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SITOY GROUP HOLDINGS LIMITED

時代集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1023)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

Financial highlights for the six months ended 31 December 2024

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.

Gross profit decreased by approximately 4.1% over the same period in 2023 to approximately HK\$274.1 million.

Loss for the Period was approximately HK\$67.1 million compared to the same period in 2023 with profit for the period of approximately HK\$53.6 million.

Basic loss per share attributable to the owners of the Company for the Period was approximately HK6.96 cents compared to basic earnings per share for the same period in 2023 of approximately HK5.55 cents.

Declared interim dividend per ordinary share was HK2 cents for the six months ended 31 December 2024.

The board (the “Board”) of directors (the “Directors”) of Sitoy Group Holdings Limited (the “Company”) announces 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”).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2024

	Notes	For the six months ended 31 December	
		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

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

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 2024

	For the six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(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

	<i>Notes</i>	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		330,047	312,249
Investment properties		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	9	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	10	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

	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
NET CURRENT ASSETS	638,075	769,686
TOTAL ASSETS LESS CURRENT LIABILITIES	1,699,728	1,829,830
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	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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 (“IASS”) 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.

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.
- (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.

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.

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
				14,652
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

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
				14,367
Depreciation of right-of-use assets	10,715	3,305	–	14,020
(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.

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

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

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	2023
	HK\$'000	HK\$'000
	(Unaudited)	(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	As at
	31 December	30 June
	2024	2024
	HK\$'000	HK\$'000
	(Unaudited)	(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.

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	2023
	HK\$'000	HK\$'000
	(Unaudited)	(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

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	2023
	HK\$'000	HK\$'000
	(Unaudited)	(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

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	2023
	HK\$'000	HK\$'000
	(Unaudited)	(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

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	2023
	HK\$'000	HK\$'000
	(Unaudited)	(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

7. Dividends

	For the six months ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(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 2025, the Board of Directors of the Company resolved to declare an interim dividend of HK2 cents (six months ended 31 December 2023: HK2 cents).

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.

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

	For the six months ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(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	2023
	(Unaudited)	(Unaudited)
Basic:		
(Loss)/Earnings per share (HK cents)	(6.96)	5.55
Diluted:		
(Loss)/Earnings per share (HK cents)	(6.92)	5.47
	For the six months ended	
	31 December	
	2024	2023
	(Unaudited)	(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.

9. 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.

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

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 3 to 6 months	Over 6 months	Total
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 3 to 6 months	Over 6 months	Total
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

10. 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.

11. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 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.

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.

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.

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.

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..

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.

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, Sityo Tower	Ground to 6th and 11th to 20th Floors, Sityo 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

Sityo 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 Sityo 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.)

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.

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).

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.

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.

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.

DIRECTORS' AND RELEVANT EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Rules Governing the Listing of Securities on the Hong Kong Exchange (the "Listing Rules") 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.

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.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.sitoy.com) and the Hong Kong Exchange (www.hkexnews.hk). The Company's interim report for the six months ended 31 December 2024 will be despatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 24 February 2025

As at the date of this announcement, 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.