compared to the same period in 2023 of profit of approximately HK\$53.6 million. The decrease in profit was mainly due to the global inflationary pressures and geographical tensions which created uncertainty to the global economy, resulting in reduced demand for our manufacturing business, thereby impacting our revenue streams; and a one-off significant loss arising from the termination of the Cole Haan business.

Management Discussion and Analysis

Investment properties

Details of investment properties of the Group with carrying amounts of approximately HK\$679.8 million and HK\$683.1 million as at 31 December 2024 and 30 June 2024 respectively are as follows:

As at 31 December 2024 and 30 June 2024

Property	Address	Use	Lease term
Ground to 6th and 11th to 20th Floors, Sitoy Tower	Ground to 6th and 11th to 20th Floors, Sitoy Tower, No. 164 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong (Kwun Tong Inland lot number 316)	Commercial (for rental income and capital appreciation purposes)	Medium term lease
4th to 5th Floors, The Genplas Building	4th to 5th Floors, The Genplas Building, 56 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong (Kwun Tong Inland lot number 58)	Industrial (for rental income and capital appreciation purposes)	Medium term lease
No. 1011, 10th Floor, Tower 1, Silvercord	No. 1011, 10th Floor, Tower 1, Silvercord, No. 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong (Kowloon Inland lot number 10456)	Commercial (for rental income and capital appreciation purposes)	Medium term lease

Sitoy Tower is a trendy and prime office tower with a total gross floor area of approximately 70,000 square feet. 7th to 10th Floors are for the Group's own use as the Group's head office, showrooms for merchandise display and market week, whilst the remaining floors of Sitoy Tower are used for rent to generate rental income. During the six months ended 31 December 2024, fair value loss of approximately HK\$3.3 million was recognised (31 December 2023: nil.)

Management Discussion and Analysis

Right-of-use assets

As at 31 December 2024, right-of-use assets decreased from approximately HK\$46.4 million as at 30 June 2024 to approximately HK\$31.8 million. It was mainly due to the recognition of depreciation and termination of Cole Haan business during the Period.

Capital expenditure

For the six months ended 31 December 2024, the capital expenditure of the Group amounted to approximately HK\$39.1 million, primarily related to the expansion of retail business, upgrade and expansion of manufacturing facilities in PRC and Indonesia.

Significant investments

Save as disclosed, the Group had no significant investments held during the Period.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

The Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Period.

Treasury policy

The Group adopts treasury policy that aims to better control its treasury operations and lower borrowing cost. As such, the Group endeavours to maintain an adequate level of cash and cash equivalents to address short term funding needs. The Board would also consider various funding sources depending on the Group's funding needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet the Group's financial obligations. The Board reviews and evaluates the Group's treasury policy from time to time to ensure its adequacy and effectiveness.

Management Discussion and Analysis

Liquidity and financial resources

The liquidity and financial resources position of the Group remains strong as it continues to adopt a prudent approach in managing its financial resources. The Group's cash and cash equivalents as at 31 December 2024 amounted to approximately HK\$437.5 million (30 June 2024: approximately HK\$460.6 million) which are mainly denominated in Hong Kong dollars, Renminbi, Euro and United States dollars. Based on the Group's steady cash inflow from operations coupled with sufficient cash and bank balances and readily available banking facilities, the Group has sufficient financial resources and a strong cash position to satisfy working capital requirements for business development, operations and capital expenditure. New investment opportunities, if any, would be funded by the Group's internal resources. The Group had no outstanding bank and other borrowings as at 31 December 2024 and hence no gearing ratio was presented (30 June 2024: Nil). The gearing ratio represents net debt divided by total capital plus net debt. The Group's net debt consists of interest-bearing bank borrowings, lease liabilities, trade and bills payables and other payables and accruals, less cash and cash equivalents.

Foreign exchange risk

The Group has transactional currency exposures. Such exposures arose from sales or purchases by operating units in currencies other than the units' functional currency. During the six months ended 31 December 2024, 58.5% (31 December 2023: 66.7%) of the Group's sales were denominated in currencies other than the functional currency of the operating units making the transaction, whilst approximately 83.9% (31 December 2023: 90.0%) of costs were denominated in the units' functional currency. As at 31 December 2024, the Group had no foreign exchange forward contracts and other financial derivatives outstanding (30 June 2024: nil).

Pledge of assets

As at 31 December 2024, approximately HK\$26.0 million time deposits were pledged as securities for banking facilities granted to the Group (30 June 2024: approximately HK\$25.9 million).

Management Discussion and Analysis

Inventory turnover days

Inventory turnover days decreased to 63 days for the six months ended 31 December 2024 from 79 days for the year ended 30 June 2024. It was mainly due to written off Cole Haan inventories from the termination of Cole Haan business.

Trade receivables turnover days

Trade receivables turnover days decreased to 64 days for the six months ended 31 December 2024 compared with 78 days for the year ended 30 June 2024. The Group did not experience any significant credit risk due to strict credit control policies.

Trade and bills payables turnover days

Trade and bills payables turnover days decreased to 53 days for the six months ended 31 December 2024 compared with 66 days for the year ended 30 June 2024. It was mainly due to decrease in average trade and bills payables.

Off-balance sheet commitments and arrangements and contingent liabilities

As at 31 December 2024, the Group did not have any material off-balance sheet commitments and arrangements and contingent liabilities.

Management Discussion and Analysis

Employees

As at 31 December 2024, the Group had about 4,500 employees. In addition to the basic salaries, performance bonuses will be offered to those staff members with good performance. The PRC subsidiaries of the Group are subject to social insurance, provident housing fund and certain other employee benefits in accordance with the PRC laws and regulations. The Group also adhere to both statutory employment standards and those requested by customers, such as minimum wage levels and maximum working hours. Moreover, the Group provides staff quarters for most employees and, in case of certain senior employees, family quarters. The Group also provides various amenities and recreational facilities such as canteen, sports site, library and internet centre for the employees. The Group will continue to improve the working environment in the manufacturing facilities and the living facilities for the employees. The Directors believe that the remuneration packages and fringe benefits offered by the Group to its staff members are competitive in comparison with market standards and practices. Since human resource management is an important factor in maintaining and further enhancing the Group's strong expertise and know-how in the craftsmanship of handbags, small leather goods and travel goods, the in-house employee training centre provides pre-job training programs to the new recruits before they are assigned to work at the manufacturing facilities of the Group. From time to time, different levels of on-the-job training will be provided to the employees to broaden their skills and enhance their productivity.

The Company also adopted a share option scheme on 15 November 2011 (which has lapsed on 14 November 2021) and a share award scheme on 12 July 2018 for the purpose of recognising employees' contribution. Details have been set out in the section headed "Share Option Scheme" and "Share Award Scheme" below.

Management Discussion and Analysis

Dividend, Record and Payment Dates

The Directors have declared an interim dividend of HK2 cents (six months ended 31 December 2023: HK2 cents) per ordinary share to the shareholders for the six months ended 31 December 2024 in recognition of their continuous support. The interim dividend will be paid to shareholders whose names appear on the register of members of the Company on Thursday, 3 April 2025. It is expected that the interim dividend will be paid on or before Monday, 28 April 2025.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 31 March 2025 to Thursday, 3 April 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Friday, 28 March 2025.

Corporate Governance and Other Information

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which had been notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(a) Long positions

Name of Director	Capacity/ Nature of interest	Number of ordinary shares of the Company interested	Number of underlying shares of the Company interested pursuant to share options	Number of underlying shares of the Company interested pursuant to the award shares	Aggregate number of shares of the Company interested	Approximate percentage of the Company's issued shares ^(note 1)
Mr. Yeung Michael Wah Keung	Beneficial owner/ personal interest	437,720,000	-	-	437,720,000	45.34%
Dr. Yeung Wo Fai	Beneficial owner/ personal interest	236,070,000	-	-	236,070,000	24.45%
Mr. Yeung Andrew Kin	Beneficial owner/ personal interest	10,500,000	-	-	10,500,000	1.09%
Mr. Chan Tung Chit	Beneficial owner/ personal interest	856,636	-	753,000 ^(note 2)	1,609,636	0.17%

Notes:

1. The percentage was calculated based on 965,430,000 shares in issue as at 31 December 2024.
2. The granted shares shall be vested in accordance with the terms and conditions of the Share Award Scheme and subject to the fulfillment of vesting conditions.

Corporate Governance and Other Information

Details of the Directors' interests in share options and the award shares granted by the Company are set out in the section headed "Share Option Scheme" and "Share Award Scheme" below.

(b) Rights to acquire shares of the Company

Save as disclosed in the section headed "Share Option Scheme" and "Share Award Scheme" below, at no time during the Period did the Directors or chief executive of the Company (including their spouse and children under 18 years of age) have any interest in, or had been granted, or had exercised, any rights to subscribe for shares (warrants or debentures, if applicable) of the Company or any of its associated corporation required to be disclosed pursuant to the SFO.

Other than as disclosed herein, at no time during the Period was the Company, its subsidiaries or holding companies a party to any arrangements that would enable the Directors to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executive of the Company had registered an interest or a short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Corporate Governance and Other Information

Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 31 December 2024, so far as the Directors were aware, the persons or corporations (other than the Directors or chief executive of the Company as disclosed above) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of substantial shareholders of the Company	Capacity/ Nature of interest	Number of ordinary shares of the Company interested	Approximate percentage of the Company's issued shares ^(note)
SAMARANG UCITS	Beneficial Owner	48,543,000	5.03%

Note: The percentage was calculated based on 965,430,000 shares in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, the Directors are not aware of any other person or corporation (other than Directors or chief executive of the Company) having an interest or short position in the shares and underlying shares of the Company which would be required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

Corporate Governance and Other Information

Directors' and relevant employees' securities transactions

The Company has adopted the Model Code as its code of conduct governing securities transactions by the Directors.

Specific enquiry has been made with all Directors and all Directors have confirmed that they had fully complied with the required standard set out in the Model Code for the six months ended 31 December 2024.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to written guidelines on no less exacting terms than those in the Model Code.

No incident of non-compliance with these guidelines by the relevant employees for the six months ended 31 December 2024 was noted by the Company.

Corporate Governance

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organisation which is open and accountable to its shareholders. The Board strives to adhere to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as risk management and internal control, fair disclosure and accountability to all shareholders of the Company to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for the shareholders of the Company. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimise return for the shareholders of the Company.

The Board has adopted a set of corporate governance practices which aligns with or is more restrictive than the requirements set out in the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Listing Rules. The Board is of the view that the Company has complied with the code provisions set out in the CG Code for the six months ended 31 December 2024.

Corporate Governance and Other Information

Audit Committee

The Company has established an audit committee with written terms of reference in compliance with the CG Code. The primary duties of the audit committee are to review and supervise the financial reporting process and risk management over financial reporting system and internal control systems of the Group. The audit committee comprises Mr. Yeung Chi Tat (Chairman), Mr. Kwan Po Chuen, Vincent and Ms. Lee Pao Yue, all of whom are independent non-executive Directors. The interim condensed consolidated financial statements for the six months ended 31 December 2024 have not been audited, but the audit committee has discussed with the management of the Company and the external auditors, Ernst & Young, on the appropriateness and consistency of the accounting policies that have been adopted by the Company. In addition, Ernst & Young has performed certain agreed upon procedures in accordance with the request of the audit committee regarding the interim results and the interim report for the six months ended 31 December 2024 and has reported to the audit committee accordingly. The audit committee has reviewed the interim results and the interim report of the Group for the six months ended 31 December 2024.

Purchase, sale or redemption of the Company's listed securities

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 31 December 2024.

Corporate Governance and Other Information

Update on Director's information

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in the information of the Directors of the Company since the date of the last annual report is set out as follows:

Mr. Yeung Chi Tat remains as an independent non-executive director of Beijing Capital Grand Limited after its shares have been delisted from the Main Board of the Stock Exchange in January 2025.

Share Option Scheme

The Share Option Scheme was approved and adopted by shareholders of the Company on 15 November 2011 to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants of the scheme.

As the Share Option Scheme had lapsed on 14 November 2021, no further options under the Share Option Scheme will be issued but outstanding options granted under the Share Option Scheme may continue to be exercisable in accordance with their terms of issue. As at 31 December 2024, share options to subscribe for 4,500,000 ordinary shares of HK\$0.10 each of the Company have been vested and remained outstanding under the Share Option Scheme.

Corporate Governance and Other Information

Details of the movements of the share options under the Share Option Scheme during the six months ended 31 December 2024 are as follows:

Grantees	Date of Grant	Exercise Price	Exercise Period	Number of Share Options					Balance as at 31 December 2024
				Balance as at 1 July 2024	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	
Eligible employees ⁽ⁱ⁾	21 September 2015	HK\$3.84	21 September 2016 to 20 September 2025 ⁽ⁱⁱ⁾	4,500,000	-	-	-	-	4,500,000
Grand Total:				4,500,000	-	-	-	-	4,500,000

Notes:

- (i) Share options were granted to certain eligible employees, all working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and are participants of the Share Option Scheme with share options not exceeding the respective individual limits.
- (ii) The share options granted to the above eligible employees shall be vested in three equal tranches subject to certain vesting conditions as set out in their respective offer letters, including, among others, financial targets of the Group. The vesting periods of the share options are between the date of grant and the dates of commencement of exercise periods. The vesting and exercise periods of the share options are as follows:

Share options	Vesting period	Exercise period
One-third of share options (rounded up to the nearest 1,000 share options)	21 September 2015 to 20 September 2016	21 September 2016 to 20 September 2025
One-third of share options (rounded up to the nearest 1,000 share options)	21 September 2015 to 20 September 2017	21 September 2017 to 20 September 2025
Remaining share options	21 September 2015 to 20 September 2018	21 September 2018 to 20 September 2025

- (iii) The values of share options are subject to (i) subjectivity and uncertainty relating to the assumptions to which such values are subject; and (ii) limitation of the model used to estimate such values.

Corporate Governance and Other Information

Except as disclosed above, no share option lapsed or was granted, exercised or cancelled under the Share Option Scheme during the six months ended 31 December 2024.

Share Award Scheme

On 12 July 2018, the Board adopted the Share Award Scheme to provide the Company with flexible means of giving incentives to the participants of the scheme in order to retain them for continual operation and development of the Group and to attract suitable personnel for further development of the Group. The participants of the Share Award Scheme may include any directors and senior managers of the Group. The Share Award Scheme will expire on 11 July 2028, and thus its remaining life is approximately three years and four months from the date of this interim report.

The Board may, at its discretion, determine from time to time the vesting criteria and conditions or periods for the award shares to be vested.

The total number of shares to be granted under the Share Award Scheme shall not exceed 10% of the total number of issued shares of the Company from time to time. The maximum number of award shares which may be granted to a selected participant but unvested under the Share Award Scheme shall not exceed 1% of the total number of issued shares of the Company from time to time.

On 12 July 2018, 9,000,000 shares awards were granted to nine grantees including an executive Director and other senior managers under the Share Award Scheme. Vesting of the shares is conditional upon the fulfilment of certain vesting conditions. The fair value of each awarded share as at the date of grant was HK\$2.00, which was equal to the market price of the shares on the date of grant. As the vesting condition of the first tranche was fulfilled by the grantees, 2,792,000 shares awards were vested to the grantees on 12 July 2019. As the vesting condition of the second tranche was fulfilled by the grantees, 3,000,000 shares awards were vested to the grantees on 12 July 2020. As the vesting condition of the third tranche was not fulfilled by the grantees, 3,260,848 shares awards were lapsed.

Corporate Governance and Other Information

On 10 March 2023, 3,260,848 shares awards were granted to twelve grantees including senior managers under the Share Award Scheme. Vesting of the shares is conditional upon the fulfilment of certain vesting conditions. The awards will entitle the grantees to a total of 3,260,848 ordinary shares of HK\$0.10 each in the capital of the Company, representing approximately 0.34% of the total issued shares of the Company. The fair value of each awarded share at the date of grant was HK\$0.83, which was equal to the market price of the shares on the date of grant. The fair value of the share awards was HK\$2,707,000, of which the Group recognized an expense of approximately HK\$2,707,000 for the year ended 30 June 2023. As the vesting condition was fulfilled by the grantees, 3,260,848 shares were vested to the grantees on 24 April 2023.

On 26 June 2023, 13,601,000 shares awards were granted to twelve grantees including senior managers under the Share Award Scheme. Vesting of the shares is conditional upon the fulfilment of certain vesting conditions. The awards will entitle the grantees to a total of 13,601,000 ordinary shares of HK\$0.10 each in the capital of the Company, representing approximately 1.41% of the total issued shares of the Company. The fair value of each awarded share at the date of grant was HK\$0.85, which was equal to the market price of the shares on the date of grant. The fair value of the share awards was approximately HK\$11,561,000, of which the Group recognized an expense of approximately HK\$117,000 for the year ended 30 June 2023, approximately HK\$7,551,000 for the year ended 30 June 2024 and approximately HK\$929,000 for the six months ended 31 December 2024 respectively. As the vesting condition was partially fulfilled by the grantees during the year ended 30 June 2024, 6,430,000 shares were vested to the grantees and 11,000 shares had lapsed on 26 June 2024. During the Period, no award shares were conditionally or unconditionally granted. As at 31 December 2024, no award shares had been vested and 7,160,000 award shares were outstanding.

As at 31 December 2024, the Company had 1,480,000 shares held under the Share Award Scheme, which represented approximately 0.15% of the Company's shares in issue.

Corporate Governance and Other Information

As no share awards were granted during six months ended 31 December 2024, the calculation of the number of shares that may be issued in respect of share awards granted under the Share Award Scheme during six months ended 31 December 2024 divided by the weighted average number of ordinary shares in issue is not applicable.

Details of the movements of the share awards under the Share Award Scheme during the Period are as follows:

Grantees	Date of grant	Closing price immediately before the date of grant	Number of Award Shares				Balance as at 31 December 2024	Vesting Period
			Balance as at 1 July 2024	Granted during the Period	Vested during the Period	Lapsed during the Period		
Director(s)								
Mr. Chan Tung Chit	26 June 2023	HK\$0.85 ^(Note 1)	753,000	-	-	-	753,000	26 June 2023 to 25 June 2025
Five highest paid employees								
1 grantee	26 June 2023	HK\$0.85 ^(Note 1)	918,000	-	-	-	918,000	26 June 2023 to 26 June 2025
Other Employee(s)								
10 grantees	26 June 2023	HK\$0.85 ^(Note 1)	5,489,000	-	-	-	5,489,000	26 June 2023 to 26 June 2025
			7,160,000	-	-	-	7,160,000	

Notes:

- The fair value per share granted on 26 June 2023: HK\$0.85.
- During the Period, no award shares were vested, cancelled or had lapsed under the Share Award Scheme.
- As at 31 December 2024, the number of share awards available for grant under the Share Award Scheme was 70,681,152 shares, and the number of underlying shares was 70,681,152 shares, accounting for approximately 7.32% of the total issued shares of the Company.

Corporate Governance and Other Information

For more details, please refer to the announcements of the Company dated 10 March 2023, 26 April 2023, 26 June 2023 and 26 February 2024 respectively.

Further details of the Share Award Scheme are disclosed in note 15 to the interim condensed consolidated financial information.

Board of Directors

As at the date of this report, the executive Directors 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 are Mr. Yeung Chi Tat, Mr. Kwan Po Chuen, Vincent and Ms. Lee Pao Yue.

By order of the Board
Sitoy Group Holdings Limited

Yeung Michael Wah Keung
Chairman

Hong Kong, 24 February 2025

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 31 December 2024

				For the six months ended 31 December	
	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)		
REVENUE	4	813,710	813,833		
Cost of sales		(539,567)	(527,986)		
Gross profit		274,143	285,847		
Other income and gains	4	12,728	10,206		
Selling and distribution expenses		(133,685)	(103,439)		
Administrative expenses		(122,468)	(114,620)		
Reversal of impairment losses on financial assets, net		196	501		
Other expenses		(88,862)	(9,720)		
Finance costs		(917)	(1,178)		
(LOSS)/PROFIT BEFORE TAX	5	(58,865)	67,597		
Income tax expense	6	(8,218)	(14,043)		
(LOSS)/PROFIT FOR THE PERIOD		(67,083)	53,554		
Attributable to:					
Owners of the Company		(67,083)	53,554		

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 31 December 2024

				For the six months ended 31 December	
		Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		8			
Basic					
– For (loss)/profit for the period (HK cents)			(6.96)	5.55	
Diluted					
– For (loss)/profit for the period (HK cents)			(6.92)	5.47	

Details of the dividends for the reporting period are disclosed in note 7 to the interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2024

	For the six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
(LOSS)/PROFIT FOR THE PERIOD	(67,083)	53,554
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	(17,590)	21,844
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(17,590)	21,844
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	(17,590)	21,844
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(84,673)	75,398
Attributable to:		
Owners of the Company	(84,673)	75,398

Interim Condensed Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	330,047	312,249
Investment properties	10	679,756	683,056
Right-of-use assets		31,759	46,429
Other intangible assets		2,582	2,424
Deferred tax assets		17,337	13,718
Prepayments and other assets		172	2,268
Total non-current assets		1,061,653	1,060,144
CURRENT ASSETS			
Inventories		144,702	217,220
Trade receivables	11	259,783	297,185
Prepayments, other receivables and other assets		48,477	51,979
Income tax recoverable		8	1,118
Pledged deposits		25,986	25,939
Cash and cash equivalents		437,531	460,551
Total current assets		916,487	1,053,992
CURRENT LIABILITIES			
Trade and bills payables	12	121,395	133,554
Other payables and accruals		133,605	90,197
Lease liabilities		7,549	17,224
Tax payable		15,669	42,938
Deferred income		194	393
Total current liabilities		278,412	284,306
NET CURRENT ASSETS		638,075	769,686
TOTAL ASSETS LESS CURRENT LIABILITIES		1,699,728	1,829,830

Interim Condensed Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		11,807	18,543
Deferred tax liabilities		5,504	5,551
Deferred income		206	337
Total non-current liabilities		17,517	24,431
Net assets		1,682,211	1,805,399
EQUITY			
Share capital	13	96,543	96,543
Treasury shares		(827)	(4,044)
Reserves		1,586,495	1,712,900
Total equity attributable to owners of the Company		1,682,211	1,805,399

Yeung Wo Fai
Director

Chan Tung Chit
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2024

	Attributable to owners of the Company										
	Share capital	Treasury shares	Share premium account*	Share option/ award reserve*	Merger reserve*	Statutory reserve fund*	Asset revaluation reserve*	Other reserve*	Exchange fluctuation reserve*	Retained profits*	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2024 (audited)	96,543	(4,044)	924,811	12,389	4,030	96,871	24,688	(29,050)	(186,038)	865,199	1,805,399
Loss for the period	-	-	-	-	-	-	-	-	-	(67,083)	(67,083)
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(17,590)	-	(17,590)
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	(17,590)	(67,083)	(84,673)
Equity-settled share award arrangement	-	-	-	929	-	-	-	-	-	-	929
Share award vested	-	4,044	-	(4,044)	-	-	-	-	-	-	-
Repurchase of shares under share award scheme	-	(827)	-	-	-	-	-	-	-	-	(827)
Dividend	-	-	-	-	-	-	-	-	-	(38,617)	(38,617)
Transfer from retained profits	-	-	-	-	-	775	-	-	-	(775)	-
At 31 December 2024 (unaudited)	96,543	(827)	924,811	9,274	4,030	97,646	24,688	(29,050)	(203,628)	758,724	1,682,211

Interim Condensed Consolidated Statement of Changes in Equity
For the six months ended 31 December 2024

	Attributable to owners of the Company										
	Share capital HK\$'000 (note 13)	Treasury shares HK\$'000	Share premium account* HK\$'000	Share		Statutory reserve fund* HK\$'000	Asset revaluation reserve* HK\$'000	Other reserve* HK\$'000	Exchange fluctuation reserve* HK\$'000	Retained profits* HK\$'000	Total equity HK\$'000
				option/ award reserve*	Merger reserve* HK\$'000						
At 1 July 2023 (audited)	96,543	-	924,811	4,838	4,030	91,204	24,688	(29,050)	(193,110)	855,794	1,779,748
Profits for the period	-	-	-	-	-	-	-	-	-	53,554	53,554
Other comprehensive income for the period:											
Exchange differences											
on translation of foreign operations	-	-	-	-	-	-	-	-	21,844	-	21,844
Total comprehensive income for the period	-	-	-	-	-	-	-	-	21,844	53,554	75,398
Equity-settled share award arrangement	-	-	-	4,271	-	-	-	-	-	-	4,271
Repurchase of shares under share											
award scheme	-	(576)	-	-	-	-	-	-	-	-	(576)
Dividend	-	-	-	-	-	-	-	-	-	(67,532)	(67,532)
Transfer from retained profits	-	-	-	-	-	1,502	-	-	-	(1,502)	-
At 31 December 2023 (unaudited)	96,543	(576)	924,811	9,109	4,030	92,706	24,688	(29,050)	(171,266)	840,314	1,791,309

* These reserve accounts comprise the consolidated reserves of HK\$1,586,495,000 (31 December 2023: HK\$1,695,342,000) in the consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2024

	For the six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax:	(58,865)	67,597
Total adjustments	28,641	34,214
Total working capital adjustments	126,161	78,465
Cash generated from operations	95,937	180,276
Profits tax paid	(39,067)	(31,696)
NET CASH FLOWS FROM OPERATING ACTIVITIES	56,870	148,580
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of items of property, plant and equipment	28	521
Purchase of items of property, plant and equipment	(23,587)	(33,068)
Additions to other intangible assets	(158)	–
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(23,717)	(32,547)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2024

	For the six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(38,550)	(67,532)
Interest paid	(917)	(1,178)
Decrease in pledged time deposits	22,703	32,485
Increase in pledged time deposits	(22,961)	(32,776)
Principal portion of lease payments	(10,029)	(13,745)
Repurchase of shares under share award scheme	(827)	(576)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(50,581)	(83,322)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(17,428)	32,711
Cash and cash equivalents at beginning of the period	460,551	403,855
Effect of foreign exchange rate changes, net	(5,592)	4,866
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	437,531	441,432

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

1. Corporate Information

Sitoy Group Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 21 February 2008 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office address of the Company is Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands. In the opinion of the Directors, the Company’s controlling shareholders are Mr. Yeung Michael Wah Keung and Dr. Yeung Wo Fai.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are the design, research, development, manufacture, sale, retailing and wholesale of handbags, small leather goods, travel goods and footwear products, the provision of advertising and marketing services and property investment.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Exchange”) on 6 December 2011.

2.1 Basis of Preparation

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2024 have been prepared in accordance with International Accounting Standards (“IAS”) and Interpretations 34 Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”).

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2024.

This unaudited interim condensed consolidated financial information has been prepared under the historical cost convention, except for investment properties, derivative financial instruments, wealth management products and equity investments which have been measured at fair value.

This unaudited interim condensed consolidated financial information is presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (“HK\$’000”), unless otherwise stated.

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2024, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised IFRSs that are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

2.2 Changes in Accounting Policies and Disclosures (continued)

The nature and impact of the revised IFRSs are described below (continued):

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 July 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

3. Operating Segment Information

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

- (a) Retail: manufactures, retails and wholesales handbags, small leather goods, travel goods, footwear and fashion products for the brands owned or licensed by the Group, and provision of handbag and accessories design, advertising and marketing services;
- (b) Manufacturing: produces handbags, small leather goods and travel goods for branding and resale by others; and
- (c) Property investment: invests in office space for its rental income or capital appreciation purpose.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment.

Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except corporate and unallocated expenses are excluded from this measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

3. Operating Segment Information (continued)

For the six months ended 31 December 2024 (unaudited)

	Retail HK\$'000	Manufacturing HK\$'000	Property investment HK\$'000	Total HK\$'000
Segment revenue:				
Sales to external customers	315,691	491,410	6,609	813,710
Intersegment sales	–	65,580	1,536	67,116
Total segment revenue	315,691	556,990	8,145	880,826
<i>Reconciliation:</i>				
Elimination of intersegment sales				(67,116)
Total revenue				813,710
Segment results	(84,970)	33,537	(761)	(52,194)
<i>Reconciliation:</i>				
Corporate and other unallocated expenses, net				(6,671)
Loss before tax				(58,865)
Other segment information:				
Depreciation of items of property, plant and equipment	4,454	8,923	–	13,377
Unallocated depreciation of items of property, plant and equipment				1,275
Depreciation of right-of-use assets	6,504	3,307	–	9,811
Reversal of write-down of inventories to net realizable value	(1,990)	(897)	–	(2,887)
Capital expenditure*	2,664	36,428	–	39,092

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

3. Operating Segment Information (continued)

For the six months ended 31 December 2023 (unaudited)

	Retail HK\$'000	Manufacturing HK\$'000	Property investment HK\$'000	Total HK\$'000
Segment revenue:				
Sales to external customers	251,432	555,788	6,613	813,833
Intersegment sales	–	69,627	1,536	71,163
Total segment revenue	251,432	625,415	8,149	884,996
<i>Reconciliation:</i>				
Elimination of intersegment sales				(71,163)
Total revenue				813,833
Segment results				
	13,140	56,336	2,946	72,422
<i>Reconciliation:</i>				
Corporate and other unallocated expenses, net				(4,825)
Profits before tax				67,597
Other segment information:				
Depreciation of items of property, plant and equipment	3,601	9,491	–	13,092
Unallocated depreciation of items of property, plant and equipment				1,275
Depreciation of right-of-use assets	10,715	3,305	–	14,367
(Reversal of write-down)/write-down of inventories to net realizable value	(2,519)	3,152	–	633
Capital expenditure*	14,238	20,181	–	34,419

* Capital expenditure consists of additions to property, plant and equipment and intangible asset during the period.

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

3. Operating Segment Information (continued)

The following table compares the total segment assets and liabilities as at 31 December 2024 and as at the date of the last annual financial statements (30 June 2024).

As at 31 December 2024 (unaudited)

	Retail HK\$'000	Manufacturing HK\$'000	Property investment HK\$'000	Total HK\$'000
Segment assets	326,548	2,010,612	764,552	3,101,712
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(1,247,932)
Corporate and other unallocated assets				124,360
Total assets				1,978,140
Segment liabilities	717,280	206,892	619,264	1,543,436
<i>Reconciliation:</i>				
Elimination of intersegment payables				(1,247,932)
Corporate and other unallocated liabilities				425
Total liabilities				295,929

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

3. Operating Segment Information (continued)

As at 30 June 2024 (audited)

	Retail HK\$'000	Manufacturing HK\$'000	Property investment HK\$'000	Total HK\$'000
Segment assets	446,575	2,053,488	764,850	3,264,913
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(1,278,144)
Corporate and other unallocated assets				127,367
Total assets				2,114,136
Segment liabilities	746,702	220,138	619,721	1,586,561
<i>Reconciliation:</i>				
Elimination of intersegment payables				(1,278,144)
Corporate and other unallocated liabilities				320
Total liabilities				308,737

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

3. Operating Segment Information (continued)

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's non-current assets.

(a) *Revenue from external customers*

	For the six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue		
Chinese Mainland, Hong Kong, Macau and Taiwan	436,838	416,923
Europe	134,859	122,505
Other Asian countries	134,190	92,187
North America	97,438	170,438
Others	10,385	11,780
Total	813,710	813,833

The revenue information above is based on the location of the customers.

(b) *Non-current assets*

	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
Chinese Mainland and Hong Kong	970,285	1,005,550
Indonesia	74,031	40,876
Total	1,044,316	1,046,426

The non-current asset information above is based on the location of the assets and excludes deferred tax assets.

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

4. Revenue, Other Income and Gains

Information about major customers

For the six months ended 31 December 2024, revenue derived from sales by the manufacturing segment to one major customer amounting to HK\$100,813,000 (six months ended 31 December 2023: HK\$191,920,000) had accounted for over 10% of the Group's revenue, including sales to a group of entities which are known to be under common control of these customers.

An analysis of revenue is as follows:

	For the six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
<i>Revenue from contracts with customers</i>	807,101	807,220
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	6,609	6,613
Total	813,710	813,833

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

4. Revenue, Other Income and Gains (continued)

Revenue from contracts with customers*(i) Disaggregated revenue information*

The segment information for revenue from contracts with customers represented the revenue from retail and manufacturing business, which was disclosed in note 3 above.

(ii) Performance obligations

Information about the Group's performance obligations is summarized below:

Retail

The performance obligation is satisfied upon delivery of the goods.

Manufacturing

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 14 to 150 days from delivery, except for new customers, where payment in advance is normally required.

Other income and gains**For the six months ended
31 December**

	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Exchange gain, net	6,633	–
Interest income	4,221	5,967
Government grants	962	2,252
Net sample and material income, net	–	798
Commission income	–	485
Others	912	704
Total	12,728	10,206

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

5. (Loss)/Profit Before Tax

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	For the six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Cost of inventories sold	539,567	527,986
Employee benefit expense (including Directors' and chief executive's remuneration)		
– Wages and salaries	185,025	178,651
– Equity-settled share award expense	929	4,271
– Pension scheme contributions	14,989	14,701
	200,943	197,623
Depreciation of items of property, plant and equipment	14,652	14,367
Depreciation of right-of-use assets	9,811	14,020
Reversal of impairment losses of trade receivables and other receivables, net	(196)	(501)
Lease payments not included in the measurement of lease liabilities	6,580	7,402
(Reversal of write-down)/write-down of inventories to net realizable value	(2,887)	633
Auditors' remuneration	800	950
Exchange (gain)/loss, net	(6,633)	9,027

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

6. Income Tax Expense

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong profits tax has been provided at the rate of 16.5% for the six months ended 31 December 2024 (six months ended 31 December 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Macau Complementary Income Tax has not been provided for as the Group has no assessable profit arising in Macau during the six months ended 31 December 2024 (six months ended 31 December 2023: nil).

Indonesia Complementary income tax has not been provided for as the Group has no assessable profits arising in Indonesia during the six months ended 31 December 2024.

The provision for PRC corporate income tax is based on a statutory rate of 25% (six months ended 31 December 2023: 25%) of the assessable profit of the subsidiaries in Mainland China as determined in accordance with the PRC Corporate Income Tax Law for the six months ended 31 December 2024.

The major components of income tax expense/(credit) are as follows:

	For the six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current – Hong Kong		
Charge for the period	10,072	9,234
Current – Mainland China		
Charge for the period	1,836	3,930
Current – Other regions		
Charge for the period	132	30
Deferred	(3,822)	849
Total tax charge for the period	8,218	14,043

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

7. Dividends

	For the six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Dividends on ordinary shares declared and paid during the six-month period:		
Final dividend for the year ended		
30 June 2024: HK4 cents (year ended		
30 June 2023: HK7 cents)	38,617	67,580
Dividends on ordinary shares declared (not recognized as a liability as at 31 December):		
interim dividend – HK2 cents per ordinary share (six months ended		
31 December 2023: HK2 cents)	19,309	19,309

On 24 February 2024, the Board of Directors of the Company resolved to declare an interim dividend of HK2 cents (six months ended 31 December 2023: HK2 cents).

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

8. (Loss)/Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit for the six months ended 31 December 2024 and 2023 attributable to ordinary equity holders of the Company excluding cash dividend attributable to the awarded shares expected to be vested in the future as of the ending of the reporting period and the weighted average number of ordinary shares of 963,856,000 (six months ended 31 December 2023: 964,740,000) in issue excluding awarded shares during the six months ended 31 December 2024.

The calculation of the diluted (loss)/earnings per share amount is based on the (loss)/profit for the six months ended 31 December 2024 and 2023 attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the six months ended 31 December 2024 and 2023, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

For the six months ended 31 December 2024, no adjustment has been made to the basic loss per share amounts in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic loss per share amounts presented.

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

8. (Loss)/Earnings Per Share Attributable to Ordinary Equity Holders of the Company (continued)

The calculations of basic and diluted (loss)/earnings per share are based on:

	For the six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
<i>(Loss)/Earnings</i>		
(Loss)/Profit attributable to ordinary equity holders of the Company used in the basic and diluted (loss)/earnings per share calculation	(67,083)	53,554
	For the six months ended 31 December	
	2024 (Unaudited)	2023 (Unaudited)
Basic:		
(Loss)/Earnings per share (HK cents)	(6.96)	5.55
Diluted:		
(Loss)/Earnings per share (HK cents)	(6.92)	5.47

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

8. (Loss)/Earnings Per Share Attributable to Ordinary Equity Holders of the Company (continued)

	For the six months ended 31 December	
	2024 (Unaudited)	2023 (Unaudited)
<i>Number of shares</i>		
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation	963,856,000	964,740,000
Effect of dilution – weighted average number of ordinary shares*	5,859,315	13,601,000
Weighted average number of ordinary shares in issue during the period used in the diluted (loss)/earnings per share calculation	969,715,315	978,341,000

* For the six months ended 31 December 2024, the Company had 5,859,315 treasury shares held under the share award scheme that had dilutive effect.

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

9. Property, Plant and Equipment

During the six months ended 31 December 2024, the Group acquired property, plant and equipment with a cost of approximately HK\$39,092,000 (six months ended 31 December 2023: HK\$34,419,000).

During the six months ended 31 December 2024, depreciation for property, plant and equipment was HK\$14,652,000 (six months ended 31 December 2023: HK\$14,367,000).

During the six months ended 31 December 2024, property, plant and equipment with a net book value of HK\$4,787,000 (six months ended 31 December 2023: HK\$1,017,000) were disposed, resulting in a net loss on disposal of HK\$4,759,000 (six months ended 31 December 2023: net loss of HK\$496,000).

10. Investment Properties

	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
Carrying amount at beginning of the period/year	683,056	692,456
Fair value loss on investment properties	(3,300)	(9,400)
Carrying amount at end of the period/year	679,756	683,056

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

10. Investment Properties (continued)

The Group's investment properties consist of three commercial properties in Hong Kong. Below is certain information about these three commercial properties:

Property	Address	Existing use	Lease term
Ground to 6th and 11th to 20th Floors, Sity Tower	Ground to 6th and 11th to 20th Floors, Sity Tower, No. 164 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong (Kwun Tong Inland lot number 316)	Commercial (for rental income and capital appreciation purposes)	Medium term lease
4th to 5th Floors The Genplas Building	4th to 5th Floors, The Genplas Building, 56 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong (Kwun Tong Inland lot number 58)	Industrial (for rental income and capital appreciation purposes)	Medium term lease
No. 1011, 10th Floor of Tower 1, Silvercord	No. 1011, 10th Floor of Tower 1, Silvercord, No. 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong (Kowloon Inland lot number 10456)	Commercial (for rental income and capital appreciation purposes)	Medium term lease

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

11. Trade Receivables

	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
Trade receivables	262,529	300,681
Impairment	(2,746)	(3,496)
Total	259,783	297,185

The Group's trading terms with its customers are mainly on credit. The Group grants different credit periods to customers. The credit terms range from telegraphic transfers before shipment, letters of credit at sight to 90 days and telegraphic transfers within 14 to 150 days. The credit period of individual customers is considered on a case-by-case basis. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and closely monitors them to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are unsecured and non-interest-bearing.

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

11. Trade Receivables (continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
Within 90 days	230,246	277,581
91 to 180 days	24,352	13,668
Over 180 days	5,185	5,936
Total	259,783	297,185

The movements in the loss allowance for impairment of trade receivables are as follows:

	Six months ended 31 December 2024 HK\$'000 (Unaudited)	Year ended 30 June 2024 HK\$'000 (Audited)
At beginning of period/year	3,496	4,976
Reversal of impairment losses, net	(196)	(443)
Written off	(530)	(1,062)
Exchange realignment	(24)	25
At the end of period/year	2,746	3,496

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

11. Trade Receivables (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024 (Unaudited)

	Current	Less than 3 months	Past due		Total
			3 to 6 months	Over 6 months	
Expected credit loss rate	0.56%	1.99%	16.70%	29.21%	1.05%
Gross carrying amount (HK\$'000)	244,974	13,560	527	3,468	262,529
Expected credit loss (HK\$'000)	1,375	270	88	1,013	2,746

As at 30 June 2024 (Audited)

	Current	Less than 3 months	Past due		Total
			3 to 6 months	Over 6 months	
Expected credit loss rate	0.60%	2.13%	17.93%	31.30%	1.16%
Gross carrying amount (HK\$'000)	274,005	21,875	909	3,892	300,681
Expected credit loss (HK\$'000)	1,648	467	163	1,218	3,496

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

12. Trade and Bills Payables

An ageing analysis of the outstanding trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
Within 90 days	112,387	126,460
91 to 180 days	7,811	5,250
181 to 365 days	638	1,331
Over 365 days	559	513
Total	121,395	133,554

The trade and bills payables are non-interest-bearing and are normally to be settled within 90 days. The carrying amounts of the trade and bills payables approximate to their fair values.

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

13. Share Capital and Treasury Shares

A summary of the Company's share capital and treasury shares is as follows:

Shares:

	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
Issued and fully paid: 963,950,000 (30 June 2024: 959,000,000) ordinary shares	96,395	95,900
Treasury shares: (note i) 1,480,000 (30 June 2024: 6,430,000) ordinary shares (note 15)	148	643
	96,543	96,543

Note:

- (i) During the six months ended 31 December 2024, the Group repurchased 1,480,000 shares a total consideration of HK\$827,000 under the share award scheme.

14. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 2024 (2023: nil).

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

15. Share Award Scheme

In June 2023, 13,601,000 treasury shares were promised to be granted to twelve grantees including senior managers under a share award scheme. Vesting of the shares is conditional upon the fulfilment of the performance targets based on the results of the relevant financial year of the Company. The fair value of each awarded share at the grant date was HK\$0.85, which was equal to the market price of the shares on the date of grant. The fair value of the share awards was approximately HK\$11,561,000, of which the Group recognized an expense of approximately HK\$929,000 for the six months ended 31 December 2024 (for the six months ended 31 December 2023: HK\$4,271,000).

The share award scheme shall be valid for a term of two years, commencing from the date of grant of the share award on 26 June 2023 and ending on the date on which all the awarded shares have been granted or otherwise cancelled. As the vesting condition of the first tranche was not completely fulfilled by the grantees, 6,430,000 treasury shares were vested to the grantees and 11,000 treasury shares lapsed on 26 June 2024.

As at 31 December 2024, the Company had 1,480,000 treasury shares held under the share award scheme.

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 31 December 2024

16. Related Party Transactions

Compensation of key management personnel of the Group:

	For the six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Short term employee benefits	6,360	5,812
Post-employment benefits	105	98
Equity-settled share award expense	98	449
Total compensation paid to key management personnel	6,563	6,359

17. Events After the Reporting Period

There are no material events after the reporting period which could influence the economic decisions that users make on the basis of the financial statements.

18. Approval of the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on 24 February 2025.

2025 中期報告

SITORY



時代集團控股有限公司
SITORY GROUP HOLDINGS LTD.

(於開曼群島註冊成立的有限公司)

股份代號: 1023