時代集團控股有限公司
SITOY GROUP HOLDINGS LTD.

SITOY GROUP HOLDINGS LIMITED

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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1023)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

Financial highlights for the six months ended 31 December 2020

Revenue decreased by approximately 36.4% over the same period in 2019 to approximately HK$730.7 million.

Gross profit decreased by approximately 36.4% over the same period in 2019 to approximately HK$213.2 million.

Loss for the period was approximately HK$89.9 million compared to the profit for the same period in 2019 of approximately HK$42.2 million.

Basic loss per share attributable to the owners of the Company for the period was approximately HK9.13 cents compared to basic earnings per share for the same period in 2019 of approximately HK4.79 cents.

Declared interim dividend per ordinary share was HK2 cents for the six months ended 31 December 2020.

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 2020 (the "Period").

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2020

		For the six months ended 31 December	
	Notes	**2020**	2019
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
REVENUE	*4*	**730,663**	1,148,921
Cost of sales		**(517,500)**	(813,917)
Gross profit		**213,163**	335,004
Other income and gains	*4*	**22,543**	24,054
Selling and distribution expenses		**(119,561)**	(127,288)
Administrative expenses		**(132,155)**	(154,944)
Impairment losses on financial assets		**(322)**	(626)
Other expenses		**(60,611)**	(4,841)
Financial costs		**(2,315)**	(5,499)
(LOSS)/PROFIT BEFORE TAX	*5*	**(79,258)**	65,860
Income tax expense	*6*	**(10,594)**	(23,666)
(LOSS)/PROFIT FOR THE PERIOD		**(89,852)**	42,194
Attributable to:			
Owners of the Company		**(87,837)**	45,984
Non-controlling interests		**(2,015)**	(3,790)
		(89,852)	42,194
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic			
– For (loss)/profit for the period (HK cents)	*8*	**(9.13)**	4.79
Diluted			
– For (loss)/profit for the period (HK cents)	*8*	**(9.13)**	4.78

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 2020

	For the six months ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(LOSS)/PROFIT FOR THE PERIOD	**(89,852)**	42,194
OTHER COMPREHENSIVE INCOME/(LOSS)		
Exchange differences on translation of foreign operations	**98,405**	(23,293)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**98,405**	(23,293)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**8,553**	18,901
Attributable to:		
Owners of the Company	**10,568**	22,691
Non-controlling interests	**(2,015)**	(3,790)
	8,553	18,901

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	**As at 31 December 2020 HK$'000 (Unaudited)**	As at 30 June 2020 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**370,852**	374,739
Investment properties		**703,956**	711,356
Right-of-use assets		**71,964**	126,776
Other intangible assets		**7,013**	8,964
Debt investments designated at fair value through other comprehensive income		**10,355**	9,526
Deferred tax assets		**32,316**	28,969
Other non-current assets		**16,008**	13,539
Total non-current assets		**1,212,464**	1,273,869
CURRENT ASSETS			
Inventories		**276,207**	280,091
Trade receivables	*9*	**318,170**	271,064
Prepayments, other receivables and other assets		**93,306**	85,916
Pledged deposits		**24,823**	23,523
Cash and cash equivalents		**461,760**	517,822
Total current assets		**1,174,266**	1,178,416
CURRENT LIABILITIES			
Interest-bearing bank borrowings	*10*	**137,794**	200,789
Trade payables	*11*	**193,212**	133,618
Other payables and accruals		**120,414**	113,838
Lease liabilities		**44,150**	55,190
Tax payable		**20,080**	16,589
Total current liabilities		**515,650**	520,024
NET CURRENT ASSETS		**658,616**	658,392

	As at 31 December 2020 *HK$'000* (Unaudited)	As at 30 June 2020 *HK$'000* (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,871,080**	1,932,261
NON-CURRENT LIABILITIES		
Lease liabilities	**49,109**	89,727
Deferred tax liabilities	**6,808**	7,293
Deferred income	**2,710**	2,729
Total non-current liabilities	**58,627**	99,749
Net assets	**1,812,453**	1,832,512
EQUITY		
Share capital	**96,543**	96,543
Treasury shares	**(6,374)**	(13,385)
Reserves	**1,714,104**	1,771,904
Equity attributable to owners of the Company	**1,804,273**	1,855,062
Non-controlling interests	**8,180**	(22,550)
Total equity	**1,812,453**	1,832,512

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 controlling shareholders of the Company are Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are the design, research, development, manufacturing, sale, retailing and wholesale of handbags, small leather goods, travel goods, footwear and fashion products, 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 "Stock Exchange") on 6 December 2011.

2.1 Basis of Preparation

The interim condensed consolidated financial statements for the six months ended 31 December 2020 have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements 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 2020.

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 30 June 2020, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial statements.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to IAS 1 and IAS 8	*Definition of Material*

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

(a) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

(c) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease.

    During the six months ended 31 December 2020, certain monthly lease payments for the leases of the Group's retail stores have been reduced or waived by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 July 2019 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the six months ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of approximately HK$4,912,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and credited to profit or loss for the six months ended 31 December 2020.

(d) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial statements.

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 loss/profit, which is a measure of adjusted loss/profit before tax. The adjusted loss/profit before tax is measured consistently with the Group's loss/profit 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 2020 (unaudited)

	Retail *HK$'000*	Manufacturing *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	252,399	471,264	7,000	730,663
Intersegment sales	–	94,403	1,536	95,939
	252,399	565,667	8,536	826,602
Reconciliation:				
Elimination of intersegment sales	–	(94,403)	(1,536)	(95,939)
Total revenue				730,663
Segment results	(22,608)	(44,227)	(3,757)	(70,592)
Reconciliation:				
Corporate and other unallocated expenses, net				(8,666)
Loss before tax				(79,258)
Other segment information:				
Depreciation of items of property, plant and equipment	4,022	14,229	–	18,251
Unallocated depreciation of items of property, plant and equipment				1,274
				19,525
Amortization of right-of-use assets	25,581	2,682	–	28,263
Amortization of intangible assets	876	–	–	876
(Reversal of write-down)/ write-down of inventories to net realizable value	(27,583)	1,807	–	(25,776)
Capital expenditure*	5,821	875	–	6,696

For the six months ended 31 December 2019 (unaudited)

	Retail *HK$'000*	Manufacturing *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	305,798	835,160	7,963	1,148,921
Intersegment sales	–	113,110	1,536	114,646
	305,798	948,270	9,499	1,263,567
Reconciliation:				
Elimination of intersegment sales	–	(113,110)	(1,536)	(114,646)
Total revenue				1,148.921
Segment results	(14,651)	83,603	4,544	73,496
Reconciliation:				
Corporate and other unallocated expenses, net				(7,636)
Profit before tax				65,860
Other segment information:				
Depreciation of items of property, plant and equipment	4,195	15,990	–	20,185
Unallocated depreciation of items of property, plant and equipment				1,275
				21,460
Amortization of right-of-use assets	21,833	2,022	–	23,855
Amortization of intangible assets	950	–	–	950
Write-down of inventories to net realizable value	30,567	2,415	–	32,982
Capital expenditure*	9,567	4,407	–	13,974

* 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 2020 and as at the date of the last annual financial statements (30 June 2020).

As at 31 December 2020 (unaudited)

	Retail ***HK$'000***	**Manufacturing** ***HK$'000***	**Property investment** ***HK$'000***	**Total** ***HK$'000***
Segment assets	**471,541**	**2,131,172**	**746,532**	**3,349,245**
Reconciliation:				
Elimination of intersegment receivables				**(1,095,624)**
Corporate and other unallocated assets				**133,109**
Total assets				**2,386,730**
Segment liabilities	**767,833**	**334,554**	**567,178**	**1,669,565**
Reconciliation:				
Elimination of intersegment payables				**(1,095,624)**
Corporate and other unallocated liabilities				**336**
Total liabilities				**574,277**

As at 30 June 2020 (audited)

	Retail *HK$'000*	Manufacturing *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Segment assets	529,098	2,126,108	748,511	3,403,717
Reconciliation:				
Elimination of intersegment receivables				(1,095,824)
Corporate and other unallocated assets				144,392
Total assets				2,452,285
Segment liabilities	821,615	326,440	567,086	1,715,141
Reconciliation:				
Elimination of intersegment payables				(1,095,824)
Corporate and other unallocated liabilities				456
Total liabilities				619,773

Geographical information

(a) Revenue from external customers

	For the six months ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
North America	**110,409**	212,882
Europe	**135,381**	231,874
Mainland China, Hong Kong, Macau and Taiwan	**313,081**	464,049
Other Asian countries	**153,881**	214,065
Others	**17,911**	26,051
	730,663	1,148,921

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

(b) Non-current assets

	As at 31 December 2020	As at 30 June 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Mainland China, Hong Kong, Macau and Taiwan	**1,153,746**	1,220,812
Europe	**15,399**	14,466
Other Asian countries	**11,003**	9,622
	1,180,148	1,244,900

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 2020, revenue derived from sales by the manufacturing segment to one major customer amounting to HK$108,602,000 (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 2019, revenue derived from sales by the manufacturing segment to one major customer amounting to HK$209,596,000 (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:

	For the six months ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**723,663**	1,140,958
Revenue from other sources		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	**7,000**	7,963
	730,663	1,148,921

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 average due within 90 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	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net sample and material income	**1,417**	2,321
Interest income	**4,626**	4,895
Exchange gain, net	**–**	10,465
Government grants	**9,744**	2,154
Royalty income	**3,309**	2,924
Others	**3,447**	1,295
	22,543	24,054

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	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**517,500**	813,917
Employee benefit expense including Directors' remuneration		
– Wages and salaries	**228,909**	313,452
– Pension scheme contributions	**11,169**	13,934
– Equity-settled share award expense	**1,069**	2,569
	241,147	329,955

	For the six months ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of items of property, plant and equipment	**19,525**	21,460
Depreciation of right-of-use assets	**28,263**	23,855
Amortization of intangible assets	**876**	950
Lease payments not included in the measurement of lease liabilities	**10,243**	15,145
(Reversal of write-down)/write-down of inventories to net realizable value	**(25,776)**	32,982
Auditors' remuneration	**800**	950
Fair value loss on investment properties	**7,400**	–
Exchange loss/(gain), net	**51,042**	(10,465)

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% (six months ended 31 December 2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the reporting period.

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 2020 (six months ended 31 December 2019: nil).

The provision for PRC corporate income tax is based on a statutory rate of 25% (six months ended 31 December 2019: 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 2020.

Italy, Taiwan and Japan Income Tax has been provided at the rate of 31.4%, 15% and 43% of the assessable profits arising in the respective regions for the six months ended 31 December 2020 and 2019. Korea and USA Income Tax has not been provided for as the Group has no assessable profit arising in the related regions during the six months ended 31 December 2020 (six months ended 31 December 2019: nil).

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

	For the six months ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	**–**	3,294
Current – Mainland China		
Charge for the period	**11,527**	20,510
Current – Elsewhere		
Charge for the period	**750**	845
Deferred tax	**(1,683)**	(983)
Total tax charged for the period	**10,594**	23,666

7. Dividends

	For the six months ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividends on ordinary shares declared and paid during the six-month period:		
Special dividend for the year ended 30 June 2020: HK3 cents (year ended 30 June 2019: nil)	**28,963**	–
Final dividend for the year ended 30 June 2020: nil (year ended 30 June 2019: HK2 cents)	**–**	19,194
Dividends on ordinary shares declared (not recognized as a liability as at 31 December):		
Interim dividend – HK2 cents (six months ended 31 December 2019: HK2 cents)	**19,309**	19,309

On 26 February 2021, the Board resolved to declare an interim dividend for the six months ended 31 December 2020 of HK2 cents (six months ended 31 December 2019: HK2 cents) per ordinary share.

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

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the six months ended 31 December 2020 and 2019 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 end of the reporting period and the weighted average number of ordinary shares of 962,506,348 (six months ended 31 December 2019: 959,519,913) in issue excluding awarded shares during the six months ended 31 December 2020.

The calculation of the diluted (loss)/earnings per share amount is based on the (loss)/profit for the six months ended 31 December 2020 and 2019 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 2020 and 2019, as used in the basic (loss)/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 2020, there were no dilutive potential shares. The share awards were anti-dilutive for the six months ended 31 December 2020 as their conversion to ordinary shares would increase the (loss)/earnings per share.

For the six months ended 31 December 2020, the calculation of diluted (losses)/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 2019: nil).

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

	For the six months ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculation	**(87,837)**	45,984

	For the six months ended 31 December	
	2020	2019
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**962,506,348**	959,519,913
Effect of dilution – weighted average number of ordinary shares:	**–**	1,968,704
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	**962,506,348**	961,488,617
Basic earnings per share (HK cents)	**(9.13)**	4.79
Diluted earnings per share (HK cents)	**(9.13)**	4.78

9. Trade Receivables

	As at 31 December 2020	As at 30 June 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**320,815**	273,387
Impairment	**(2,645)**	(2,323)
	318,170	271,064

The Group's trading terms with its customers are mainly on credit. The Group grants different credit periods to customers. The average credit term is around 90 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 2020	As at 30 June 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 90 days	**283,549**	192,700
91 to 180 days	**12,919**	62,183
Over 180 days	**21,702**	16,181
	318,170	271,064

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

	Six months ended 31 December 2020	Year ended 30 June 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
At beginning of period/year	**2,323**	2,513
Impairment losses/(reversal of impairment losses), net	**322**	(190)
At the end of period/year	**2,645**	2,323

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 2020 (Unaudited)

			Past due		
	Current	**1 to 3 months**	**3 to 6 months**	**Over 6 months**	**Total**
Expected credit loss rate	**0.17%**	**0.42%**	**4.73%**	**11.14%**	**0.82%**
Gross carrying amount *(HK$'000)*	**198,310**	**102,790**	**5,157**	**14,558**	**320,815**
Expected credit loss *(HK$'000)*	**345**	**434**	**244**	**1,622**	**2,645**

As at 30 June 2020 (Audited)

			Past due		
	Current	1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.16%	0.41%	4.40%	12.41%	0.85%
Gross carrying amount *(HK$'000)*	152,014	98,940	13,805	8,628	273,387
Expected credit loss *(HK$'000)*	238	407	607	1,071	2,323

10. Interest-Bearing Bank Borrowings

	As at 31 December 2020 (Unaudited)			As at 30 June 2020 (Audited)		
	Effective interest rate *(%)*	**Maturity**	***HK$'000***	Effective interest rate *(%)*	Maturity	*HK$'000*
Current						
Lease liabilities	**1.00%-2.40%**	**2020**	**44,150**	0.78%-5.00%	2020	55,190
Bank loans – secured	**1.00%-2.40%**	**On demand**	**137,794**	1.00%-2.525%	On demand	200,789
			181,944			255,979
Non-current						
Lease liabilities	**2.20%-4.35%**	**2021-2022**	**49,109**	0.78-5.00	2020-2021	89,727

The bank loans agreements contain clauses which the banks have the right at their sole discretion to demand immediate repayment at any time irrespective of whether the Group has met the scheduled repayment obligations. The aggregate carrying amounts of long-term bank loans that contain a repayment on demand clause, which have been reclassified as current liabilities, are as follows:

	As at 31 December 2020 ***HK$'000*** **(Unaudited)**	As at 30 June 2020 *HK$'000* (Audited)
Aggregate carrying amount	**7,307**	21,776

The Directors are of the opinion that the reclassification of the bank borrowings from non-current liabilities to current liabilities will not adversely affect the Group's financial and working capital position.

Without considering the bank's sole discretion to demand immediate repayment, the repayment schedule of the interest-bearing bank borrowings, based on the loan agreements, is as follows:

	As at 31 December 2020		As at 30 June 2020	
	(Unaudited)		(Audited)	
	Maturity	***HK$'000***	Maturity	*HK$'000*
Bank loans – secured	**2020-2022**	**137,794**	2020-2022	200,789
Analyzed into:				
Bank loans repayable:				
Within one year or on demand		**130,487**		179,013
In the second year		**7,307**		21,776
		137,794		200,789

11. Trade Payables

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

	As at 31 December 2020 ***HK$'000*** **(Unaudited)**	As at 30 June 2020 *HK$'000* (Audited)
Within 90 days	**176,138**	121,134
91 to 180 days	**12,961**	10,710
181 to 365 days	**2,522**	349
Over 365 days	**1,591**	1,425
	193,212	133,618

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

12. Events after the Reporting Period

Effect assessment of the Novel Coronavirus disease outbreak

Since the global outbreak of the Novel Coronavirus (COVID-19) disease, ongoing prevention and control measures have been carried out by different countries or areas. The pandemic will impact business operations of certain industries as well as the overall economy. Therefore, the Company's operations and revenue may be affected to a certain extent depending on the effects of the prevention and control measures, duration of the outbreak and implementation of various policies.

The Company will closely monitor the situation, and assess its impacts on our financial position and operating results. As of the date of this announcement, such assessment is still ongoing.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Retail business

Revenue generated from this segment decreased by approximately 17.5% period to period to approximately HK$252.4 million for the Period and incurred segment loss before tax of approximately HK$22.6 million when compared to the same period in the previous year which recorded a loss before tax of approximately HK$14.7 million. It is mainly due to weaker consumer sentiment caused by the global COVID-19 outbreak, and the retail business has been heavily disrupted due to the quarantine and other travel restriction measures implemented by different countries or areas, such as, Europe, the PRC, Hong Kong, Macau, Taiwan, Japan and South Korea, where our core retail business is located.

In order to mitigate the impact arising from various challenges, the Group has adopted various immediate measures, making an all-out effort to reduce costs in order to preserve working capital, reviewing the current point-of-sales network, improving the organizational structure and cost structure, streamlining processes with the aim of raising operational efficiency, maintaining the Group's strength for its long term development and enabling the Group to get through this difficult moment. The Group will also remain cautious and agile in business operation and preserve liquidity for the situation to stabilise.

The Group operated five brands as at 31 December 2020. 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 and Hong Kong and further acquired A. Testoni S.p.A. and its subsidiaries, which owns the century-old Italian luxury leader label a.testoni and its diffusion line i29 in late 2018. The acquisition further enhanced the Group's retail network covering Hong Kong, mainland China, Taiwan, Southeast Asia, Japan and Europe.

On the digital front, the Group continued to strengthen its e-commerce development with most of its brands already available on Tmall and JD.com or their own brand sites. It is expected that e-commerce platforms will become more and more popular globally under the current situation. During the Period, the Group worked with certain key opinion leaders and entered into the live broadcast sales channel, like Tiktok and Tmall. In addition, the Group had successfully built up its own live broadcast sales team with satisfactory results.

Manufacturing business

During the Period, the Group's purchase orders received from its external customers have decreased by approximately 43.6% when compared to the same period in the previous year. In early 2020, due to global COVID-19 outbreak, customers, especially customers from Europe and North America markets, were more cautious when placing orders and the volume of each order was lower than before, or some even cancelled and suspended the orders. The manufacturing business has generated segment revenue from external customers of approximately HK$471.3 million with segment loss before tax of approximately HK$44.2 million for the Period.

In response to the impact of the global COVID-19 outbreak, the following strategies were adopted by the Group:

(1) **Market Diversification:** more than three years ago, we began to diversify our market reach. Currently, the proportion of revenue from North America, Europe and Asian markets are more evenly distributed;

(2) **Maintaining Our Core Competitiveness:** with higher level of craftsmanship and reliable supply chain management, we are able to provide top quality products and credibility to our customers; and

(3) **Production Flexibilities:** with our different product plants in the PRC, we are able to manage our production lines to fit various production requirements.

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 (Kwun Tong Inland lot number 316). 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, which was acquired through the acquisition of A. Testoni S.p.A. and its subsidiaries, 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$7.0 million with segment loss before tax of approximately HK$3.8 million during the Period as a result of net fair value loss on the investment properties of approximately HK$7.4 million.

PRODUCT RESEARCH, DEVELOPMENT AND DESIGN

The in-house 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 its customers. In the future, the Group shall source high quality raw materials at competitive prices, and continue to optimise and streamline production procedures to boost competitiveness of the Group and satisfy brand customers' demands. We will also strengthen our Original Design Manufacturing offerings to combine our well-proven craftmanship and services with cutting-edge handbag and footwear designs in order to attract more brand customers.

PROSPECT

Retail business

The acquisition of A. Testoni S.p.A. and its subsidiaries presented a success in the Group's strategy in expanding its presence in the tier-one world designer market segment that has taken the Group's retail business operation to the next level. The Group will continue to consolidate this success and enhance products and operations of a. testoni, albeit at a slower pace in response to the current difficult environment. We will also seek to optimize our store locations in shopping malls of higher traffic flow, negotiate better terms with landlords for all our brands, and close stores with low productivity. In light of the headwind of the retail business environment caused by the global COVID-19 outbreak, we will remain cautious and agile in business operation and preserve liquidity for the situation to stabilise.

The development of the e-commerce business is running to take online orders from customers. The Group will further strengthen online sales and facilitate the development of a new retail model with integrated online to offline (O2O) sales by presenting and delivering its products to its customers through different platforms and channels through broadcast sales. The Group will continue to develop and explore different new sales channels.

As a brand operator, the Group will continue to invest in the enhancement of product design and development.

Manufacturing business

The slow down in global economy and the outbreak of COVID-19 globally have created more uncertainties and volatility, and keener competition is expected in the manufacturing industry. Therefore, the coming six months of this fiscal year will be full of challenges. The Group will continue to strengthen its ability to meet customers' diversified requirements, leveraging our extensive experience and outstanding craftsmanship in the manufacturing, design, research and development of handbags, small leather goods, business and travel goods.

The Group has fostered relationships with new customers from England, Germany, the Netherlands, and Spain. We are also intensifying efforts in prospecting opportunities from more potential customers in the Greater China region.

On the cost front, the Group will invest in automated productions to reduce our reliance on manual labour, while making inroads into streamlining our manufacturing procedures further to make room for more effective control and enhance our competitiveness.

The Group is now experiencing the most challenging situation, however, we expect that the manufacturing business will start to grow gradually in second half year of 2021.

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 36.4% to approximately HK$730.7 million for the six months ended 31 December 2020 from approximately HK$1,148.9 million for the six months ended 31 December 2019. This decrease was primarily due to the decrease in demand from the brand customers in the manufacturing business and retail business.

Cost of sales

Cost of sales of the Group decreased by approximately 36.4% to approximately HK$517.5 million for the six months ended 31 December 2020 from approximately HK$813.9 million for the six months ended 31 December 2019. 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 36.4% to approximately HK$213.2 million for the six months ended 31 December 2020 from approximately HK$335.0 million for the six months ended 31 December 2019. Gross profit margin remained stable at approximately 29.2% for the six months ended 31 December 2020 and 2019.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 6.1% to approximately HK$119.6 million for the six months ended 31 December 2020 from approximately HK$127.3 million for the six months ended 31 December 2019. The decrease was primarily attributable to the reduction of certain marketing activities of the retail business.

Administrative expenses

Administrative expenses decreased by approximately 14.7% to approximately HK$132.2 million for the six months ended 31 December 2020 from approximately HK$154.9 million for the six months ended 31 December 2019 due to the tight cost control policies implemented.

Other expenses

Other expenses increased from approximately HK$4.8 million for the six months ended 31 December 2019 to approximately HK$60.6 million for the six months ended 31 December 2020. It was mainly because of the appreciation of Renminbi against HK$ resulting in a net exchange loss of approximately HK$51.0 million (mostly unrealised) and net fair value loss on the investment properties of approximately HK$7.4 million which were included in other expenses.

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 2020 and 2019 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 2020 (six months ended 31 December 2019: nil).

Italy, Taiwan and Japan Income Tax has been provided at the rate of 31.4%, 15% and 43% of the assessable profits arising in the respective regions for the six months ended 31 December 2020 and 2019. Korea and USA Income Tax has not been provided for as the Group has no assessable profit arising in the related regions during the six months ended 31 December 2020 (six months ended 31 December 2019: 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 Group recorded loss before tax for the six months ended 31 December 2020 while the effective tax rate for 2019 was approximately 35.9%.

Loss/profit for the Period

The Group recorded loss for the period of approximately HK$89.9 million for the six months ended 31 December 2020 when compared to the profit for the same period in 2019 of approximately HK$42.2 million. It is mainly due to 1) the global COVID-19 outbreak since January 2020, and the recent surge in the number of COVID-19 cases reflects that the situation will remain volatile in the near future, which has dealt a strong blow to our manufacturing and retail businesses and 2) the fair value loss recorded in the property investment business due to the downward movement in the Hong Kong commercial property market.

Investment properties

Details of investment properties of the Group with carrying amounts of approximately HK$704.0 million and HK$711.4 million as at 31 December 2020 and 30 June 2020 respectively are as follows:

As at 31 December 2020 and 30 June 2020

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

On 13 May 2016, Sitoy Property Investment Company Limited, a wholly-owned subsidiary of the Company, entered into an acquisition agreement to acquire the entire issued share capital of and the shareholder's loan owing by Harbour Century Limited at the consideration of HK$560 million, subject to adjustments. Harbour Century Limited wholly owns Worldmax Enterprises Limited, which in turn owns a 20-storey office building located at No. 164 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong (Kwun Tong inland Lot No. 316) (the "Property 1").

The Property 1 held by the Group is with a total gross floor area of approximately 70,000 square feet. The Property 1 was re-named as "Sitoy Tower", 7th to 10th Floor are for the Group's own use as the Group's headquarter, showrooms for merchandise display and market week, and classified as "Property, Plant and Equipment" instead of investment properties in the financial statements of the Group. The remaining floors of Property 1 are held for rental income and capital appreciation purposes. As at 31 December 2020, the fair value of the remaining floors of Property 1 was approximately HK$608.8 million, which represented approximately 25.5% of the Group's total assets. During the six months ended 31 December 2020, the remaining floors of Property 1 had generated total rental income of approximately HK$5.9 million. Fair value loss of approximately HK$6.4 million was recognized during the six months ended 31 December 2020 (2019: nil).

During the year ended 30 June 2017, the Company's offices located at 4th to 5th Floor, The Genplas Building, 56 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong (the "Property 2") ceased for the Group's own use and thus were transferred to investment properties. The Property 2 held by the Group has a total gross floor area of approximately 9,710 square feet and is held for rental income and capital appreciation purposes.

During the year ended 30 June 2019, the Company's office located at No. 1011, 10th Floor, Tower 1, Silvercord, No. 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong (the "Property 3") ceased for the Group's own use and thus were transferred to investment property. The Property 3 was acquired through the acquisition of A. Testoni S.p.A. and its subsidiaries during the year ended 30 June 2019. The Property 3 has a total gross floor area of approximately 2,060 square feet and is held for rental income and capital appreciation purposes.

Right-of-use assets

As at 31 December 2020, right-of-use assets decreased from approximately HK$126.8 million as at 30 June 2020 to approximately HK$72.0 million. It was mainly because the Group exercised the early termination notice clause in the tenancy agreements to close certain unprofitable retail shops and thus were excluded from the right-of-use assets.

Capital expenditure

For the six months ended 31 December 2020, the capital expenditure of the Group amounted to approximately HK$6.7 million, primarily related to the expansion of retail business and upgrade of manufacturing facilities.

Significant investments

The Group had no significant investments held during the Period.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

On 21 December 2020, Sitoy Retailing Investment Company Limited ("Sitoy Retailing Investment"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Oasis Fashion Holdings Limited ("Oasis Fashion"), pursuant to which Sitoy Retailing Investment agreed to acquire, and Oasis Fashion agreed to sell, 25% equity interest in Sitoy Brand Management Company Limited ("SBM") together with its subsidiaries at a consideration of HK$800,000. Upon completion, SBM has become an indirect wholly owned subsidiary of the Company.

SBM was previously held as to 75% by Sitoy Retailing Investment and 25% by Oasis Fashion. Therefore, Oasis Fashion is a connected person of the Company by virtue of being a substantial shareholder of SBM. The acquisition constitutes a de minimis connected transaction which is fully exempt from reporting and announcement requirements under Rule 14A.76(1) of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Other than disclosed above, the Group had no other material acquisitions or disposals of subsidiaries, associates or joint ventures during the Period.

Treasury policy

The Group adopts a 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 are 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 Group continues to adopt a prudent approach in managing its financial resources. The Group's cash and cash equivalents as at 31 December 2020 amounted to approximately HK$461.8 million (30 June 2020: approximately HK$517.8 million) which are mainly denominated in Hong Kong dollars, Renminbi, Euro and United States dollars. The gearing ratio of the Group as at 31 December 2020 was approximately 4.4% (30 June 2020: 3.9%).

Foreign exchange risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency. During the six months ended 31 December 2020, 63.4% (30 June 2020: 71.3%) of the Group's sales were denominated in currencies other than the functional currency of the operating units making the transaction, whilst approximately 74.5% (30 June 2020: 71.5%) of costs were denominated in the units' functional currency. As at 31 December 2020, the Group had no foreign exchange forward contracts and other financial derivatives outstanding (30 June 2020: nil).

Pledge of Assets

As at 31 December 2020, approximately HK$24.8 million time deposits were pledged as securities for banking facilities granted to the Group (30 June 2020: approximately HK$23.5 million).

As at 31 December 2020, secured bank borrowings were approximately HK$137.8 million (30 June 2020: HK$200.8 million).

Inventory turnover days

Inventory turnover days increased to 147 days for the six months ended 31 December 2020 from 114 days for the year ended 30 June 2020. The increase in inventory turnover days was mainly due to the slow down in sales contributions from both manufacturing and retail businesses.

Trade receivables turnover days

Trade receivables turnover days slightly decreased to 74 days for the six months ended 31 December 2020 compared with 76 days for the year ended 30 June 2020. The Group did not experience any significant credit risk due to strict credit control policies.

Trade payables turnover days

Trade payables turnover days increased to 80 days for the six months ended 31 December 2020 compared with 63 days for the year ended 30 June 2020. It was due to the higher balance of trade payables as at 31 December 2020.

Off-balance sheet commitments and arrangements and contingent liabilities

As at 31 December 2020, 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 2020.

EMPLOYEES

As at 31 December 2020, the Group had about 5,000 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 approved on 15 November 2011 and a share award scheme approved 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 2019: HK2 cents) per share to the shareholders for the six months ended 31 December 2020 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, 9 April 2021. It is expected that the interim dividend will be paid on or before Friday, 30 April 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Thursday, 8 April 2021 and Friday, 9 April 2021, 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 Wednesday, 7 April 2021.

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 10 to 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 2020.

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 2020 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 14 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 2020.

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 Mr. Lung Hung Cheuk, all of whom are independent non-executive Directors. The interim condensed consolidated financial statements for the six months ended 31 December 2020 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 2020 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 2020.

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 2020.

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 Stock Exchange (www.hkexnews.hk). The Company's interim report for the six months ended 31 December 2020 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, 26 February 2021

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