leverstyle

Lever Style Corporation

利華控股集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1346)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Lever Style Corporation (the "**Company**" or "**Lever Style**") hereby announces the unaudited consolidated financial results of the Company and its subsidiaries (together, the "**Group**") for the six months ended 30 June 2024 ("**Period Under Review**"), together with the comparative figures for the six months ended 30 June 2023.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	Notes	***US$***	*US$*
		(Unaudited)	(Unaudited)
Revenue	4	**95,342,134**	100,207,524
Cost of sales		**(69,130,867)**	(72,291,935)
Gross profit		**26,211,267**	27,915,589
Other income		**356,399**	405,883
Other gains and losses, net		**117,100**	(109,815)
Impairment loss on trade receivables, net		**(2,424,913)**	–
Selling and distribution expenses		**(9,781,359)**	(11,586,264)
Administrative expenses		**(9,392,684)**	(9,425,961)
Finance costs		**(42,004)**	(174,160)

	Notes	Six months ended 30 June 2024 US$ (Unaudited)	2023 US$ (Unaudited)
Profit before tax		**5,043,806**	7,025,272
Income tax expense	5	**(739,707)**	(1,194,655)
Profit for the period	6	**4,304,099**	5,830,617
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(45,826)**	(283,005)
Total comprehensive income for the period		**4,258,273**	5,547,612
Profit/(loss) for the period attributable to:			
Owners of the company		**4,304,099**	5,836,729
Non-controlling interests		**–**	(6,112)
		4,304,099	5,830,617
Total comprehensive income/(expense) attributable to:			
Owners of the company		**4,258,273**	5,554,509
Non-controlling interests		**–**	(6,897)
		4,258,273	5,547,612
Earnings per share *(US cents)*	8		
– basic		**0.68**	0.92
– diluted		**0.68**	0.92

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	**At 30 June 2024** *US$* **(Unaudited)**	At 31 December 2023 *US$* (Audited)
Non-current assets			
Plant and equipment		**1,904,914**	1,887,866
Right-of-use assets		**993,886**	1,475,393
Intangible assets		**1,683,024**	1,732,107
Deposit and other receivables		**1,187,622**	1,275,649
Deferred tax assets		**–**	40,479
Total non-current assets		**5,769,446**	6,411,494
Current assets			
Inventories		**19,069,564**	16,289,093
Trade receivables	9	**32,570,884**	38,698,894
Deposits, prepayments and other receivables		**6,166,615**	9,555,976
Derivative financial instruments		**–**	20,648
Bank balances and cash		**13,090,879**	18,120,388
Total current assets		**70,897,942**	82,684,999
Current liabilities			
Trade payables	10	**13,544,041**	18,892,797
Other payables and accruals		**6,247,884**	8,078,264
Contract liabilities		**1,849,066**	2,653,247
Lease liabilities		**922,378**	975,865
Derivative financial liabilities		**11,591**	–
Tax payables		**719,865**	4,173,299
Total current liabilities		**23,294,825**	34,773,472
Net current assets		**47,603,117**	47,911,527
Total assets less current liabilities		**53,372,563**	54,323,021

	At 30 June 2024 US$ (Unaudited)	At 31 December 2023 US$ (Audited)
Non-current liabilities		
Lease liabilities	**211,827**	689,167
Deferred tax liabilities	**76,784**	76,784
Total non-current liabilities	**288,611**	765,951
NET ASSETS	**53,083,952**	53,557,070
EQUITY		
Share capital	**820,640**	820,640
Shares held under share award scheme	**(467,311)**	(471,956)
Reserves	**52,730,623**	53,208,386
TOTAL EQUITY	**53,083,952**	53,557,070

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1 GENERAL

Lever Style Corporation was incorporated in the Cayman Islands as an exempted company with limited liability on 27 February 2019. The addresses of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is Room 16, Flat B, 1/F, Wing Tai Centre, 12 Hing Yip Street, Kwun Tong, Hong Kong.

Its immediate and ultimate holding company are Lever Style Holdings Limited ("**Lever Style Holdings**") and Imaginative Company Limited respectively. The ultimate controlling shareholder of the Group is Mr. SZETO Chi Yan Stanley ("**Mr. SZETO**") who has been the controlling shareholder of the Group (the "**Controlling Shareholder**").

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 13 November 2019.

The condensed consolidated financial statements is presented in United States dollars ("**US$**"), which is the same as the functional currency of the Company.

2 BASIS OF PREPARATION AND PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

3 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2023.

(a) Application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

In the current interim period, the Group has adopted the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily for the financial year ending 31 December 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to HKAS 1	*Non-current Liabilities with Covenants*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4 REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in providing supply chain solutions in multiple apparel categories for notable brands. The Group's revenue represents the amounts received and receivable from the sales of garment to external customers. All revenue is recognised at the point in time when the customers obtain control of goods delivered.

Information reported to Mr. SZETO, being the chief operating decision maker of the Company, in order to allocate resources and to assess performance, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is reviewed. Accordingly, no operating segment information is presented and only entity-wide disclosures as below are presented.

Geographical information

Information about the Group's revenue from external customers is presented based on the home country (location of customers' headquarters) of customer's brands.

	Six months ended 30 June	
	2024	2023
	US$	*US$*
	(Unaudited)	(Unaudited)
United States of America	**52,738,989**	62,743,752
Europe	**26,287,617**	19,493,735
Oceania	**15,146,797**	10,922,472
Greater China#	**473,314**	1,395,749
Others	**695,417**	5,651,816
	95,342,134	100,207,524

Greater China primarily includes the Chinese Mainland, Hong Kong, Macau and Taiwan.

All of the Group's identifiable non-current assets are located in the Chinese Mainland and Hong Kong.

5 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	US$	*US$*
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax:		
– Current tax	**542,679**	1,167,983
PRC Enterprise Income Tax (“**EIT**”)		
– Current tax	**79,979**	27,177
– Under/(over) provision in prior years	**76,570**	(505)
	156,549	26,672
Deferred tax	**40,479**	–
	739,707	1,194,655

Hong Kong Profits Tax has been provided at 16.5% (2023: 16.5%) of the estimated assessable profits for the period, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

Tax on profits assessable in Chinese Mainland has been calculated at the applicable enterprise income tax rate under the Law of the People’s Republic of China (the “**PRC**”). A subsidiary was eligible for income tax rate of 15% under the enterprise income tax policy, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Enterprise Income Tax Preferential Catalogue (2021 Edition) for the period ended 30 June 2023. It is subject to EIT at 25% tax rate for the current period ended 30 June 2024. Certain subsidiaries of the Group are qualified as small low-profit enterprises as their annual taxable income were less than Renminbi (“**RMB**”) 3 million for both periods. The annual taxable income of a small low-profit enterprise shall be computed at a reduced rate of 25% (2023: 25%) of taxable income amount, and subjected to enterprise income tax at 20% (2023: 20%) tax rate.

Save as disclosed above, the Group is not subject to taxation in any other jurisdictions for both periods.

6 PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2024	2023
	US$	*US$*
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging:		
Directors' remuneration	**2,975,766**	2,564,281
Other staff costs		
– salaries and other allowances	**5,189,681**	6,344,940
– share based payment expense	**135,370**	67,209
– retirement benefit scheme contributions	**1,039,342**	898,646
Total staff costs	**9,340,159**	9,875,076
Cost of inventories as an expense	**69,130,867**	72,291,935
Depreciation of plant and equipment	**263,026**	177,181
Depreciation of right-of-use assets	**474,663**	420,384
Amortisation of intangible assets (included in selling and distribution expenses)	**49,082**	49,082
Expense relating to short-term leases	**233,250**	59,947

7 DIVIDENDS PAID

	Six months ended 30 June	
	2024	2023
	US$	*US$*
	(Unaudited)	(Unaudited)
Final, declared, of HK6 cents per ordinary share for 2023 (2022: HK8.5 cents per ordinary share)	**4,866,761**	6,937,241

The Board has declared an interim dividend for the six months ended 30 June 2024 of HK3 cents per share (six months ended 30 June 2023: HK3 cents).

8 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2024	2023
	US$	*US$*
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the purposes of calculating basic and diluted earnings per share	**4,304,099**	5,836,729

	Six months ended 30 June	
	2024	2023
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**634,756,012**	636,447,063
Effect of dilutive potential ordinary shares: Share Award Scheme	**1,263,082**	57,462
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	**636,019,094**	636,504,525

Shares purchased under the share-award scheme are deducted from total number of shares in issue for the purpose of calculating earnings per share.

9 TRADE RECEIVABLES

	At 30 June 2024	At 31 December 2023
	US$	*US$*
	(Unaudited)	(Audited)
Trade receivables – contracts with customers	**37,107,101**	40,810,198
Provision on trade receivables	**(4,536,217)**	(2,111,304)
	32,570,884	38,698,894

The Group generally allows credit period of 30–60 days to its customers.

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:

	At 30 June 2024	At 31 December 2023
	US$	*US$*
	(Unaudited)	(Audited)
0 to 30 days	**16,693,251**	20,715,215
31 to 60 days	**8,724,242**	15,457,440
Over 60 days	**7,153,391**	2,526,239
	32,570,884	38,698,894

10 TRADE PAYABLES

	At 30 June 2024 *US$* **(Unaudited)**	At 31 December 2023 *US$* (Audited)
Trade payables	**13,544,041**	18,892,797

The credit period on trade payables is up to 60 days.

The following is an aged analysis of trade payables presented based on the invoice dates at the end of each reporting period.

	At 30 June 2024 *US$* **(Unaudited)**	At 31 December 2023 *US$* (Audited)
0 to 30 days	**10,557,608**	14,672,813
31 to 60 days	**2,767,435**	3,286,878
Over 60 days	**218,998**	933,106
	13,544,041	18,892,797

REVIEW AND FUTURE PROSPECTS

As we present our interim results for the first half of 2024, I would like to begin by acknowledging the challenges we have faced and expressing sincere gratitude for the continued supports from our shareholders and partners. This period has tested our resilience and underscored the importance of our strategic priorities and robust risk management practices.

As per the voluntary announcement of the Company dated 18 June 2024, the parent company of our key client Bonobos, Express Inc., had, according to a court order on 14 June 2024 made by the US Bankruptcy Court for the District of Delaware, its assets subsequently bought out by a consortium. Thanks to our credit risk controls and the safeguard of credit insurance protection, we are able to keep our bad debt provision to US$2.4 million despite more than US$33.8 million of business we did with them in 2023. Though unfortunate, the manageable situation is a testament to our proactive and prudent approach to managing financial risks. Moreover, our diversified customer base, with no client expected to contribute more than 12% of our total sales in 2024, has ensured low customer concentration risk and provided stability in these turbulent times.

Due to the US$2.4 million provision and approximately US$11 million of withheld shipments for Bonobos, our first-half revenue and net profit dropped by 4.9% and 26.2% to US$95.3 million and US$4.3 million respectively. If not for the Bonobos setback, our revenue would have increased by 5.7%, and our net profit would have again hit another record, exceeding US$7.5 million. This potential performance underscores the strength of our core business and the underlying growth momentum.

Bonobos's bankruptcy is symptomatic of softening consumer demand. Brands and retailers are turning cautious, and an increasing number of them are losing credit insurance coverage. Now is not the time for aggressive organic growth but rather for thoughtful consolidation and strategic alignment.

Our commitment to platformization remains steadfast, and we continue to make progress. The restructuring of our team to better manage a two-way marketplace is advancing well, positioning us to capitalize on future opportunities and drive sustainable growth.

We continue to explore business combination and acquisition opportunities with a disciplined focus on valuation and strategic fit. While we have yet to conclude any new business combinations this year, our last acquisition, Elegant Team Development Limited, made in September last year, has performed according to plan and been accretive to our earnings. This reinforces our confidence in our acquisition strategy and patient approach.

In leadership transition, we extend our heartfelt gratitude to Eddie Chan as he retires at the end of this month after a decade of transformative contributions. Lever Style's current standing owes much to his vision and dedication. We warmly welcome William Tan, who took over the Chief Executive Officer role from Eddie on 1 April 2024, confident that his leadership will steer us through the next stage of our transformation and growth.

In closing, while the first half of 2024 has presented significant challenges, our strategic resilience and disciplined execution have fortified our foundation for future growth. We remain cautiously optimistic and committed to navigating these complexities with diligence and foresight.

We thank you for the unwavering trust and support from all the shareholders and business partners.

FINANCIAL REVIEW

Revenue

Low consumer confidence, soft demand, excess inventories, and geopolitical events are making 2024 a tough year for fashion brands and apparel retailers. Despite these challenges, the Group was able to minimize the impact through our high-mix-low-volume solutions, quick response supply chain, multi-country production capability, and multi-category expertise to help our customers better respond to consumer trends. Such competitive advantage allowed the Group to manage the general downtrend better, and on occasions, improve the share of wallet of our customers. Revenue of the Group decreased by approximately 4.9% from approximately US$100.2 million in the first half of 2023 to approximately US$95.3 million during the Period Under Review.

Cost of sales

Cost of sales mainly comprises material costs and subcontracting fees. Cost of sales decreased by approximately 4.4% from approximately US$72.3 million in the first half of 2023 to approximately US$69.1 million during the Period Under Review. Cost of sales as a percentage of total revenue increased from approximately 72.1% in the first half of 2023 to 72.5% during the Period Under Review.

Gross profit and gross profit margin

Our gross profit decreased from approximately US$27.9 million in the first half of 2023 to approximately US$26.2 million during the Period Under Review, representing a decrease of approximately 6.1%. Gross profit margin decreased from approximately 27.9% in the first half of 2023 to approximately 27.5% in the first half of 2024.

Profit for the Period Under Review

The Group recorded a net profit of approximately US$4.3 million for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately US$5.8 million). The reduction in net profit for the Period Under Review is mainly due to the following factors:

- Some of our customers face challenges of high inventory level, business decline or strategic change so that they reduced the volume of orders to the Group. Meanwhile, we are seeing business growth on the existing medium to small size customers. Such growth compensated a part of top customers order declines;

- Selling and distribution expenses decreased from approximately US$11.6 million in the first half of 2023 to approximately US$9.8 million during the Period Under Review. This decline was due to the stabilization of freight costs, resulting in more efficient and cost-effective distribution operations;

- Impairment loss on trade receivables increased by approximately US$2.4 million in the first half of 2024. As per the voluntary announcement of the Company dated 18 June 2024, the parent company of our key client Bonobos, Express Inc., had, according to a court order on 14 June 2024 made by the US Bankruptcy Court for the District of Delaware, its assets subsequently bought out by a consortium. The majority portion of account receivables were protected by insurance. Regarding the accounts receivable of Express Inc., the Group has reported loss to the insurance company and started claim procedures by actively providing supporting documents.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains a healthy financial position. Cash and cash equivalents of the Group as at 30 June 2024 were approximately US$13.1 million (at 31 December 2023: US$18.1 million). As at 30 June 2024, the Group had net current assets of approximately US$47.6 million. The current ratio maintained at approximately 3.0 times and 2.4 times as at 30 June 2024 and 31 December 2023 respectively.

The Group obtained bank facilities to fulfil our working capital requirements and to finance our purchase of raw materials and payments to contract manufacturers. As at 30 June 2024, the Group had available banking facilities of approximately US$78.8 million. The amount of available bank facilities is considered sufficient for the Group's operation.

GEARING RATIO

Equity attributable to the Company amounted to approximately US$53.1 million at 30 June 2024 (31 December 2023: US$53.6 million). As at 30 June 2024, the gearing ratio of the Group was approximately 0% (31 December 2023: 0%). The Group had no borrowings as at 30 June 2024. Gearing ratio is calculated based on the total debts (bank borrowings) divided by the total equity at the end of the period.

With the favorable cash and cash equivalents position of the Group, it has led to a net debt to equity ratio (total debts net of cash and bank balances divided by total equity at end of period) of approximately -24.7% as at 30 June 2024 (31 December 2023: -33.8%).

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no material contingent liability (31 December 2023: Nil).

EMPLOYEES AND REMUNERATION

As at 30 June 2024, the Group employed a total of 340 full-time employees (31 December 2023: 343 employees). For the six months ended 30 June 2024, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately US$9.3 million (six months ended 30 June 2023: US$9.9 million), representing an decrease of approximately 5.4%.

The Company recognises that employees are one of the Group's most important assets. The Company strongly believes in hiring the right talent, nurturing and retaining them. The Group remunerates its staff according to their performance, qualifications and industry practices, and conducts regular reviews of its remuneration policy. Employees may receive bonuses and monetary rewards based on their performance and ratings in annual performance appraisals. The Group also offers rewards or other incentives to motivate the personal growth and career development of employees. The Company adopted the share option scheme and the co-ownership share award scheme with the objectives to recognise contributions made by the eligible employees, to motivate career development and to retain the eligible employees for the continual operation, growth and future development of the Group. Please see the paragraph headed "Share Option Scheme" and "Co-ownership Share Award Scheme" below for details.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

An interim dividend of HK3 cents per share was declared by the Board for the six months ended 30 June 2024. The interim dividend is expected to be paid on or before Monday, 30 September 2024 to shareholders whose names appear on the register of members of the Company on 6 September 2024. For the purpose of ascertaining shareholders' entitlement to the interim dividend, the register of members of the Company will be closed from 5 September 2024 to 6 September 2024, both days inclusive, during which period no transfer of shares will be registered. To qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on 4 September 2024.

CORPORATE GOVERNANCE

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. The Company has adopted the code provisions in the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 to the Rules governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with all code provisions as set out in the CG Code contained in Appendix C1 of the Listing Rules during the Period Under Review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code for Securities Transactions by directors of Listing Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors' securities transactions. Upon specific enquiries being made of all Directors, each of them has confirmed that they have complied with the required standards set out in the Model Code during the Period Under Review. The Group has established written guidelines for relevant employees in respect of securities transactions. No incident of non-compliance with the written guidelines was noted during the Period Under Review.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2024, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Share Option Scheme**"), which was adopted on 12 October 2019 (the "**Adoption Date**"), for the purpose of providing incentives or rewards to selected eligible participants for their contribution to the Group. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from the Adoption Date.

There has been no movement in the Share Option Scheme during the Period Under Review.

CO-OWNERSHIP SHARE AWARD SCHEME

The Company operates a co-ownership share award scheme (the "**Share Award Scheme**"), which was adopted on 18 October 2021 (the "**Share Award Scheme Adoption Date**") and amended on 13 June 2023, for the purpose of recognizing and rewarding the contributions of certain eligible persons for the growth and development of the Group and providing them with incentives in order to retain them for the continual operation, development and long term growth of the Group and to attract suitable personnel for further development of the Group. Subject to any early termination as may be determined by the award committee pursuant to the rules of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of ten years commencing from Share Award Scheme Adoption Date.

During the six months ended 30 June 2024, no ordinary shares of the Company have been purchased from the open market by the trustee of the Share Award Scheme pursuant to the rules of the Share Award Scheme.

EVENTS OCCURRED AFTER 30 JUNE 2024

There was no event after 30 June 2024 that required to be disclosed.

AUDIT COMMITTEE

The Company has established an Audit Committee on 12 October 2019 in compliance with the CG Code with written terms of reference. The Audit Committee has four members, namely Mr. SEE Tak Wah, Mr. ANDERSEN Dee Allen, Ms. KESEBI Lale and Mr. LIU Gary, all of whom are independent non-executive Directors. Mr. SEE Tak Wah is the chairman of the Audit Committee and possesses the appropriate professional qualifications. The primary duties of the Audit Committee are to oversee the financial reporting system and internal control system of the Group, oversee the audit process, review and oversee the existing and potential risks of the Group and perform other duties and responsibilities as assigned by the Board. For the six months ended 30 June 2024, the Audit Committee met the independent auditors to discuss their findings during the audit of the consolidated financial statements for the year ended 31 December 2023. The Audit Committee reviewed the actions taken by management to address the findings and was satisfied with the work done. The Audit Committee also reviewed the work of the internal audit in examining the application of policies and internal controls in specific locations within the Group and was satisfied with the quality of the work undertaken. Nothing of a material nature was revealed and the Audit Committee proposed to the Board a small number of actions to strengthen compliance further that were adopted and are being implemented.

The Audit Committee has reviewed, together with the management of the Group, the accounting principles and policies adopted by the Group and discussed with them the unaudited condensed consolidated financial statements and interim results announcement of the Group for the six months ended 30 June 2024, recommending their adoption by the Board.

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee on 12 October 2019 in compliance with the CG Code with written terms of reference. The Remuneration Committee has five members, Mr. ANDERSEN Dee Allen (an independent non-executive Director), Mr. SEE Tak Wah (an independent non-executive Director), Mr. SZETO Chi Yan Stanley (an executive Director), Ms. KESEBI Lale (an independent non-executive Director) and Mr. LIU Gary (an independent non-executive Director). Mr. ANDERSEN Dee Allen is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish, review and make recommendations to the Board on our Company's policy and structure concerning remuneration of the Directors and senior management, on the diversity policy of the Board and senior management, on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, determine the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

NOMINATION COMMITTEE

The Company has established a Nomination Committee on 12 October 2019 in compliance with the CG Code with written terms of reference. The Nomination Committee has five members, Mr. SZETO Chi Yan Stanley (an executive Director), Mr. SEE Tak Wah (an independent non-executive Director), Mr. ANDERSEN Dee Allen (an independent non-executive Director), Ms. KESEBI Lale (an independent non-executive Director) and Mr. LIU Gary (an independent non-executive Director). Mr. SZETO Chi Yan Stanley is the chairman of Nomination Committee. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board; assess the independence of the independent non-executive Directors and make recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors; recommend to the Board suitably qualified persons to become a member of the Board and to review the structure, size, composition of the Board and board diversity on a regular basis and as required.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement is published on the websites of the Company (www.leverstyle.com) and the Stock Exchange (www.hkexnews.hk), and the interim report of the Company for the six months ended 30 June 2024 will be dispatched to the shareholders of the Company and published on the above websites in due course.

On behalf of the Board
Lever Style Corporation
SZETO Chi Yan Stanley
Chairman and Executive Director

Hong Kong, 5 August 2024

As at the date of this announcement, the Board comprises (i) Mr. SZETO Chi Yan Stanley (Chairman), Dr. CHAN Yuk Mau Eddie, Mr. TAN William and Mr. LEE Yiu Ming as executive Directors; and (ii) Mr. SEE Tak Wah, Mr. ANDERSEN Dee Allen, Ms. KESEBI Lale and Mr. LIU Gary as the independent non-executive Directors.