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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2021

The board (the "**Board**") of directors (the "**Directors**") of Sitoy Group Holdings Limited (the "**Company**") announces the audited consolidated annual results of the Company and its subsidiaries (together, the "**Group**") for the year ended 30 June 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 30 June	
		2021	2020
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**1,424,879**	1,808,898
Cost of sales		**(1,018,438)**	(1,369,866)
Gross profit		**406,441**	439,032
Other income and gains	*4*	**41,068**	56,087
Selling and distribution expenses		**(217,516)**	(237,442)
Administrative expenses		**(273,805)**	(296,559)
Other expenses		**(82,712)**	(72,234)
Finance costs		**(8,742)**	(11,374)
LOSS BEFORE TAX	*5*	**(135,266)**	(122,490)
Income tax expense	*6*	**(18,393)**	(27,685)
LOSS FOR THE YEAR		**(153,659)**	(150,175)
Attributable to:			
Owners of the Company		**(150,249)**	(132,833)
Non-controlling interests		**(3,410)**	(17,342)
		(153,659)	(150,175)
LOSSES PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic			
– For loss for the year (HK cents)		**(15.61)**	(13.84)
Diluted			
– For loss for the year (HK cents)		**(15.61)**	(13.79)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(153,659)**	(150,175)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	**1,107**	453
Income tax effect	**(266)**	(109)
	841	344
Exchange differences:		
Exchange differences on translation of foreign operations	**111,341**	(44,499)
Net other comprehensive profit/(loss) that may be reclassified to profit or loss in subsequent periods	**112,182**	(44,155)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**112,182**	(44,155)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(41,477)**	(194,330)
Attributable to:		
Owners of the Company	**(38,067)**	(176,988)
Non-controlling interests	**(3,410)**	(17,342)
	(41,477)	(194,330)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2021 HK$'000	As at 30 June 2020 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**365,376**	374,739
Investment properties		**699,956**	711,356
Right-of-use assets		**79,999**	126,776
Other intangible assets		**7,976**	8,964
Debt investments at fair value through other comprehensive income		**9,644**	9,526
Deferred tax assets		**38,939**	28,969
Other non-current assets		**12,366**	13,539
Total non-current assets		**1,214,256**	1,273,869
CURRENT ASSETS			
Inventories		**285,823**	280,091
Trade receivables	*9*	**229,792**	271,064
Prepayments, other receivables and other assets		**85,367**	85,916
Pledged deposits		**25,219**	23,523
Cash and cash equivalents		**477,820**	517,822
Total current assets		**1,104,021**	1,178,416
CURRENT LIABILITIES			
Interest-bearing bank borrowings	*10*	**126,599**	200,789
Trade and bills payables	*11*	**210,254**	133,618
Other payables and accruals		**119,426**	113,838
Lease liabilities	*10*	**41,623**	55,190
Tax payable		**19,065**	16,589
Total current liabilities		**516,967**	520,024
NET CURRENT ASSETS		**587,054**	658,392
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,801,310**	1,932,261
NON-CURRENT LIABILITIES			
Lease liabilities	*10*	**42,563**	89,727
Deferred tax liabilities		**7,526**	7,293
Deferred income		**2,486**	2,729
Total non-current liabilities		**52,575**	99,749
Net assets		**1,748,735**	1,832,512
EQUITY			
Share capital		**96,543**	96,543
Treasury shares		**(6,375)**	(13,385)
Reserves		**1,651,780**	1,771,904
Equity attributable to owners of the Company		**1,741,948**	1,855,062
Non-controlling interests		**6,787**	(22,550)
Total equity		**1,748,735**	1,832,512

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP 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 Mr. 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

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for debt investments at fair value through other comprehensive income and investment properties which have been measured at fair value. The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries) for the year ended 30 June 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date, on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year'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 the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "**Conceptual Framework**") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) 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 July 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. 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 hedging relationships.

(d) 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 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. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 30 June 2021, certain monthly lease payments for the leases of the Group's office buildings and retail stores have been reduced or waived by the lessors upon reducing the scale of production as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 July 2021 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 30 June 2021. Accordingly, a reduction in the lease payments arising from the rent concessions of HK$3,573,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 30 June 2021.

(e) 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, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

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 and footwear products for the brands owned or licensed by the Group, and provides 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 spaces for its rental income or capital appreciation purposes.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's 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.

	Year ended 30 June 2021			
	Retail	**Manufacturing**	**Property investment**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue:				
Sales to external customers	**514,280**	**897,062**	**13,537**	**1,424,879**
Intersegment sales	**–**	**195,680**	**3,072**	**198,752**
	514,280	**1,092,742**	**16,609**	**1,623,631**
Reconciliation:				
Elimination of intersegment sales	**–**	**(195,680)**	**(3,072)**	**(198,752)**
Total revenue				**1,424,879**
Segment results	**(61,352)**	**(52,109)**	**(2,640)**	**(116,101)**
Reconciliation:				
Corporate and other unallocated expenses				**(19,165)**
Loss before tax				**(135,266)**
Segment assets	**533,066**	**2,113,056**	**752,100**	**3,398,222**
Reconciliation:				
Elimination of intersegment receivables				**(1,211,201)**
Corporate and other unallocated assets				**131,256**
Total assets				**2,318,277**
Segment liabilities	**805,583**	**355,256**	**619,419**	**1,780,258**
Reconciliation:				
Elimination of intersegment payables				**(1,211,201)**
Corporate and other unallocated liabilities				**485**
Total liabilities				**569,542**
Other segment information:				
Depreciation of items of property, plant and equipment	**9,353**	**27,599**	**–**	**36,952**
Unallocated depreciation of items of property, plant and equipment				**2,528**
				39,480
Depreciation of right-of-use assets	**38,302**	**4,766**	**–**	**43,068**
Amortization of other intangible assets	**253**	**–**	**–**	**253**
Reversal of write-down of inventories to net realizable value	**(53,604)**	**(703)**	**–**	**(54,307)**
Impairment of property, plant and equipment	**629**	**–**	**–**	**629**
Impairment of right-of-use assets	**1,191**	**–**	**–**	**1,191**
Operating lease rentals	**28,436**	**2,385**	**–**	**30,821**
Capital expenditure*	**14,272**	**2,736**	**–**	**17,008**

	Year ended 30 June 2020			
	Retail *HK$'000*	Manufacturing *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	481,574	1,312,822	14,502	1,808,898
Intersegment sales	–	172,124	3,072	175,196
	481,574	1,484,946	17,574	1,984,094
Reconciliation:				
Elimination of intersegment sales	–	(172,124)	(3,072)	(175,196)
Total revenue				1,808,898
Segment results	(156,233)	60,595	(12,999)	(108,637)
Reconciliation:				
Corporate and other unallocated expenses				(13,853)
Loss before tax				(122,490)
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
Other segment information:				
Depreciation of items of property, plant and equipment	12,268	30,810	–	43,078
Unallocated depreciation of items of property, plant and equipment				2,529
				45,607
Depreciation of right-of-use assets	47,092	4,382	–	51,474
Amortization of other intangible assets	1,247	–	–	1,247
Write-down of inventories to net realizable value	92,138	9,849	–	101,987
Impairment of other intangible assets	8,416	–	–	8,416
Impairment of property, plant and equipment	4,344	–	–	4,344
Impairment of right-of-use assets	20,355	–	–	20,355
Impairment of goodwill	2,346	–	–	2,346
Operating lease rentals	26,023	2,105	–	28,128
Capital expenditure*	13,852	5,878	–	19,730

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets, and investment properties during the year.

Geographical information

(a) ***Revenue from external customers***

	Year ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
Revenue		
Mainland China, Hong Kong, Macau and Taiwan	**651,352**	702,637
North America	**201,648**	314,015
Europe	**242,588**	383,488
Other Asian countries	**290,065**	367,020
Other countries/regions	**39,226**	41,738
	1,424,879	1,808,898

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

(b) ***Non-current assets***

	As at 30 June 2021	As at 30 June 2020
	HK$'000	*HK$'000*
Mainland China, Hong Kong, Macau and Taiwan	**1,145,490**	1,220,812
Europe	**18,371**	14,466
Other Asian countries	**11,456**	9,622
	1,175,317	1,244,900

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

Information about a major customer

For the year ended 30 June 2021, revenue derived from sales by the manufacturing segment to one major customer amounting to HK$208,621,000 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.

For the year ended 30 June 2020, revenue derived from sales by the manufacturing segment to one major customer amounting to HK$292,171,000 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.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 30 June 2021 HK$'000	2020 HK$'000
Revenue from contracts with customers		
Sale of goods	**1,411,342**	1,794,396
Revenue from other sources		
Gross rental income	**13,537**	14,502
	1,424,879	1,808,898

Revenue from contracts with customers

(i) ***Disaggregated revenue information***

For the year ended 30 June 2021

Segments	**Retail** *HK$'000*	**Manufacturing** *HK$'000*	**Total** *HK$'000*
Type of goods or services			
Sale of goods	**514,280**	**897,062**	**1,411,342**
Geographical markets			
North America	**–**	**201,648**	**201,648**
Europe	**11,482**	**231,106**	**242,588**
Mainland China, Hong Kong, Macau and Taiwan	**461,937**	**175,878**	**637,815**
Other Asian countries	**40,861**	**249,204**	**290,065**
Others	**–**	**39,226**	**39,226**
Total revenue from contracts with customers	**514,280**	**897,062**	**1,411,342**
Timing of revenue recognition			
Goods transferred at a point in time	**514,280**	**897,062**	**1,411,342**

For the year ended 30 June 2020

Segments	Retail *HK$'000*	Manufacturing *HK$'000*	Total *HK$'000*
Type of goods or services			
Sale of goods	481,574	1,312,822	1,794,396
Geographical markets			
North America	–	314,015	314,015
Europe	23,690	359,798	383,488
Mainland China, Hong Kong, Macau and Taiwan	407,569	280,566	688,135
Other Asian countries	50,315	316,705	367,020
Others	–	41,738	41,738
Total revenue from contracts with customers	481,574	1,312,822	1,794,396
Timing of revenue recognition			
Goods transferred at a point in time	481,574	1,312,822	1,794,396

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the year ended 30 June 2021

Segments	**Retail** ***HK$'000***	**Manufacturing** ***HK$'000***	**Total** ***HK$'000***
Revenue from contracts with customers			
Sales to external customers	**514,280**	**897,062**	**1,411,342**
Intersegment sales	**–**	**195,680**	**195,680**
	514,280	**1,092,742**	**1,607,022**
Elimination of intersegment sales	**–**	**(195,680)**	**(195,680)**
Total revenue from contracts with customers	**514,280**	**897,062**	**1,411,342**

For the year ended 30 June 2020

Segments	Retail *HK$'000*	Manufacturing *HK$'000*	Total *HK$'000*
Revenue from contracts with customers			
Sales to external customers	481,574	1,312,822	1,794,396
Intersegment sales	–	172,124	172,124
	481,574	1,484,946	1,966,520
Elimination of intersegment sales	–	(172,124)	(172,124)
Total revenue from contracts with customers	481,574	1,312,822	1,794,396

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Year ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period		
Sale of goods	**9,082**	11,487

(ii) ***Performance obligations***

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

Sale of handbags, small leather goods, etc.

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

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June are as follows:

	Year ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
Amounts expected to be recognised as revenue:		
Within one year	**8,280**	9,082

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue in one year relate to sale of handbags, small leather goods, etc., of which the performance obligations that are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

Other income and gains

	Year ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
Government grants	**16,522**	19,151
Exchange gain, net	**–**	18,692
Royalty income	**7,292**	6,464
Interest income	**8,317**	8,098
Net sample and material income	**5,329**	1,874
Others	**3,608**	1,808
	41,068	56,087

5. LOSS BEFORE TAX

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

	Year ended 30 June 2021 HK$'000	2020 HK$'000
Cost of inventories sold	**1,018,438**	1,369,866
Employee benefit expense (including Directors' and chief executive's remuneration)		
– Wages and salaries	**442,182**	539,733
– Equity-settled share award expense	**2,138**	5,139
– Pension scheme contributions	**24,865**	21,773
	469,185	566,645
Depreciation of items of property, plant and equipment	**39,480**	45,607
Depreciation of right-of-use assets	**43,068**	51,474
Amortization of other intangible assets	**253**	1,247
Fair value loss on investment properties (included in other expenses	**11,400**	21,739
Impairment/(reversal of impairment) of trade receivables, net (included in other income and gains/other expenses)	**1,395**	(190)
Impairment of acquisition of non-controlling interests, net	**4,520**	–
Impairment of other intangible assets (included in other expenses)	**–**	8,416
(Reversal of write-down)/write-down of inventories to net realizable value	**(54,307)**	101,987
Impairment of right-of-use asset (included in other expenses)	**1,191**	20,355
Impairment of property, plant and equipment (included in other expenses)	**629**	4,344
Impairment of goodwill (included in other expenses)	**–**	2,346
Loss on disposal of items of property, plant and equipment (included in other expenses)	**1,279**	1,244
Loss on disposal of items of intangible assets (included in other expenses)	**–**	2,437
Lease payments not included in the measurement of lease liabilities	**30,821**	28,128
Auditors' remuneration	**2,000**	2,350
Exchange loss/(gain), net	**59,799**	(18,692)

6. INCOME TAX EXPENSE

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

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

Hong Kong profits tax has been provided at the rate of 16.5% for the year ended 30 June 2021 (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Income taxes in Italy, Korea, Taiwan and Japan have not been provided for as the Group has no assessable profit arising in those jurisdictions during the year ended 30 June 2021.

The provision for PRC corporate income tax is based on a statutory rate of 25% for the year ended 30 June 2021 (2020: 25%) of the assessable profit of the subsidiaries in Mainland China as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

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

	Year ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**826**	2,163
Adjustments in respect of current income tax of previous years	**–**	(1,281)
Current – Mainland China		
Charge for the year	**20,010**	23,480
Adjustments in respect of current income tax of previous years	**(850)**	(1,700)
Current – Other regions		
Charge for the year	**905**	1,300
Deferred tax	**(2,498)**	3,723
Total tax charge for the year	**18,393**	27,685

7. DIVIDENDS

	Year ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
Interim – 2021: HK2 cents per ordinary share (2020: HK2 cents per ordinary share)	**19,309**	19,194
Proposed special – 2021: HK1 cent per share (2020: HK3 cents per share) *(i)*	**9,654**	28,963
	28,963	48,157

Note:

(i) The Board proposed a special dividend of HK1 cent for the year ended 30 June 2021 (2020: a special dividend of HK3 cents).

(ii) The Board did not propose a final dividend for the year ended 30 June 2021 (2020: nil).

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the years ended 30 June 2021 and 2020 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 962,517,163 (2020: 959,610,459) in issue excluding awarded shares during the year.

The calculation of the diluted loss per share amount is based on the loss for the years ended 30 June 2021 and 2020 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 years ended 30 June 2021 and 2020, as used in the basic loss 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 year ended 30 June 2021, 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 per share are based on:

	Year ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the Company used in the basic and diluted loss per share calculations	**(150,249)**	(132,833)

	Year ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
Number of shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**962,517,163**	959,610,459
Effect of dilution – weighted average number of ordinary shares	**–**	3,499,943
Weighted average number of ordinary shares in issue during the year used in the diluted loss per share calculation	**962,517,163**	963,110,402
Basic loss per share (HK cents)	**(15.61)**	(13.84)
Diluted loss per share (HK cents)	**(15.61)**	(13.79)

9. TRADE RECEIVABLES

	As at 30 June 2021 *HK$'000*	As at 30 June 2020 *HK$'000*
Trade receivables	**233,510**	273,387
Impairment	**(3,718)**	(2,323)
	229,792	271,064

The Group grants different credit periods to customers. The Group generally requires its customers to make payments at various stages of a sale transaction. The credit period of individual customers is considered on a case-by-case basis and set out in the sales contracts, as appropriate. Certain customers are required to make partial payments before or upon delivery. The Group seeks to maintain strict control over its outstanding receivables and closely monitors them to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are unsecured and non-interest-bearing.

An aging 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 30 June 2021 *HK$'000*	As at 30 June 2020 *HK$'000*
Within 90 days	**202,656**	192,700
91 to 180 days	**17,339**	62,183
Over 180 days	**9,797**	16,181
	229,792	271,064

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

	Year ended 30 June 2021 *HK$'000*	Year ended 30 June 2020 *HK$'000*
At beginning of year	**2,323**	2,513
Impairment losses/(reversal of impairment losses), net	**1,395**	(190)
At end of year	**3,718**	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 30 June 2021	Current	Past due Less than 3 months	3 to 6 months	Over 6 months	Total
Expected credit loss rate	**0.18%**	**0.44%**	**5.27%**	**26.22%**	**1.59%**
Gross carrying amount *(HK$'000)*	**157,284**	**62,184**	**2,467**	**11,575**	**233,510**
Expected credit loss *(HK$'000)*	**279**	**274**	**130**	**3,035**	**3,718**

As at 30 June 2020	Current	Past due Less than 3 months	3 to 6 months	Over 6 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

	30 June 2021			30 June 2020		
	Effective interest rate (%)	**Maturity**	**HK$'000**	Effective interest rate (%)	Maturity	HK$'000
Current						
Lease liabilities	**0.78–5.00**	**2021**	**41,623**	0.78–5.00	2020	55,190
Bank loans – secured	**1.000–2.400**	**On demand**	**126,599**	1.000–2.525	On demand	200,789
			168,222			255,979
Non-current						
Lease liabilities	**0.78–5.00**	**2022-2026**	**42,563**	0.78–5.00	2021-2022	89,727

The bank borrowing 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 30 June 2021 *HK$'000*	As at 30 June 2020 *HK$'000*
Aggregate carrying amount	**–**	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 30 June 2021		As at 30 June 2020	
	Maturity	***HK$'000***	Maturity	*HK$'000*
Bank borrowings – secured	**2021-2022**	**126,599**	2020-2022	200,789
		126,599		200,789
Analyzed into:				
Bank borrowings repayable:				
Within one year or on demand		**126,599**		179,013
In the second year		**–**		21,776
		126,599		200,789

11. TRADE AND BILLS PAYABLES

An aging 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 30 June 2021 ***HK$'000***	As at 30 June 2020 *HK$'000*
Within 90 days	**199,380**	121,134
91 to 180 days	**7,747**	10,710
181 to 365 days	**1,534**	349
Over 365 days	**1,593**	1,425
	210,254	133,618

The trade 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.

12. EVENT AFTER THE REPORTING PERIOD

There have been no significant events since the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Retail business

Revenue generated from this segment increased by approximately 6.8% year-on-year to approximately HK$514.3 million for the year ended 30 June 2021 ("**FY2021**") and incurred segment loss before tax of approximately HK$61.4 million when compared to previous year which recorded a loss before tax of approximately HK$156.2 million. During FY2021, we have conducted clearance sales to cater for inventory recorded at net realisable value which resulted in higher gross profit margin compared with the year ended 30 June 2020 ("**FY2020**"), and therefore has significantly improved the segment performance.

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 thereby 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 30 June 2021. 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 Amedeo Testoni (formerly known as "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.

The Group will constantly review the brand portfolio and make strategic decision to adjust the portfolio in response to market position and customer preference.

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 and also our live broadcast channels. It is expected that e-commerce platforms will become more and more popular globally under the current situation.

Manufacturing business

During FY2021, the Group's purchase orders received from its external customers have decreased by approximately 31.7% when compared to the previous year. Due to global COVID-19 outbreak, customers were cautious when placing orders and the volume of each order was lower than before. The manufacturing business has generated segment revenue from external customers of approximately HK$897.1 million with segment result of loss before tax in approximately HK$52.1 million when compared to previous year of segment profit before tax of HK$60.6 million. It is mainly because the Group is working with certain brand customers under a strategic and transitional production during the COVID-19 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 four 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.

Despite the discouraged performance in FY2021, based on our project and manufacturing orders received at the moment, we expect the manufacturing business will rebound in the next financial year, because of the following reasons:

(1) the PRC market has rebounded quickly in the past year from COVID-19; and

(2) unstable COVID-19 situation in other Asian countries has disturbed the supply chain system, but more brand customers have started to source their supplies directly from the PRC in order to fulfill the domestic growing demand.

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 4-5th 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$13.5 million with segment result of loss before tax of approximately HK$2.6 million during FY2021 as a result of net fair value loss on the investment properties of approximately HK$11.4 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, enhance the production machines, tools and systems and continue to 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

Looking forward, the global COVID-19 outbreak is expected to continue to create unprecedented pulse and challenges to the Group. The global business environment will become very challenging, impacting various businesses and industries, especially our manufacturing and retail businesses. However, along with the increasing injection rate of COVID-19 vaccines globally, we are optimistic about the coming financial years.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 21.2% to approximately HK$1,424.9 million for FY2021 from approximately HK$1,808.9 million for FY2020. This decrease was primarily due to less manufacturing orders received from customers in FY2021.

Cost of sales

Cost of sales of the Group decreased by approximately 25.7% to approximately HK$1,018.4 million for FY2021 from approximately HK$1,369.9 million for FY2020. The decrease in cost of sales was mainly due to less amount of write-down of inventories to net realisable value in FY2021.

Gross profit and gross profit margin

Gross profit decreased by approximately 7.4% to approximately HK$406.4 million for FY2021 from approximately HK$439.0 million for FY2020. The gross profit margin increased to approximately 28.5% for FY2021 from approximately 24.3% for FY2020. The increase was mainly due to less amount of write-down of inventories to net realisable value in FY2021.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 8.4% to approximately HK$217.5 million for FY2021 from approximately HK$237.4 million for FY2020. The decrease was primarily attributable to tighter cost control.

Administrative expenses

Administrative expenses decreased by approximately 7.7% to approximately HK$273.8 million for FY2021 from approximately HK$296.6 million for FY2020. The decrease was primarily attributable to tighter cost control.

Other expenses

Other expenses increased by approximately 14.5% to approximately HK$82.7 million for FY2021 from approximately HK$72.2 million for FY2020. The increase was mainly due to the net exchange loss incurred in FY2021 while net exchange gain in FY2020 was recorded in other income.

Income tax expense

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

Hong Kong profits tax as applicable to the Group was 16.5% for the years ended 30 June 2021 and 2020 on the estimated assessable profits arising in or derived from Hong Kong during the relevant year.

Macau Complementary Income Tax has not been provided for as the Group had no assessable profit arising in Macau during FY2021 (2020: nil).

Italy, Korea, Taiwan and Japan Income Tax has not been provided for as the Group has no assessable profit arising in those jurisdictions during FY2021 (2020: nil).

The PRC corporate income tax was based on a statutory rate of 25% (2020: 25%) of the assessable profit of all the subsidiaries incorporated in the PRC as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008.

Loss for the year

Loss for the year was approximately HK$153.7 million for FY2021 when compared to the loss for the year of approximately HK$150.2 million for FY2020.

Investment properties

Details of investment properties of the Group with carrying amounts of approximately HK$700.0 million and HK$711.4 million as at 30 June 2021 and 30 June 2020 respectively are as follows:

As at 30 June 2021 and 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 in East Kowloon 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 head office, 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.

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 as investment properties held by the Group. 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 as investment property held by the Group. 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.

Capital expenditure

For FY2021, capital expenditure of the Group amounted to approximately HK$17.0 million, primarily due to the upgrade of existing manufacturing facilities, as well as the expansion of retail business.

Significant investments

The Group had no significant investments held during FY2021.

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 FY2021.

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 30 June 2021 amounted to approximately HK$477.8 million (2020: HK$517.8 million), which are mainly denominated in Hong Kong dollars, Renminbi, Euro and US dollars. Based on the Group 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's gearing ratio is approximately 3.5% as at 30 June 2021 (2020: 3.9%), which is net debt divided by total capital plus net debt. The Group's net debt consists of interest-bearing bank borrowings, lease liabilities, trade and other payables and accruals, less cash and cash equivalents.

Foreign exchange risk

The Group has had transactional currency exposures for FY2021. Such exposures arose from sales or purchases by operating units in currencies other than the units' functional currency. During FY2021, 61.9% (2020: 71.3%) of the Group's sales were denominated in currencies other than the functional currency of the operating units making the sale, whilst approximately 78.2% (2020: 71.5%) of the costs were denominated in the units' functional currency.

Most of the transactions of the Group were denominated in Hong Kong dollars, US dollars, Euro and Renminbi. The Group is exposed to foreign exchange risk arising from exposure in the US dollars, Euro and Renminbi against Hong Kong dollars.

It is the Group's consistent policy to centralize foreign exchange management to monitor total foreign currency exposure, to net off affiliate positions, and, if necessary, to consolidate hedging transactions with banks. In addition, various bank facilities have been arranged in these currencies, to meet our daily operating expenses and capital investment requirements. Hence, in our operating business model, the Group's revenue is mostly matched to the currencies of the outlay. As far as possible, the Group aims to achieve natural hedging by investing and borrowing in the functional currencies. Where a natural hedge is not possible, the Group will mitigate foreign exchange risks via appropriate foreign exchange forward contracts.

As at 30 June 2021 and 2020, the Group did not have any outstanding foreign exchange forward contract.

Pledge of assets

As at 30 June 2021, approximately HK$25.2 million of time deposits were pledged as security for banking facilities available to the Group (2020: HK$23.5 million).

Inventory turnover days

Inventory turnover days increased to 144 days for FY2021 from 114 days for FY2020. The increase in inventory turnover days was due to the decrease in cost of sales.

Trade receivables turnover days

Trade receivables turnover days decreased to 64 days for FY2021 from 76 days for FY2020. The Group did not experience any significant credit risks due to strict credit control policies.

Trade and bills payables turnover days

Trade and bills payables turnover days increased to 86 days for FY2021 from 63 days for FY2020. Trade payables are non-interest bearing and are generally settled within 90 days.

Off-balance sheet commitments and arrangements and contingent liabilities

As at 30 June 2021, the Group did not have any material off-balance sheet commitments and arrangements and contingent liabilities.

EMPLOYEES

As at 30 June 2021, the Group had about 4,000 employees. In addition to the basic salaries, performance bonuses will be offered to those staff members with good performance. The PRC subsidiaries of the Company are subject to social insurance, provident housing fund and certain other employee benefits in accordance with PRC laws and regulations. The Group also adheres to 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 the case of certain senior employees, family quarters. The Group also provides various amenities and recreation facilities such as canteens, sports grounds, library and internet center for its employees. The Group will continue to improve the working environment in the manufacturing facilities and the living qualities for its staff. 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 center 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, among other things, recognition of employees' contribution.

PROPOSED DIVIDEND

An interim dividend of HK2 cents per share was paid on 30 April 2021. The Directors did not propose the payment of a final dividend for FY2021 (30 June 2020: nil). The Directors proposed the payment of a special dividend of HK1 cent per share for FY2021 (30 June 2020: HK3 cents per share) to the shareholders whose names appear on the register of members of the Company on Wednesday, 1 December 2021. The proposed dividend, subject to approval by the shareholders at the annual general meeting to be held on Monday, 22 November 2021 (the "**2021 AGM**"), will be paid on or before Thursday, 23 December 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 15 November 2021 to Monday, 22 November 2021 (both days inclusive), during which period no share transfer will be registered. The record date for determining shareholders of the Company entitled to attend the 2021 AGM will be Monday, 22 November 2021. In order to be eligible to attend and vote at the 2021 AGM, 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 (the "**Hong Kong Branch Share Registrar**"), 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, 12 November 2021.

The register of members of the Company will be closed on Tuesday, 30 November, 2021 and Wednesday, 1 December 2021, during which period no share transfer will be registered. In order to qualify for the proposed dividend, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Hong Kong Branch Share Registrar at the address stated above, for registration not later than 4:00 p.m. on Monday, 29 November 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**") as 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 of all Directors and all Directors have confirmed that they had fully complied with the required standard set out in the Model Code for FY2021.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with 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 was noted by the Company during FY2021.

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 organization which is open and accountable to the shareholders of the Company. 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 optimize 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**") contained 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 FY2021.

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, risk management over the 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 audit committee has reviewed and discussed the annual results of the Group for FY2021.

AUDITORS

A resolution will be proposed at the forthcoming annual general meeting to re-appoint Ernst & Young as auditors of the Company to hold office until the conclusion of the next annual general meeting.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During FY2021, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.sitoy.com) and the Stock Exchange (www.hkexnews.hk). The Company's annual report for FY2021 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, 27 September 2021

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