



2024 INTERIM REPORT

# SITOY



COLE HAAN

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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*)

#### Non-executive Director

Dr. Lau Kin Shing, Charles

#### Independent Non-executive Directors

Mr. Yeung Chi Tat  
Mr. Kwan Po Chuen, Vincent  
Mr. Lung Hung Cheuk  
Ms. Lee Pao Yue\*

### Authorized Representatives

Dr. Yeung Wo Fai  
Mr. Yeung Andrew Kin

### Company Secretary

Mr. Cheung Kai Sun

### 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

\* Appointed on 6 December 2023

### 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  
Mr. Lung Hung Cheuk  
Ms. Lee Pao Yue\*

#### Remuneration Committee

Mr. Lung Hung Cheuk (*Chairman*)  
Mr. Yeung Michael Wah Keung  
Mr. Yeung Chi Tat  
Ms. Lee Pao Yue\*

#### Nomination Committee

Mr. Yeung Michael Wah Keung (*Chairman*)  
Mr. Kwan Po Chuen, Vincent  
Mr. Lung Hung Cheuk  
Ms. Lee Pao Yue\*

#### Environmental, Social and Governance Committee

Dr. Yeung Wo Fai (*Chairman*)  
Mr. Yeung Chi Tat  
Mr. Kwan Po Chuen, Vincent  
Dr. Lau Kin Shing, Charles  
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

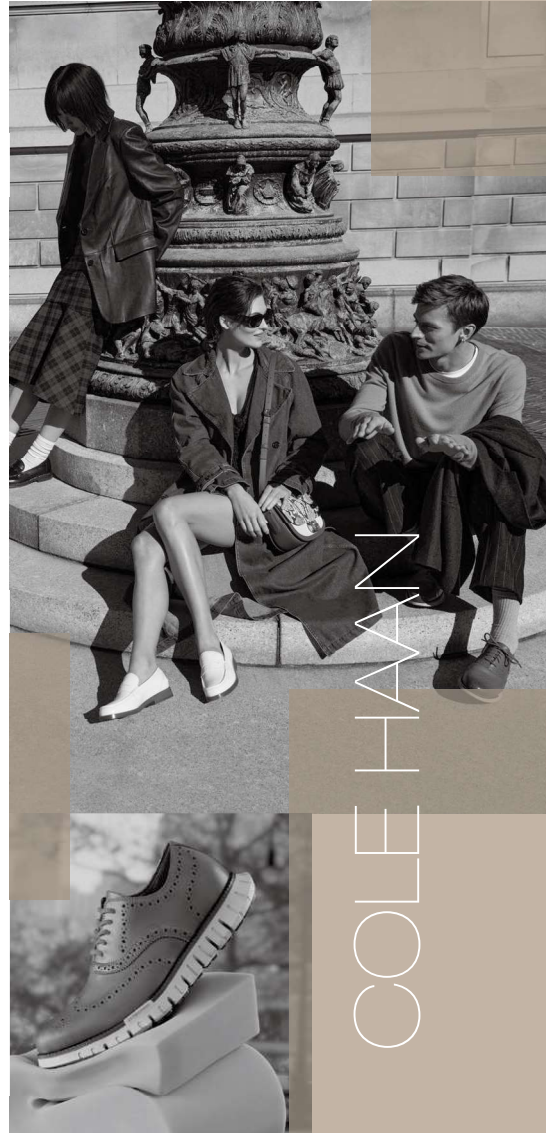
Ernst & Young

### Stock Code

1023

### Company Website

[www.sitoy.com](http://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 2023 (the “Period”).

### Business Review

#### **Retail business**

Revenue generated from this segment increased by approximately 8.1% period to period to approximately HK\$251.4 million for the Period, benefiting from our well established retail channels, especially the online and live broadcast channels. It generated segment profit before tax of approximately HK\$13.1 million when compared to the same period in the previous year of approximately HK\$10.0 million.

## Management Discussion and Analysis

The Group currently operates three brands. TUSCAN'S and Fashion & Joy are self-owned brands of the Group. TUSCAN'S is a brand of high quality handbags originated in Italy, while 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. In view of the growing demand for fashion goods, the Group took a bold move and started to enrich its brand portfolio by obtaining exclusive rights for distribution and operation of the global brand, Cole Haan, in mainland China, Hong Kong and Macau.

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 70 people and achieved satisfactory results.

### **Manufacturing business**

During the Period, revenue from the manufacturing business has decreased by approximately 22.5% when compared to the same period in the previous year. It was mainly because brand customers were more cautious when placing orders due to global inflationary pressures and geopolitical tensions which created uncertainty to the global economy. The manufacturing business has generated segment revenue from external customers of approximately HK\$555.8 million with segment profit before tax of approximately HK\$56.3 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 profit before tax of approximately HK\$2.9 million during the Period.

### 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**

In the view that the e-commerce sector will continue to grow in the PRC market, 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 will have 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. Currently, it is in trial operation stage and is expected to have its grand opening very shortly in the second quarter of 2024.

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.

#### **Manufacturing business**

The global market for leather product business is tough as the overall economy goes through considerable changes, amidst geopolitical factors, inflation, market volatility and tight labour markets which had slowed down global growth.

In order to diversify the geographical risk of our manufacturing business, we will expand our production facility to Indonesia, in order to attract more new brand customers, especially those from North America, 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 a factory with more than 15,000 square meters is expected to be built on such land. Trail production is scheduled in 2024 and we expect this factory will begin operations during the financial year of 2024/2025. The factory is currently under construction.



## 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 decreased by approximately 14.9% to approximately HK\$813.8 million for the six months ended 31 December 2023 from approximately HK\$956.5 million for the six months ended 31 December 2022. This decrease was primarily due to the decrease in demand from the brand customers in the manufacturing business.

### Cost of sales

Cost of sales of the Group decreased by approximately 17.8% to approximately HK\$528.0 million for the six months ended 31 December 2023 from approximately HK\$642.3 million for the six months ended 31 December 2022. The decrease in cost of sales was in line with the decrease in revenue.

### Gross profit and gross profit margin

Gross profit decreased by approximately 9.0% to approximately HK\$285.8 million for the six months ended 31 December 2023 from approximately HK\$314.2 million for the six months ended 31 December 2022. Gross profit margin increased from 32.8% for the six months ended 31 December 2022 to 35.1% for the six months ended 31 December 2023, mainly due to the growth in retail business which generated higher gross profit margin.

## Management Discussion and Analysis

### **Selling and distribution expenses**

Selling and distribution expenses increased by approximately 10.8% to approximately HK\$103.4 million for the six months ended 31 December 2023 from approximately HK\$93.3 million for the six months ended 31 December 2022. The increase was primarily attributable to the launch of certain marketing activities of the retail business.

### **Administrative expenses**

Administrative expenses increased by approximately 8.9% to approximately HK\$114.6 million for the six months ended 31 December 2023 from approximately HK\$105.3 million for the six months ended 31 December 2022 due to the grant of the share awards to senior managers for the six months ended 31 December 2023.

### **Other income and gains/expenses**

Other income and gains decreased from approximately HK\$31.9 million for the six months ended 31 December 2022 to approximately HK\$10.2 million for the six months ended 31 December 2023.

Other expenses increased from approximately HK\$7.5 million for the six months ended 31 December 2022 to approximately HK\$9.7 million for the six months ended 31 December 2023.

The decrease in other income and gains and increase in other expenses were due to the exchange loss of approximately HK\$9.0 million recorded in current Period which was included in other expenses. The exchange gain of approximately HK\$22.4 million recorded for the six months ended 31 December 2022 was included in other income and gains.

## 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 2023 and 2022 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 2023 (six months ended 31 December 2022: nil).

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.

The effective tax rate of the Group for the six months ended 31 December 2023 was 20.8% (2022: 22.7%).

### Profit for the Period

The Group recorded net profit for the Period of approximately HK\$53.6 million when compared to the same period in 2022 of approximately HK\$106.1 million. The decrease in profit was mainly due to 1) global inflationary pressures and geopolitical tensions which created uncertainty to the global economy and had impacted our manufacturing business; and 2) exchange loss is recorded for the six months ended 31 December 2023 while exchange gain of approximately HK\$22.4 million was recognised for the corresponding period in 2022.

## Management Discussion and Analysis

### Investment properties

Details of investment properties of the Group with carrying amounts of approximately HK\$692.5 million and HK\$692.5 million as at 31 December 2023 and 30 June 2023 respectively are as follows:

#### ***As at 31 December 2023 and 30 June 2023***

Property	Address	Use	Lease term
Ground to 6th and 11th to 20th Floor, Sitoy Tower	Ground to 6th and 11th to 20th Floor, 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 Floor, The Genplas Building	4th to 5th Floor, 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 leased out for rental income. During the six months ended 31 December 2023, no fair value changes were recognised (31 December 2022: fair value loss of HK\$6.0 million).

## Management Discussion and Analysis

### **Right-of-use assets**

As at 31 December 2023, right-of-use assets increased from approximately HK\$59.2 million as at 30 June 2023 to approximately HK\$61.7 million. It was mainly due to the opening of certain new retail stores during the Period.

### **Capital expenditure**

For the six months ended 31 December 2023, the capital expenditure of the Group amounted to approximately HK\$34.4 million, primarily related to the expansion of retail business, upgrade and expansion of manufacturing facilities.

### **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 2023 amounted to approximately HK\$441.4 million (30 June 2023: approximately HK\$403.9 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 2023 and hence no gearing ratio was presented (30 June 2023: 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 2023, 66.7% (31 December 2022: 74.5%) of the Group's sales were denominated in currencies other than the functional currency of the operating units making the transaction, whilst approximately 90.0% (31 December 2022: 89.1%) of costs were denominated in the units' functional currency. As at 31 December 2023, the Group had no foreign exchange forward contracts and other financial derivatives outstanding (30 June 2023: nil).

### Pledge of assets

As at 31 December 2023, approximately HK\$25.6 million time deposits were pledged as securities for banking facilities granted to the Group (30 June 2023: approximately HK\$24.8 million).

## Management Discussion and Analysis

### **Inventory turnover days**

Inventory turnover days increased to 81 days for the six months ended 31 December 2023 from 80 days for the year ended 30 June 2023.

### **Trade receivables turnover days**

Trade receivables turnover days decreased to 76 days for the six months ended 31 December 2023 compared with 77 days for the year ended 30 June 2023. 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 69 days for the six months ended 31 December 2023 compared with 75 days for the year ended 30 June 2023. 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 2023, the Group did not have any material off-balance sheet commitments and arrangements. The Group did not have any material contingent liabilities as at 31 December 2023.

## Management Discussion and Analysis

### Employees

As at 31 December 2023, 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 and 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) (the "Share Option Scheme") and a share award scheme on 12 July 2018 (the "Share Award Scheme") 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 2022: HK4 cents) per ordinary share to the shareholders for the six months ended 31 December 2023 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 Friday, 5 April 2024. It is expected that the interim dividend will be paid on or before Monday, 29 April 2024.

### Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 2 April 2024 to Friday, 5 April 2024 (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 Thursday, 28 March 2024.

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## 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 2023, 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 (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 <sup>(note 1)</sup>
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	179,636	-	1,430,000 <sup>(note 2)</sup>	1,609,636	0.17%
Dr. Lau Kin Shing, Charles	Beneficial owner/ personal interest	1,755,000	1,544,000	-	3,299,000	0.34%

#### Notes:

- The percentage was calculated based on 965,430,000 shares in issue as at 31 December 2023.
- 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 2023, 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 2023, 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
SAMARANG UCITS	Beneficial Owner	48,543,000	5.03%
PRADA S.p.A.	Beneficial Owner	48,921,000	5.07%
Prada Holding S.p.A. <sup>(1)</sup>	Interest in controlled corporation	48,921,000	5.07%
Bellatrix S.p.A.	Interest in controlled corporation	48,921,000	5.07%
Ludo S.p.A.	Interest in controlled corporation	48,921,000	5.07%
PA BE 1 S.r.l.	Interest in controlled corporation	48,921,000	5.07%

Note: Prada Holding S.p.A. owns approximately 80% of PRADA S.p.A.. As Ludo S.p.A. owns 53.8% of Bellatrix S.p.A., which in turn owns 65% of Prada Holding S.p.A. and PA BE 1 S.r.l. owns 35% of Prada Holding S.p.A., Bellatrix S.p.A., Ludo S.p.A. and PA BE 1 S.r.l. are all deemed to be interested in the shares of PRADA S.p.A. held by Prada Holding S.p.A..

Save as disclosed above, as at 31 December 2023, 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 2023.

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 2023 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 2023.

## 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, Mr. Lung Hung Cheuk 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 2023 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 2023 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 2023.

### 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 2023.

### Update on Director's information

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

On 12 October 2023, Mr. Yeung Chi Tat has been appointed as an independent non-executive director of Shiyue Daotian Group Co., Ltd. (stock code: 9676), a company whose shares are listed on main board of the Stock Exchange.

On 6 December 2023, Mr. Chan Tung Chit has been appointed as an executive director of the Company; and Ms. Lee Pao Yue has been appointed as an independent non-executive director and a member of each of the audit committee, the remuneration committee, the nomination committee and the environmental, social and governance committee of the Company.

Mr. Yeung Chi Tat has been appointed as a member of Finance Committee of Hong Kong Arts Centre since January 2024.

## Corporate Governance and Other Information

### Changes in Constitutional Documents

The Company passed a special resolution on 20 November 2023 to adopt the amended and restated memorandum and articles of association incorporating amendments for the purposes of, among others, (i) bring the existing memorandum and articles of association of the Company in alignment with the Core Shareholder Protection Standards set out in Appendix A1 of the Listing Rules; (ii) to allow general meetings to be held as hybrid meetings and electronic meetings; (iii) to reflect certain updates in relation to the applicable laws of the Cayman Islands and Listing Rules; and (iv) to incorporate certain housekeeping amendments, which came into effect on the same date. Save as the above mentioned, there is no significant change in the Company's constitutional documents during the Period. An up to date version of the Company's Articles of Association is available on the Company's website ([www.sitoy.com](http://www.sitoy.com)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)).

### 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 at 31 December 2023, 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 2023 are as follows:

Grantees	Date of Grant	Exercise Price	Exercise Period	Number of Share Options					Balance as at 31 December 2023
				Balance as at 1 July 2023	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	
<b>Directors:</b>									
Dr. Lau Kin Shing, Charles	21 September 2015	HK\$3.84	21 September 2016 to 20 September 2025 (i)	1,544,000	-	-	-	-	1,544,000
<b>Sub-total:</b>				1,544,000	-	-	-	-	1,544,000
<b>Eligible employees (i)</b>									
	21 September 2015	HK\$3.84	21 September 2016 to 20 September 2025 (i)	2,956,000	-	-	-	-	2,956,000
<b>Sub-total:</b>	2,956,000			2,956,000	-	-	-	-	2,956,000
<b>Grand Total:</b>				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 Director and 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 2023.

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.

### 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 four 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 treasury shares were vested to the grantees on 24 April 2023.

On 26 June 2023, 13,601,000 shares awards were granted to a total of twelve grantees 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\$4,271,000 for the six months ended 31 December 2023 (for the six months ended 31 December 2022: nil).

As at 25 July 2023, 26 July 2023, 8 January 2024 and 10 January 2024, the trustee of the Share Award Scheme had purchased 550,000, 140,000, 220,000 and 330,000 shares respectively. As at the date of approval of these interim condensed consolidated financial statements, the Company had 1,240,000 shares held under the Share Award Scheme, which represented approximately 0.13% of the Company's shares in issue as at the date of this interim report.

During the Period, no award shares were conditionally or unconditionally granted. As at 31 December 2023, no award shares had been vested and 13,601,000 award shares were outstanding. The number of share awards available for grant under the Share Award Scheme was 70,681,152 as at 31 December 2023. The number of shares that may be issued in respect of share awards granted under the Share Award Scheme during the Period divided by the weighted average number of ordinary shares in issue is 1.75%.

## Corporate Governance and Other Information

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 2023	Vesting Period
			Balance as at 1 July 2023	Granted during the Period	Vested during the Period	Lapsed during the Period		
<b>Director(s)</b>								
Mr. Chan Tung Chit <sup>(Note 1)</sup>	26 June 2023	HK\$0.85 <sup>(Note 2)</sup>	1,430,000	-	-	-	1,430,000	26 June 2023 to 25 June 2025
<b>Five highest paid employees</b>								
1 grantee	26 June 2023	HK\$0.85 <sup>(Note 2)</sup>	1,745,600	-	-	-	1,745,600	26 June 2023 to 26 June 2025
<b>Other Employee(s)</b>								
10 grantees	26 June 2023	HK\$0.85 <sup>(Note 2)</sup>	10,425,400	-	-	-	10,425,400	26 June 2023 to 26 June 2025
			13,601,000	-	-	-	13,601,000	

Notes:

- Mr. Chan Tung Chit was appointed as an executive Director with effect from 6 December 2023, particulars of the award shares granted to him are disclosed in the announcement of the Company dated 4 December 2023.
- 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 2023, 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 16 to the interim condensed consolidated financial statements.

### **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; the non-executive Director is Dr. Lau Kin Shing, Charles; and the independent non-executive Directors are Mr. Yeung Chi Tat, Mr. Kwan Po Chuen, Vincent, Mr. Lung Hung Cheuk and Ms. Lee Pao Yue.

By order of the Board  
**Sitoy Group Holdings Limited**

**Yeung Michael Wah Keung**  
*Chairman*

Hong Kong, 26 February 2024

## Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 31 December 2023

	Notes	For the six months ended 31 December	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>REVENUE</b>	4	813,833	956,486
Cost of sales		(527,986)	(642,310)
Gross profit		285,847	314,176
Other income and gains	4	10,206	31,910
Selling and distribution expenses		(103,439)	(93,321)
Administrative expenses		(114,620)	(105,258)
Reversal of impairment losses/(impairment losses) on financial assets, net		501	(437)
Other expenses		(9,720)	(7,476)
Finance costs		(1,178)	(2,403)
<b>PROFIT BEFORE TAX</b>	5	67,597	137,191
Income tax expense	6	(14,043)	(31,088)
<b>PROFIT FOR THE PERIOD</b>		53,554	106,103
Attributable to:			
Owners of the Company		53,554	106,103

Interim Condensed Consolidated Statement of Profit or Loss  
For the six months ended 31 December 2023

				<b>For the six months ended 31 December</b>	
				2023	2022
				HK\$'000	HK\$'000
				(Unaudited)	(Unaudited)
				Notes	
<b>EARNINGS PER SHARE</b>					
<b>ATTRIBUTABLE TO ORDINARY</b>					
<b>EQUITY HOLDERS OF THE PARENT</b>				8	
Basic					
– For profit for the period (HK cents)				5.55	11.02
Diluted					
– For profit for the period (HK cents)				5.52	10.99

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

## Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2023

	<b>For the six months ended 31 December</b>	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>PROFIT FOR THE PERIOD</b>	53,554	106,103
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	21,844	(47,359)
<b>Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods</b>	21,844	(47,359)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	21,844	(47,359)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	75,398	58,744
Attributable to:		
Owners of the parent	75,398	58,744

## Interim Condensed Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	As at 31 December 2023 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	303,383	281,499
Investment properties	10	692,456	692,456
Right-of-use assets		61,729	59,227
Other intangible assets		2,424	2,424
Deferred tax assets		14,881	15,315
Prepayments and other assets		4,086	163
Total non-current assets		1,078,959	1,051,084
<b>CURRENT ASSETS</b>			
Inventories		233,590	214,441
Trade receivables	11	287,994	381,831
Prepayments, other receivables and other assets		53,395	62,735
Pledged deposits		25,566	24,793
Cash and cash equivalents		441,432	403,855
Total current assets		1,041,977	1,087,655
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	13	146,481	161,661
Other payables and accruals		93,620	91,557
Lease liabilities	12	23,486	23,453
Tax payable		33,182	51,992
Total current liabilities		296,769	328,663
<b>NET CURRENT ASSETS</b>		745,208	758,992
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,824,167	1,810,076



Interim Condensed Consolidated Statement of Financial Position  
As at 31 December 2023

	Notes	As at 31 December 2023 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	12	26,550	24,057
Deferred tax liabilities		5,395	5,160
Deferred income		913	1,111
Total non-current liabilities		32,858	30,328
Net assets		1,791,309	1,779,748
<b>EQUITY</b>			
Share capital	14	96,543	96,543
Treasury shares	14	(576)	–
Reserves		1,695,342	1,683,205
Total equity attributable to owners of the Company		1,791,309	1,779,748

**Yeung Wo Fai**  
Director

**Chan Tung Chit**  
Director

## Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2023

	Attributable to owners of the parent										
	Share capital	Treasury shares	Share premium account*	Share option/award reserve*	Merger reserve*	Statutory reserve fund*	Asset re-valuation 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 2023 (audited)	96,543	-	924,811	4,836	4,030	91,204	24,686	(29,050)	(193,110)	655,794	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)
Dividends	-	-	-	-	-	-	-	-	-	(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	24,686	(29,050)	(171,266)	840,314	1,791,309

Interim Condensed Consolidated Statement of Changes in Equity  
For the six months ended 31 December 2023

	Attributable to owners of the parent										
	Share capital HK\$'000 (note 14)	Treasury shares HK\$'000	Share		Merger reserve* HK\$'000	Statutory reserve fund* HK\$'000	Asset re-valuation reserve* HK\$'000	Exchange		Retained profits* HK\$'000	Total equity HK\$'000
			premium account*	option/award reserve*				Other reserve* HK\$'000	fluctuation reserve* HK\$'000		
			HK\$'000	HK\$'000							
At 1 July 2022 (audited)	96,543	(6,375)	922,063	11,137	4,030	87,092	24,688	(29,050)	(97,557)	753,265	1,765,536
Effect of adoption of amendments to IAS 12	-	-	-	-	-	-	-	-	-	115	115
At 1 July 2022 (restated)	96,543	(6,375)	922,063	11,137	4,030	87,092	24,688	(29,050)	(97,557)	753,380	1,765,651
Profits for the period	-	-	-	-	-	-	-	-	-	106,103	106,103
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(47,359)	-	(47,359)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(47,359)	106,103	58,744
Dividends	-	-	-	-	-	-	-	-	-	(57,926)	(57,926)
Transfer from retained profits	-	-	-	-	-	621	-	-	-	(621)	-
At 31 December 2022 (unaudited)	96,543	(6,375)	922,063	11,137	4,030	87,713	24,688	(29,050)	(145,216)	800,936	1,766,496

\* These reserve accounts comprise the consolidated reserves of HK\$1,695,342,000 (31 December 2022: HK\$1,676,301,000) in the consolidated statement of financial position.

## Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2023

	<b>For the six months ended 31 December</b>	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax:	67,597	137,191
Total adjustments	34,214	30,420
Total working capital adjustments	78,465	1,202
Cash generated from operations	180,276	168,813
Profits tax paid	(31,696)	(4,447)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>148,580</b>	<b>164,366</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of items of property, plant and equipment	521	51
Purchase of items of property, plant and equipment	(33,068)	(6,838)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(32,547)</b>	<b>(6,787)</b>

Interim Condensed Consolidated Statement of Cash Flows  
For the six months ended 31 December 2023

	<b>For the six months ended 31 December</b>	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of interest-bearing bank borrowings	–	(42,388)
Dividends paid	(67,532)	(57,926)
Interest paid	(1,178)	(2,403)
Increase in pledged time deposits	(291)	–
Principal portion of lease payments	(13,745)	(13,455)
Repurchase of shares under share award scheme	(576)	–
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(83,322)</b>	<b>(116,172)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>32,711</b>	<b>41,407</b>
Cash and cash equivalents at beginning of the period	403,855	314,783
Effect of foreign exchange rate changes, net	4,866	(11,784)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>441,432</b>	<b>344,406</b>

## Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

### 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 2023 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 2023.

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 Statements  
For the six months ended 31 December 2023

## 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 2023, except for the adoption of the following new and revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Insurance Contracts</i>
Amendment to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Notes to Interim Condensed Consolidated Financial Statements  
For the six months ended 31 December 2023

2.2 Changes in Accounting Policies and Disclosures (continued)

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below: (continued)

- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
  
- (c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognize a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognized as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any.



Notes to Interim Condensed Consolidated Financial Statements  
For the six months ended 31 December 2023

## 2.2 Changes in Accounting Policies and Disclosures (continued)

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below: (continued)

- (c) (continued)
- Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognize a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognized (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022. The Group has applied the amendments in annual audited financial statement as at 30 June 2023, the Group does not disclose in the interim statement due to less quantitative impact for the financial information in this period.
- (d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

Notes to Interim Condensed Consolidated Financial Statements  
For the six months ended 31 December 2023

### 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 Statements  
For the six months ended 31 December 2023

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
<b>Segment revenue:</b>				
Sales to external customers	251,432	555,788	6,613	813,833
Intersegment sales	–	69,627	1,536	71,163
	251,432	625,415	8,149	884,996
<i>Reconciliation:</i>				
Elimination of intersegment sales				(71,163)
Total revenue				813,833
<b>Segment results</b>	13,140	56,336	2,946	72,422
<i>Reconciliation:</i>				
Corporate and other unallocated expenses, net				(4,825)
Profits before tax				67,597
<b>Other segment information:</b>				
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 (Reversal of write-down)/write-down of inventories to net realizable value	10,715	3,305	–	14,367
Capital expenditure*	(2,519)	3,152	–	633
	14,238	20,181	–	34,419

Notes to Interim Condensed Consolidated Financial Statements  
For the six months ended 31 December 2023

3. Operating Segment Information (continued)

**For the six months ended 31 December 2022 (unaudited)**

	Retail HK\$'000	Manufacturing HK\$'000	Property investment HK\$'000	Total HK\$'000
<b>Segment revenue:</b>				
Sales to external customers	232,518	716,923	7,045	956,486
Intersegment sales	–	110,088	1,536	111,624
	232,518	827,011	8,581	1,068,110
<i>Reconciliation:</i>				
Elimination of intersegment sales				(111,624)
Total revenue				956,486
<b>Segment results</b>				
	10,003	107,908	(3,096)	114,815
<i>Reconciliation:</i>				
Corporate and other unallocated income, net				22,376
Profits before tax				137,191
<b>Other segment information:</b>				
Depreciation of items of property, plant and equipment	2,806	12,485	–	15,291
Unallocated depreciation of items of property, plant and equipment				1,275
				16,566
Depreciation of right-of-use assets	12,090	3,350	–	15,440
Reversal of write-down of inventories to net realizable value	(6,147)	(3,208)	–	(9,355)
Capital expenditure*	3,247	3,591	–	6,838

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

Notes to Interim Condensed Consolidated Financial Statements  
For the six months ended 31 December 2023

3. Operating Segment Information (continued)

The following table compares the total segment assets and liabilities as at 31 December 2023 and as at the date of the last annual financial statements (30 June 2023).

**As at 31 December 2023 (unaudited)**

	Retail HK\$'000	Manufacturing HK\$'000	Property investment HK\$'000	Total HK\$'000
<b>Segment assets</b>	448,308	2,035,740	770,313	3,254,361
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(1,264,327)
Corporate and other unallocated assets				130,902
<b>Total assets</b>				<b>2,120,936</b>
<b>Segment liabilities</b>	752,369	221,716	619,198	1,593,283
<i>Reconciliation:</i>				
Elimination of intersegment payables				(1,264,327)
Corporate and other unallocated liabilities				671
<b>Total liabilities</b>				<b>329,627</b>

Notes to Interim Condensed Consolidated Financial Statements  
For the six months ended 31 December 2023

## 3. Operating Segment Information (continued)

**As at 30 June 2023 (audited)**

	Retail HK\$'000	Manufacturing HK\$'000	Property investment HK\$'000	Total HK\$'000
<b>Segment assets</b>	438,017	2,137,055	766,605	3,341,677
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(1,329,506)
Corporate and other unallocated assets				126,568
<b>Total assets</b>				<b>2,138,739</b>
<b>Segment liabilities</b>	756,815	311,691	619,585	1,688,091
<i>Reconciliation:</i>				
Elimination of intersegment payables				(1,329,506)
Corporate and other unallocated liabilities				406
<b>Total liabilities</b>				<b>358,991</b>

Notes to Interim Condensed Consolidated Financial Statements  
For the six months ended 31 December 2023

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*

	<b>For the six months ended 31 December</b>	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Revenue</b>		
North America	170,438	217,139
Europe	122,505	151,484
Mainland China, Hong Kong, Macau and Taiwan	416,923	358,227
Other Asian countries	92,187	202,620
Others	11,780	27,016
	<b>813,833</b>	<b>956,486</b>

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

Notes to Interim Condensed Consolidated Financial Statements  
For the six months ended 31 December 2023

## 3. Operating Segment Information (continued)

**Geographical information (continued)**(b) *Non-current assets*

	As at 31 December 2023 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Audited)
Mainland China and Hong Kong	1,043,051	1,035,769
Other Asian countries	21,027	–
	1,064,078	1,035,769

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 Statements  
For the six months ended 31 December 2023

4. Revenue, Other Income and Gains

**Information about major customers**

For the six months ended 31 December 2023, revenue derived from sales by the manufacturing segment to one major customer amounting to HK\$191,920,000 (unaudited) 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.

For the six months ended 31 December 2022, revenue derived from sales by the manufacturing segment to one major customer amounting to HK\$193,496,000 (unaudited) 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:

	<b>For the six months ended 31 December</b>	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<i>Revenue from contracts with customers</i>	807,220	949,441
<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	6,613	7,045
	813,833	956,486

Notes to Interim Condensed Consolidated Financial Statements  
For the six months ended 31 December 2023

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 is 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**

	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest income	5,967	3,803
Government grants	2,252	3,424
Net sample and material income, net	798	1,365
Commission income	485	–
Exchange gain, net	–	22,376
Others	704	942
	10,206	31,910

Notes to Interim Condensed Consolidated Financial Statements  
For the six months ended 31 December 2023

5. Profit before Tax

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

	<b>For the six months ended 31 December</b>	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Cost of inventories sold	527,986	642,310
Employee benefit expense (including Directors' and chief executive's remuneration)		
– Wages and salaries	178,651	208,344
– Equity-settled share award expense	4,271	–
– Pension scheme contributions	14,701	13,775
	197,623	222,119
Depreciation of items of property, plant and equipment	14,367	16,566
Depreciation of right-of-use assets	14,020	15,440
(Reversal of impairment losses)/impairment losses of trade receivables and other receivables, net	(501)	437
Lease payments not included in the measurement of lease liabilities	7,402	5,842
Write-down/(reversal of write-down) of inventories to net realizable value	633	(9,355)
Auditors' remuneration	950	950
Exchange loss/(gain), net	9,027	(22,376)

## Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

## 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 (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 2023 (six months ended 31 December 2022: 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 2023 (six months ended 31 December 2022: nil).

The provision for PRC corporate income tax is based on a statutory rate of 25% (six months ended 31 December 2022: 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 2023.

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

	<b>For the six months ended 31 December</b>	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current – Hong Kong		
Charge for the period	9,234	24,842
Current – Mainland China		
Charge for the period	3,930	8,506
Current – Other regions		
Charge for the year	30	50
Deferred tax	849	(2,310)
<b>Total tax charge for the period</b>	<b>14,043</b>	<b>31,088</b>

Notes to Interim Condensed Consolidated Financial Statements  
For the six months ended 31 December 2023

7. Dividends

	<b>For the six months ended 31 December</b>	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Dividends on ordinary shares declared and paid during the six-month period:		
Special dividend for the year ended 30 June 2023: nil (year ended 30 June 2022: HK2 cents)	–	19,308
Final dividend for the year ended 30 June 2023: HK7 cents (year ended 30 June 2022: HK4 cents)	67,580	38,618
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 2022: HK4 cents)	19,309	38,618

On 26 February 2024, the Board of Directors of the Company resolved to declare an interim dividend of HK2 cents (six months ended 31 December 2022: HK4 cents).

Notes to Interim Condensed Consolidated Financial Statements  
For the six months ended 31 December 2023

8. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic earnings per share amounts is based on the profit for the six months ended 31 December 2023 and 2022 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 964,740,000 (six months ended 31 December 2022: 962,702,000) in issue excluding awarded shares during the six months ended 31 December 2023.

The calculation of the diluted earnings per share amount is based on the profit for the six months ended 31 December 2023 and 2022 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 2023 and 2022, 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 2023, the calculation of diluted earnings per share did not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price of the shares of the Company (six months ended 31 December 2022: nil).

Notes to Interim Condensed Consolidated Financial Statements  
For the six months ended 31 December 2023

8. Earnings Per Share Attributable to Ordinary Equity Holders  
of the Parent (continued)

The calculations of basic and diluted earnings per share are based on:

	<b>For the six months ended 31 December</b>	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<i>Earnings</i>		
Profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculation	53,554	106,103
	<b>For the six months ended 31 December</b>	
	2023 (Unaudited)	2022 (Unaudited)
Basic:		
Earnings per share (HK cents)	5.55	11.02
Diluted:		
Earnings per share (HK cents)	5.52	10.99

Notes to Interim Condensed Consolidated Financial Statements  
For the six months ended 31 December 2023

8. Earnings Per Share Attributable to Ordinary Equity Holders  
of the Parent (continued)

	For the six months ended 31 December	
	2023 (Unaudited)	2022 (Unaudited)
<i>Number of shares</i>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	964,740,000	962,702,000
Effect of dilution – weighted average number of ordinary shares*	5,074,512	2,728,000
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	969,814,512	965,430,000

\* For the six months ended 31 December 2023, the Company had 690,000 treasury shares held under the share award scheme that had dilutive effect.



Notes to Interim Condensed Consolidated Financial Statements  
For the six months ended 31 December 2023

## 9. Property, Plant and Equipment

During the six months ended 31 December 2023, the Group acquired property, plant and equipment with a cost of approximately HK\$34,419,000 (six months ended 31 December 2022: HK\$6,838,000).

During the six months ended 31 December 2023, depreciation for property, plant and equipment was HK\$14,367,000 (six months ended 31 December 2022: HK\$16,566,000).

During the six months ended 31 December 2023, property, plant and equipment with a net book value of HK\$1,017,000 (six months ended 31 December 2022: HK\$79,000) were disposed, resulting in a net loss on disposal of HK\$496,000 (six months ended 31 December 2022: loss of HK\$28,000).

## 10. Investment Properties

	As at 31 December 2023 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Audited)
Carrying amount at beginning of the period/year	692,456	699,756
Fair value loss on investment properties	–	(7,300)
Carrying amount at end of the period/year	692,456	692,456

Notes to Interim Condensed Consolidated Financial Statements  
For the six months ended 31 December 2023

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 floor, 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 Floor The Genplas Building	4th to 5th Floor, 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 on 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 Statements  
For the six months ended 31 December 2023

11. Trade Receivables

	As at 31 December 2023 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Audited)
Trade receivables	291,984	386,807
Impairment	(3,990)	(4,976)
	287,994	381,831

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 Statements

For the six months ended 31 December 2023

## 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 2023 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Audited)
Within 90 days	272,225	355,807
91 to 180 days	14,521	22,433
Over 180 days	1,248	3,591
	287,994	381,831

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

	Six months ended 31 December 2023 HK\$'000 (Unaudited)	Year ended 30 June 2023 HK\$'000 (Audited)
At beginning of period/year	4,976	6,457
(Reversal of impairment losses)/ impairment losses, net	(501)	98
Written off	(533)	(1,299)
Exchange realignment	48	(280)
At the end of period/year	3,990	4,976

## Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

### 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 2023 (Unaudited)

	Current	Past due			Total
		Less than 3 months	3 to 6 months	Over 6 months	
Expected credit loss rate	0.65%	1.86%	17.41%	38.76%	1.37%
Gross carrying amount (HK\$'000)	278,240	8,380	201	5,163	291,984
Expected credit loss (HK\$'000)	1,798	156	35	2,001	3,990

#### As at 30 June 2023 (Audited)

	Current	Past due			Total
		Less than 3 months	3 to 6 months	Over 6 months	
Expected credit loss rate	0.54%	1.47%	12.86%	29.46%	1.29%
Gross carrying amount (HK\$'000)	333,859	44,264	280	8,404	386,807
Expected credit loss (HK\$'000)	1,813	651	36	2,476	4,976

Notes to Interim Condensed Consolidated Financial Statements  
For the six months ended 31 December 2023

## 12. Leased Liabilities

	As at 31 December 2023 (Unaudited)			As at 30 June 2023 (Audited)		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
<b>Current</b>						
Lease liabilities	4.35-5.00	2024	23,486	4.35-5.00	2023	23,453
<b>Non-current</b>						
Lease liabilities	4.35-5.00	2025-2030	26,550	4.35-5.00	2024-2030	24,057

## 13. 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 2023 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Audited)
Within 90 days	135,700	149,821
91 to 180 days	10,033	11,043
181 to 365 days	230	291
Over 365 days	518	506
	146,481	161,661

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 Statements  
For the six months ended 31 December 2023

#### 14. Share Capital and Treasury Shares

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

**Shares:**

	As at 31 December 2023 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Audited)
Issued and fully paid: 965,430,000 (30 June 2023: 965,430,000) ordinary shares	96,474	96,543
Treasury shares: 690,000 (30 June 2023: nil) ordinary shares (note 16)	69	–
	96,543	96,543

Note:

- (i) During the six months ended 31 December 2023, the Group repurchased 690,000 shares a total consideration of HK\$576,000 under the share award scheme.

#### 15. Contingent Liabilities

The Group had no significant contingent liabilities as at 31 December 2023 (30 June 2023: nil).

## Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 31 December 2023

### 16. Share Award Scheme

In June 2023, 13,601,000 treasury shares were promised to be granted to twelve grantees including an executive Director and other senior managers under a share award scheme. Vesting of the shares is conditional upon the fulfilment of certain vesting conditions. 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\$4,271,000 for the six months ended 31 December 2023 (for the six months ended 31 December 2022: nil).

As at 31 December 2023, the Company had 690,000 treasury shares held under the share award scheme. On 8 January 2024 and 10 January 2024, the trustee of the Share Award Scheme had purchased 220,000 and 330,000 shares respectively. At the date of approval of these interim condensed consolidated financial statements, the Company had 1,240,000 treasury shares held under the share award scheme, which represented approximately 0.13% of the Company's shares in issue as at that date.

### 17. Related Party Transactions

Compensation of key management personnel of the Group:

	<b>For the six months ended 31 December</b>	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Short term employee benefits	5,812	5,531
Post-employment benefits	98	54
Equity-settled share award expense	449	—
<b>Total compensation paid to key management personnel</b>	<b>6,359</b>	<b>5,585</b>



Notes to Interim Condensed Consolidated Financial Statements  
For the six months ended 31 December 2023

18. 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.

19. 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 26 February 2024.