



# 2024

# LEVER STYLE CORPORATION

利華控股集團

(Incorporated in the Cayman Islands with limited liability)

## INTERIM REPORT

STOCK CODE: 1346

[WWW.LEVERSTYLE.COM](http://WWW.LEVERSTYLE.COM)

THE APPAREL ENGINE FOR DIGITAL RETAIL



 leverstyle

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## Corporate Information

### Board of Directors

#### Executive directors

Mr. SZETO Chi Yan Stanley (*Chairman*)  
Dr. CHAN Yuk Mau Eddie  
(*Vice Chairman*)  
Mr. TAN William  
(*Chief Executive Officer ("CEO")*)  
Mr. LEE Yiu Ming

#### Independent non-executive directors

Mr. SEE Tak Wah  
Mr. ANDERSEN Dee Allen  
Ms. KESEBI Lale  
Mr. LIU Gary

#### Audit Committee

Mr. SEE Tak Wah (*Chairman*)  
Mr. ANDERSEN Dee Allen  
Ms. KESEBI Lale  
Mr. LIU Gary

#### Remuneration Committee

Mr. ANDERSEN Dee Allen (*Chairman*)  
Mr. SEE Tak Wah  
Mr. SZETO Chi Yan Stanley  
Ms. KESEBI Lale  
Mr. LIU Gary

#### Nomination Committee

Mr. SZETO Chi Yan Stanley (*Chairman*)  
Mr. SEE Tak Wah  
Mr. ANDERSEN Dee Allen  
Ms. KESEBI Lale  
Mr. LIU Gary

#### Company Secretary

Mr. LEE Yiu Ming

## Registered Office

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## Principal Place of Business in Hong Kong

Room 16, Flat B  
1/F, Wing Tai Centre  
12 Hing Yip Street  
Kwun Tong, Kowloon  
Hong Kong

## Principal Place of Business in China

1/F, TinWe Mansion  
6 Liu Fang Road  
Bao'an District  
Shenzhen  
China

## Compliance Adviser

### Altus Capital Limited

21 Wing Wo Street  
Central  
Hong Kong

## Auditor

### Ernst & Young

*Certified Public Accountants*  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

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## Legal Advisor

### Withers

30/F, United Centre  
95 Queensway  
Admiralty  
Hong Kong

## Principal Share Registrar and Transfer Office

### Conyers Trust Company (Cayman) Limited

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## Hong Kong Branch Share Registrar and Transfer Office

### Tricor Investor Services Limited

17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## Principal Bankers

### The Hongkong and Shanghai Banking Corporation Limited

HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### Hang Seng Bank Limited

83 Des Voeux Road Central  
Central  
Hong Kong

### Bank of China (Hong Kong) Limited

Bank of China Tower  
1 Garden Road  
Hong Kong

### Citibank, N.A.

3 Garden Road  
Central  
Hong Kong

## Company Website

[www.leverstyle.com](http://www.leverstyle.com)

## Stock Code

1346

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## Management Discussion and Analysis

### 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.



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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 six months ended 30 June 2024 (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;

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- 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).



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## 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 a 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 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.

## Future Plans for Material Investments or Capital Assets and the Expected Sources of Funding

Save for the business plan disclosed in our prospectus dated 31 October 2019 or elsewhere in this interim report, there is no other plan for material investments or capital assets as at the date of this report.

## Foreign Currency Exposure

The Group's reporting and functional currency is US\$ whilst some of the Group's business transactions are denominated in various other currencies, primarily Renminbi and HK\$. Foreign currency exchange contracts are used to manage foreign currency exposure. The Group's policy is to monitor its foreign currency exposure and use foreign currency exchange contracts as appropriate, to minimise its foreign currency risks.

## Events Occurred after 30 June 2024

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

## Pledge of Assets

As at 30 June 2024, pledge of assets of the Group are set out in Note 17 to the unaudited condensed consolidated financial statements.



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## **Significant Investments Held**

No significant investments had been made by the Group for the Period Under Review were required to be disclosed.

## **Material Acquisition or Disposal of Subsidiaries, Associates and Joint Ventures**

The Group had not conducted any substantial acquisition or disposal of subsidiaries, associates or joint ventures that were required to be disclosed during the Period Under Review.

## **Capital Commitments**

As at 30 June 2024, capital commitments of the Group are set out in Note 16 to the unaudited condensed consolidated financial statements.

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## Other Information

### Communication with Shareholders

The Company's 2024 Annual General Meeting (the "AGM") was held on 19 April 2024. All resolutions at the 2024 AGM were passed by way of a poll and the poll results were posted on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company on the same day.

### 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.

### 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.

### Board of Directors

At 30 June 2024, the composition of the Board is:

#### Executive directors

Mr. SZETO Chi Yan Stanley (*Chairman*)  
Dr. CHAN Yuk Mau Eddie (*Vice Chairman*)  
Mr. TAN William (*CEO*)  
Mr. LEE Yiu Ming

#### Independent non-executive directors

Mr. SEE Tak Wah  
Mr. ANDERSEN Dee Allen  
Ms. KESEBI Lale  
Mr. LIU Gary

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There is no other change in the information of Directors during the six months ended 30 June 2024 and up to the date of this report, which is required to be disclosed pursuant to the Rule 13.51(B) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

## **Board Committees**

At 30 June 2024, the composition of the board committees remains the same as that set out in the announcement made by the Company on 11 March 2024.

## **Senior Management**

At 30 June 2024, the composition of the senior management of the Company remains the same as that set out in the 2023 annual report of the Company.

## **Continuing Professional Development**

To assist the Directors and the executives in continuing their professional development, each of the Directors has been from time to time provided materials on the subject of corporate governance, including the Company’s master policies which might be relevant to their roles, duties and functions as a director of a listed company.

## **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.

As at 30 June 2024, there were no share options outstanding under the Share Option Scheme. No share options were granted, forfeited or exercised, or expired during the year ended 31 December 2023 and the Period Under Review. The total number of shares available for issue under the share option scheme is 64,000,000, representing approximately 10.0% of issued shares of the Company as at the date of this report.

## **Co-ownership Share Award Scheme**

The Company operates a co-ownership share award scheme (the “Share Award Scheme”), which was adopted on 27 October 2021 (the “Share Award Scheme Adoption Date”) and amended on 13 June 2023, for the purpose of recognising 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 Period Under Review, no ordinary shares of the Company has been purchased from the open market by the trustee of the Share Award Scheme pursuant to the Scheme.

No award shares were forfeited or lapsed during the Period Under Review. Movements of the number of awarded shares outstanding during the period ended 30 June 2024 are as follows:

### For the six months ended 30 June 2024

Name of category of grantee	Date of grant	Closing price immediately prior to the grant (HK\$/share)	Fair value as of date of the awards granted (HK\$/share)	Weighted average closing price immediately before the vesting date of awards during the period ended 30 June 2024 (HK\$/share)	Balance as at 1 January 2024	Granted during the period	Vested during the period	Balance as at 30 June 2024	Vesting period
<b>Director</b>									
Mr. Szeto	31 August 2023	0.86	0.85	-	960,000	-	-	960,000	September 2023–August 2024
	31 August 2023	0.86	0.85	-	960,000	-	-	960,000	September 2024–August 2025
	31 August 2023	0.86	0.85	-	960,000	-	-	960,000	September 2025–August 2026
	31 August 2023	0.86	0.85	-	960,000	-	-	960,000	September 2026–August 2027
Sub-total					3,840,000	-	-	3,840,000	
<b>Employees</b>									
<b>(top five highest paid individuals)</b>	28 February 2022	0.385	0.385	0.88	74,000	-	74,000	-	March 2022–February 2024
	28 February 2022	0.385	0.385	-	74,000	-	-	74,000	March 2022–February 2025
	28 February 2022	0.385	0.385	-	74,000	-	-	74,000	March 2022–February 2026
	31 August 2023	0.86	0.85	-	306,500	-	-	306,500	September 2023–August 2024
	31 August 2023	0.86	0.85	-	306,500	-	-	306,500	September 2023–August 2025
	31 August 2023	0.86	0.85	-	306,500	-	-	306,500	September 2023–August 2026
	31 August 2023	0.86	0.85	-	306,500	-	-	306,500	September 2023–August 2027
Sub-total					1,448,000	-	74,000	1,374,000	
<b>Employees (other than Directors and top five highest paid individuals)</b>									
<b>(other than Directors and top five highest paid individuals)</b>	28 February 2022	0.385	0.385	0.88	20,333	-	20,333	-	March 2022–February 2024
	28 February 2022	0.385	0.385	-	20,333	-	-	20,333	March 2022–February 2025
	28 February 2022	0.385	0.385	-	20,333	-	-	20,333	March 2022–February 2026
	31 August 2023	0.86	0.85	-	131,000	-	-	131,000	September 2023–August 2024
	31 August 2023	0.86	0.85	-	131,000	-	-	131,000	September 2023–August 2025
	31 August 2023	0.86	0.85	-	131,000	-	-	131,000	September 2023–August 2026
31 August 2023	0.86	0.85	-	131,000	-	-	131,000	September 2023–August 2027	
Sub-total					584,999	-	20,333	564,666	
Total					5,872,999	-	94,333	5,778,666	

	Number of awarded shares during the six months ended 30 June	
	2024	2023
<b>At beginning of the period</b>		
Number of awarded shares held by the trustee	4,405,667	3,500,000
Number of awarded shares granted but not yet vested	5,872,999	3,377,332
Maximum number of awarded shares available for grant	58,037,001	60,532,668
<b>At end of the period</b>		
Number of awarded shares held by the trustee	4,311,334	405,667
Number of awarded shares granted but not yet vested	5,778,666	282,999
Maximum number of awarded shares available for grant	58,131,334	63,627,001
<b>% to the issued shares of the Company as at 30 June 2024</b>	<b>9.10%</b>	9.96%
<b>Granted during the period</b>	–	–
<b>Vested during the period</b>	94,333	3,094,333
<b>Purchased during the period</b>	–	–

## Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2024, the interests and short positions of the Directors and/or chief executives of the Company in any shares of the Company (the "Shares"), underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (cap. 571) (the "SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which are required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register kept by the Company, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors (the "Model Code") are as follows:

### Interests in Shares of the Company

Name of Director	Capacity/Nature of interest	Number of Shares (Note 1)	Approximate percentage of shareholding in the Company (Note 2)
Mr. SZETO Chi Yan Stanley ("Mr. SZETO")	Beneficial owner/Interest of controlled corporation (Note 3)	339,582,000 (L)	53.13%
Ms. CHE Huey Sze Denise	Interest of spouse (Note 4)	339,582,000 (L)	53.13%
Dr. CHAN Yuk Mau Eddie ("Dr. CHAN")	Beneficial owner	22,000,000 (L)	3.44%
Ms. LEE Wing Yuen Ida	Interest of spouse (Note 5)	22,000,000 (L)	3.44%
Mr. TAN William ("Mr. TAN")	Beneficial owner	2,344,000 (L)	0.37%
Mr. LEE Yiu Ming ("Mr. LEE")	Beneficial owner	14,400,000 (L)	2.25%
Ms. YIU Chui Ping	Interest of spouse (Note 6)	14,400,000 (L)	2.25%

Notes:

- The Letter "L" denotes the person's long position in the relevant Shares.
- This is calculated based on the 639,100,000 Shares in issue as at 30 June 2024.
- Lever Style Holdings is interested in 335,832,000 Shares. Lever Style Holdings is wholly-owned by Imaginative Company Limited. Imaginative Company Limited is wholly-owned by Mr. SZETO. Accordingly, Mr. SZETO, Imaginative Company Limited are interested in 335,832,000 Shares. Mr. SZETO is personally interested in 3,750,000 Shares. As such, Mr. SZETO is deemed to be interested in a total of 339,582,000 Shares.
- Ms. CHE Huey Sze Denise is the spouse of Mr. SZETO and was therefore deemed to be interested in the 339,582,000 shares held by Mr. SZETO in note 3 above.
- Ms. LEE Wing Yuen Ida is the spouse of Dr. CHAN and was therefore deemed to be interested in the 22,000,000 Shares held by Dr. CHAN.
- Ms. YIU Chui Ping is the spouse of Mr. LEE and was therefore deemed to be interested in the 14,400,000 Shares held by Mr. LEE.

## Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2024, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company), who have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company in accordance with the provision of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, are as follows:

Name of Shareholder	Capacity/Nature of interest	Number of Shares (Note 1)	Approximate percentage of shareholding in the Company (Note 2)
Imaginative Company Limited	Interest of controlled corporation (Note 3)	339,582,000 Shares (L)	53.13%
Lever Style Holdings	Beneficial owner (Note 3)	339,582,000 Shares (L)	53.13%
Fung Trinity Holdings Limited	Beneficial owner (Note 4)	45,000,000 Shares (L)	7.04%
Fung Portfolio Limited	Interest of controlled corporation (Note 4)	45,000,000 Shares (L)	7.04%
Fung Capital Limited	Interest of controlled corporation (Note 4)	45,000,000 Shares (L)	7.04%
Fung Investments Limited	Interest of controlled corporation (Note 4)	45,000,000 Shares (L)	7.04%
King Lun Holdings Limited	Interest of controlled corporation (Note 4)	45,000,000 Shares (L)	7.04%

Notes:

1. The Letter "L" denotes the person's long position in the relevant Shares.
2. This is calculated based on the 639,100,000 Shares in issue as at 30 June 2024.
3. Lever Style Holdings is wholly owned Imaginative Company Limited. Imaginative Company Limited is in turn wholly-owned by Mr. SZETO. Accordingly, Mr. SZETO and Imaginative Company Limited are interested in 339,582,000 Shares for the purpose of SFO.
4. Fung Trinity Holdings Limited is wholly-owned by Fung Portfolio Limited. The entire voting rights of Fung Portfolio Limited is owned by Fung Capital Limited. Fung Capital Limited is wholly-owned by Fung Investments Limited which is wholly-owned by King Lun Holdings Limited, which is legally owned as to 50.0% and 50.0% by Dr. William Fung Kwok Lun and HSBC Trustee (CI) Limited respectively, being the trustee of a family trust established for the family of Dr. Victor Fung Kwok King.

Save as disclosed above, no other interest or short position in the Shares and underlying Shares of the Company were recorded in the register required to be kept under section 336 of the SFO as at 30 June 2024.



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## 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 Part 2 of Appendix C1 (the “CG Code”) to 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 noncompliance with the written guidelines was noted during the Period Under Review.

### Audit Committee

The Company has established an Audit Committee on 12 October 2019 in compliance with the CG Code with written terms of reference. As at the date of this report, 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.



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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. As at the date of this interim report, 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. As at the date of this interim report, 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.



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## Risk Management and Internal Control

The main features of the risk management and internal control systems are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage its risks across business operations.

The Group has established a risk management framework, which consists of the Board, the Audit Committee and its senior managerial personnel. The Board determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems.

The Group has implemented procedures for identifying and managing risks in accordance with its operation manual ("Operation Manual"). The Operation Manual sets out directions in identifying, evaluating and managing significant risks. At least on an annual basis, the senior managerial personnel identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritizes the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

In addition, the Group has set up an internal audit function to assist the Board and the Audit Committee with ongoing evaluation and monitoring of the risk management and internal control systems of the Group. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken.

For the Period Under Review, two interim internal audit reports rendered by the internal auditor have been submitted to and reviewed by the Audit Committee and the Board. The review on the effectiveness of the Group's risk management and internal control systems included, among other things, the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's assessment on risk management and internal control systems; the extent and frequency of communication with the Board in relation to results of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. The Board considers the Group's risk management and internal control systems are effective.

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	NOTES	Six months ended 30 June	
		2024 US\$ (Unaudited)	2023 US\$ (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	5	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)
Profit before tax		5,043,806	7,025,272
Income tax expense	6	(739,707)	(1,194,655)
Profit for the period	7	4,304,099	5,830,617
<b>Other comprehensive expense</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
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

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the six months ended 30 June 2024

	NOTES	Six months ended 30 June	
		2024 US\$ (Unaudited)	2023 US\$ (Unaudited)
Total comprehensive income/(expense) attributable to:			
Owners of the company		4,258,273	5,554,509
Non-controlling interests		–	(6,897)
		<b>4,258,273</b>	5,547,612
Earnings per share (US cents)	9		
– 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)
<b>Non-current assets</b>			
Plant and equipment	10	1,904,914	1,887,866
Right-of-use assets	11	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
<b>Total non-current assets</b>		<b>5,769,446</b>	6,411,494
<b>Current assets</b>			
Inventories		19,069,564	16,289,093
Trade receivables	12	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
<b>Total current assets</b>		<b>70,897,942</b>	82,684,999
<b>Current liabilities</b>			
Trade payables	13	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
<b>Total current liabilities</b>		<b>23,294,825</b>	34,773,472
<b>Net current assets</b>		<b>47,603,117</b>	47,911,527
<b>Total assets less current liabilities</b>		<b>53,372,563</b>	54,323,021

## Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2024

	NOTES	At 30 June 2024 US\$ (Unaudited)	At 31 December 2023 US\$ (Audited)
<b>Non-current liabilities</b>			
Lease liabilities		211,827	689,167
Deferred tax liabilities		76,784	76,784
Total non-current liabilities		288,611	765,951
<b>NET ASSETS</b>		<b>53,083,952</b>	53,557,070
<b>EQUITY</b>			
Share capital	14	820,640	820,640
Shares held under share award scheme		(467,311)	(471,956)
Reserves		52,730,623	53,208,386
<b>TOTAL EQUITY</b>		<b>53,083,952</b>	53,557,070

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Share capital US\$	Share premium US\$	Merger reserve US\$	Statutory reserve US\$ (Note 1)	Capital reserve US\$	Share held under share-award scheme US\$	Award shares compensation reserve US\$	Exchange reserve US\$	Retained profits US\$	Sub-Total US\$	Non-controlling interests US\$	Total US\$
At 1 January 2023 (Audited)	820,640	26,393,444	(13,295,621)	434,835	-	(171,023)	85,360	(766,607)	34,218,758	47,719,786	39,149	47,758,935
Profit for the period	-	-	-	-	-	-	-	-	5,836,729	5,836,729	(6,112)	5,830,617
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	(282,220)	-	(282,220)	(785)	(283,005)
Total comprehensive income for the period	-	-	-	-	-	-	-	(282,220)	5,836,729	5,554,509	(6,897)	5,547,612
Dividend recognised as distribution	-	-	-	-	-	-	-	-	(6,937,241)	(6,937,241)	-	(6,937,241)
Acquisition of non-controlling interests	-	-	-	-	5,557	-	-	-	-	5,557	(32,252)	(26,695)
Share held for share award scheme	-	-	-	-	-	-	67,209	-	-	67,209	-	67,209
At 30 June 2023 (Unaudited)	820,640	26,393,444	(13,295,621)	434,835	5,557	(171,023)	152,569	(1,048,827)	33,118,246	46,409,820	-	46,409,820
At 1 January 2024 (Audited)	820,640	26,393,444	(13,295,621)	434,835	5,559	(471,956)	109,417	(894,626)	40,455,378	53,557,070	-	53,557,070
Profit for the period	-	-	-	-	-	-	-	-	4,304,099	4,304,099	-	4,304,099
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	(45,826)	-	(45,826)	-	(45,826)
Total comprehensive income for the period	-	-	-	-	-	-	-	(45,826)	4,304,099	4,258,273	-	4,258,273
Dividend recognised as distribution	-	-	-	-	-	-	-	-	(4,866,761)	(4,866,761)	-	(4,866,761)
Vesting of shares under share award scheme	-	-	-	-	-	4,645	(4,645)	-	-	-	-	-
Recognition of share-based payment expense	-	-	-	-	-	-	135,370	-	-	135,370	-	135,370
Transfer to statutory reserve	-	-	-	59,013	-	-	-	-	(59,013)	-	-	-
At 30 June 2024 (Unaudited)	820,640	26,393,444	(13,295,621)	493,848	5,559	(467,311)	240,142	(940,452)	39,833,703	53,083,952	-	53,083,952

### Note:

- (i) According to the relevant laws of the People's Republic of China (the "PRC"), the Company's subsidiaries established in the PRC have to transfer 10% of their profits after taxation to the statutory reserve. The transfer to this reserve must be made before the distribution of a dividend to the equity owners. The transfer can cease when the balance of the reserve reaches 50% of the registered capital of the respective subsidiaries. The reserve can be applied either to set off accumulated losses or to increase capital.

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 US\$ (Unaudited)	2023 US\$ (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit before tax	5,043,806	7,025,272
<b>Adjustments for:</b>		
Finance costs	42,004	174,160
Interest income	(268,246)	(306,553)
Depreciation of plant and equipment	263,026	177,181
Depreciation of right-of-use assets	474,663	420,384
Amortization of intangible asset	49,082	49,082
Impairment loss on trade receivables, net	2,424,913	–
Share-based payment expenses	135,370	67,209
Fair value loss on derivative financial assets/liabilities	32,239	16,476
<b>Operating cash flow before movements in working capital</b>	<b>8,196,857</b>	<b>7,623,211</b>
Increase in inventories	(2,782,232)	(1,941,913)
Decrease/(increase) in trade receivables	3,703,041	(3,125,311)
Decrease in deposits, prepayments and other receivables	3,373,163	3,183,038
Increase in trade receivables at fair value through other comprehensive income	–	(5,714,125)
Decrease in trade payables	(5,342,535)	(2,594,859)
Increase/(decrease) in other payables and accruals	(1,824,694)	1,544,179
Increase/(decrease) in contract liabilities	(803,928)	485,731
<b>Cash generated from/(used in) operations</b>	<b>4,519,672</b>	<b>(540,049)</b>
Income tax paid	(4,154,057)	(307,909)
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>365,615</b>	<b>(847,958)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(202,329)	(59,401)
Interest received	268,246	306,553
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>65,917</b>	<b>247,152</b>



## Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 US\$ (Unaudited)	2023 US\$ (Unaudited)
<b>FINANCING ACTIVITIES</b>		
New bank borrowings raised	2,008,238	8,854,811
Repayment of trust receipt loans	–	(3,547,239)
Repayment of bank borrowings	(2,008,238)	(13,440,716)
Interest paid	(42,004)	(174,160)
Repayment of lease liabilities	(522,548)	(409,817)
Dividend paid	(4,866,761)	(6,937,121)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(5,431,313)</b>	<b>(15,654,242)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,999,781)</b>	<b>(16,255,048)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>18,120,388</b>	<b>23,523,515</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(29,728)</b>	<b>(237,896)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		
represented by bank balances and cash	13,090,879	7,030,571



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## 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, Kowloon.

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”).

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### 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.

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

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 US\$ (Unaudited)	2023 US\$ (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 <sup>#</sup>	473,314	1,395,749
Others	695,417	5,651,816
	<b>95,342,134</b>	100,207,524

<sup>#</sup> 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 Other Income

	Six months ended 30 June	
	2024 US\$ (Unaudited)	2023 US\$ (Unaudited)
Government grants	79,556	86,430
Interests on bank deposits	268,246	306,553
Dividend receivable	–	4,403
Others	8,597	8,497
	<b>356,399</b>	405,883

## 6 Income Tax Expense

	Six months ended 30 June	
	2024 US\$ (Unaudited)	2023 US\$ (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)
	<b>156,549</b>	26,672
Deferred tax	40,479	–
	<b>739,707</b>	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%).

## 6 Income Tax Expense (Continued)

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.

## 7 Profit for the Period

	Six months ended 30 June	
	2024 US\$ (Unaudited)	2023 US\$ (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

## 8 Dividends Paid

	Six months ended 30 June	
	2024 US\$ (Unaudited)	2023 US\$ (Unaudited)
Final, declared, of HK6 cents per ordinary share for 2023 (2022: HK8.5 cents per ordinary share)	<b>4,866,761</b>	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).

## 9 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 US\$ (Unaudited)	2023 US\$ (Unaudited)
<b>Earnings:</b> Profit for the purposes of calculating basic and diluted earnings per share	<b>4,304,099</b>	5,836,729

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

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

## 10 Plant and Equipment

During the current interim period, the Group incurred total expenditure of approximately US\$290,356 (six months ended 30 June 2023: approximately US\$154,554) on the acquisition of plant and equipment.

## 11 Right-of-use Assets

During the current interim period, the additions to right-of-use assets were US\$17,660 (six months ended 30 June 2023: Nil).

## 12 Trade Receivables

	At 30 June 2024 US\$ (Unaudited)	At 31 December 2023 US\$ (Audited)
Trade receivables – contracts with customers	37,107,101	40,810,198
Provision on trade receivables	(4,536,217)	(2,111,304)
	<b>32,570,884</b>	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 reporting period, based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2024 US\$ (Unaudited)	At 31 December 2023 US\$ (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
	<b>32,570,884</b>	38,698,894



### 13 Trade Payables

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

### 14 Share Capital

	At 30 June 2024 US\$ (Unaudited)	At 31 December 2023 US\$ (Audited)
Issued and fully paid		
639,100,000 Ordinary shares of HK\$0.01 each	<b>820,640</b>	820,640

## 15 Share-based Payment

### Share Option Scheme

The Company's Share Option Scheme was adopted pursuant to a resolution passed on 12 October 2019 for the primary purpose of providing incentives to directors and eligible employees, and will remain in force for 10 years from the Adoption Date.

As at 30 June 2024, there were no share options outstanding under the Share Option Scheme. No share options were granted, forfeited or exercised, or expired during the year ended 31 December 2023 and the Period Under Review. The total number of shares available for issue under the share option scheme is 64,000,000, representing approximately 10.0% of issued shares of the Company as at the date of this report.

The Group has no expense for the Period Under Review in relation to share options granted by the Company.

### Share Award Scheme

The Company operates a co-ownership share award scheme (the "Share Award Scheme"), which was adopted on 27 October 2021 and amended on 13 June 2023 for the purpose of recognising 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. A trustee, as an independent third party, was appointed by the Company for the administration of the Share Award Scheme. The trustee shall purchase the Company's shares from the market out of cash contributed by the Company and shall hold such shares in trust until they are vested to the participants in accordance to the rules of the Share Award Scheme.

No share has been purchased from the open market pursuant to the Scheme during the Period Under Review.

## 16 Capital Commitments

	<b>At 30 June 2024 US\$ (Unaudited)</b>	At 31 December 2023 US\$ (Audited)
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements	<b>96,354</b>	83,190

## 17 Pledge of Assets

As at 30 June 2024, there were no assets pledged to secure the Group's bank borrowing (31 December 2023: Nil).

## 18 Related Party Transactions

- (a) During the six months ended 30 June 2024, the Group entered into the following transactions with a related party:

Name of related parties	Nature of transactions	Six months ended 30 June	
		2024 US\$ (Unaudited)	2023 US\$ (Unaudited)
Calman Limited*	Rental expenses	38,364	31,870

\* The company is controlled by Mr. Bernard Szeto and Ms. Fong Tong, both are close family members of Mr. SZETO.

### (b) Compensation of key management personnel

The remuneration of key management personnel which represents the directors of the Company and key executives of the Group during the interim period was as follows:

	Six months ended 30 June	
	2024 US\$ (Unaudited)	2023 US\$ (Unaudited)
Salaries and other allowances	657,926	472,181
Performance related bonus	2,155,101	2,022,100
Retirement benefit scheme contributions	6,655	–
	<b>2,819,652</b>	<b>2,494,281</b>

Performance related bonus was determined with reference to the Group's revenue, operating results, individual performance and comparable market statistics.

The remuneration of directors and key executives is determined having regard to the performance of individuals and market trends.