



Luen Thai Holdings Limited

聯泰控股有限公司

(Incorporated in the Cayman Islands with limited liability) (Stock Code: 311)



2024 INTERIM REPORT

CONSOLIDATION & RESTRUCTURING



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EXECUTIVE DIRECTORS

WANG Weimin, *Chairman*
TAN Siu Lin, *Honorary Life Chairman*
TAN Cho Lung Raymond, *Chief Executive Officer*
ZHANG Min
JIN Xin

NON-EXECUTIVE DIRECTOR

FOK Yue San, Sandy (*appointed on 1 April 2024*)
MOK Siu Wan, Anne (*retired on 1 April 2024*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHAN Henry
WANG Ching
LEE Cheuk Yin, Dannis

CHIEF FINANCIAL OFFICER

CHIU Chi Cheung (*appointed on 1 January 2024*)
KORNBLUM Joerg (*resigned on 1 January 2024*)

COMPANY SECRETARY

CHAN Hiu Leong (*appointed on 1 January 2024*)
CHIU Chi Cheung (*resigned on 1 January 2024*)

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF LUEN THAI HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 3 to 39, which comprises the condensed consolidated statement of financial position of Luen Thai Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2024 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 28 August 2024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

| | Note | As at 30 June 2024 US\$'000 (Unaudited) | As at 31 December 2023 US\$'000 (Audited) |
|---|------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 98,845 | 105,203 |
| Right-of-use assets | 8 | 25,221 | 25,039 |
| Intangible assets | 7 | 43,897 | 44,231 |
| Interests in joint ventures and associates | 13 | 4,901 | 5,893 |
| Deferred income tax assets | | 3,138 | 3,455 |
| Deposits, prepayments and other receivables | 10 | 4,669 | 4,604 |
| Total non-current assets | | 180,671 | 188,425 |
| Current assets | | | |
| Inventories | 9 | 102,192 | 65,292 |
| Trade and other receivables | 10 | 143,872 | 141,170 |
| Prepaid income tax | | 4,378 | 4,330 |
| Derivative financial instruments | | 42 | — |
| Cash and bank balances | | 81,212 | 75,780 |
| Total current assets | | 331,696 | 286,572 |
| Total assets | | 512,367 | 474,997 |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 11 | 10,341 | 10,341 |
| Other reserves | 12 | (5,428) | (2,680) |
| Retained earnings | | 176,809 | 183,007 |
| | | 181,722 | 190,668 |
| Non-controlling interests | | 621 | 1,018 |
| Total equity | | 182,343 | 191,686 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2024

| | Note | As at 30 June 2024 US\$'000 (Unaudited) | As at 31 December 2023 US\$'000 (Audited) |
|--------------------------------------|------|---|---|
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings | 14 | — | 556 |
| Lease liabilities | | 19,407 | 19,930 |
| Retirement benefit obligations | | 3,618 | 7,730 |
| Deferred income tax liabilities | | 2,317 | 2,438 |
| Total non-current liabilities | | 25,342 | 30,654 |
| Current liabilities | | | |
| Trade and other payables | 15 | 129,516 | 99,801 |
| Borrowings | 14 | 164,006 | 142,099 |
| Lease liabilities | | 4,185 | 3,414 |
| Derivative financial instruments | | — | 52 |
| Current income tax liabilities | | 6,975 | 7,291 |
| Total current liabilities | | 304,682 | 252,657 |
| Total liabilities | | 330,024 | 283,311 |
| Total equity and liabilities | | 512,367 | 474,997 |

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

| | Note | Six-month period ended 30 June | |
|---|------|---------------------------------|---------------------------------|
| | | 2024 US\$'000 (Unaudited) | 2023 US\$'000 (Unaudited) |
| Revenue | 6 | 304,522 | 340,222 |
| Cost of sales | | (265,901) | (293,067) |
| Gross profit | | 38,621 | 47,155 |
| Other (loss)/gains – net | 16 | (17) | 1,363 |
| Selling and distribution expenses | | (809) | (666) |
| General and administrative expenses | | (40,356) | (41,792) |
| Provision for impairment of trade receivables | | (41) | – |
| Operating (loss)/profit | 17 | (2,602) | 6,060 |
| Finance income | 18 | 343 | 819 |
| Finance costs | 18 | (6,755) | (6,672) |
| Finance costs – net | 18 | (6,412) | (5,853) |
| Share of profits of joint ventures and associates – net | 13 | 360 | 308 |
| (Loss)/profit before income tax | | (8,654) | 515 |
| Income tax expense | 19 | (1,154) | (493) |
| (Loss)/profit for the period | | (9,808) | 22 |
| (Loss)/profit attributable to | | | |
| Owners of the Company | | (9,728) | 284 |
| Non-controlling interests | | (80) | (262) |
| | | (9,808) | 22 |
| (Loss)/earnings per share attributable to owners of the Company, expressed in US cents per share | | | |
| – Basic and diluted | 20 | (0.94) | 0.03 |

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

| | Six-month period ended 30 June | |
|---|---------------------------------------|--------------------|
| | 2024 | 2023 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Unaudited) |
| (Loss)/profit for the period | (9,808) | 22 |
| Other comprehensive income/(loss) | | |
| <i>Item that may be reclassified to profit or loss:</i> | | |
| Currency translation differences | 465 | (2,031) |
| Total comprehensive loss for the period | (9,343) | (2,009) |
| Total comprehensive loss attributable to: | | |
| Owners of the Company | (8,946) | (1,747) |
| Non-controlling interests | (397) | (262) |
| | (9,343) | (2,009) |

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

| | Unaudited | | | | | | |
|---|---------------------------------------|----------------|-------------------|----------------|--------------|---------------------------|--------------|
| | Attributable to owners of the Company | | | | | Non-controlling interests | Total equity |
| | Share Capital | Other reserves | Retained earnings | Total | Total | | |
| US\$'000 (Note 11) | US\$'000 (Note 12) | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | |
| Balance at 1 January 2024 | 10,341 | (2,680) | 183,007 | 190,668 | 1,018 | 191,686 | |
| Loss for the period | — | — | (9,728) | (9,728) | (80) | (9,808) | |
| Other comprehensive loss: | | | | | | | |
| Currency translation differences | — | 782 | — | 782 | (317) | 465 | |
| Total comprehensive loss for the period ended 30 June 2024 | — | 782 | (9,728) | (8,946) | (397) | (9,343) | |
| Total contributions by and distributions to owners of the Company, recognized directly in equity | | | | | | | |
| Transfer of accumulated remeasurements of defined benefits obligations to retained earnings upon settlement | — | (3,530) | 3,530 | — | — | — | |
| Balance at 30 June 2024 | 10,341 | (5,428) | 176,809 | 181,722 | 621 | 182,343 | |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

| | Unaudited | | | | | | |
|---|---------------------------------------|----------------|-------------------|----------|----------|---------------------------|--------------|
| | Attributable to owners of the Company | | | | | Non-controlling interests | Total equity |
| | Share Capital | Other reserves | Retained earnings | Total | Total | | |
| US\$'000 (Note 11) | US\$'000 (Note 12) | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | |
| Balance at 1 January 2023 | 10,341 | (883) | 191,786 | 201,244 | 1,177 | 202,421 | |
| Profit/(loss) for the period | – | – | 284 | 284 | (262) | 22 | |
| Other comprehensive loss: | | | | | | | |
| Currency translation differences | – | (2,031) | – | (2,031) | – | (2,031) | |
| Total comprehensive (loss)/income for the period ended 30 June 2023 | – | (2,031) | 284 | (1,747) | (262) | (2,009) | |
| Total contributions by and distributions to owners of the Company, recognized directly in equity | | | | | | | |
| Final dividend declared (Note 21) | – | – | (2,771) | (2,771) | – | (2,771) | |
| Balance at 30 June 2023 | 10,341 | (2,914) | 189,299 | 196,726 | 915 | 197,641 | |

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

| | Note | Six-month period ended 30 June | |
|--|------|---------------------------------|---------------------------------|
| | | 2024 US\$'000 (Unaudited) | 2023 US\$'000 (Unaudited) |
| Cash flows from operating activities | | | |
| Cash used in operations | | (2,752) | (3,081) |
| Interest paid | | (6,755) | (6,672) |
| Income tax paid | | (1,607) | (996) |
| Net cash used in operating activities | | (11,114) | (10,749) |
| Cash flows from investing activities | | | |
| Purchases of property, plant and equipment | 7 | (1,405) | (2,370) |
| Proceeds from disposals of a joint venture | | 1,029 | — |
| Proceeds from disposals of property, plant and equipment | | 257 | 137 |
| Interest received | | 343 | 819 |
| Net cash generated from/(used in) investing activities | | 224 | (1,414) |
| Cash flows from financing activities | | | |
| Net decrease in bank borrowings of trade finances arising from transferred receivables | | (866) | (1,130) |
| Net decrease in bank borrowings of other trade finance | | (2,800) | (1,225) |
| Proceeds from borrowings | | 48,082 | 23,659 |
| Repayments of borrowings | | (23,065) | (22,517) |
| Principal elements of lease payments | | (4,713) | (3,827) |
| Net cash generated/(used in) from financing activities | | 16,638 | (5,040) |
| Net increase/(decrease) in cash and bank balances | | 5,748 | (17,203) |
| Cash and bank balances at beginning of the period | | 75,780 | 93,952 |
| Exchange losses on cash and bank balances | | (316) | (917) |
| Cash and bank balances at end of the period | | 81,212 | 75,832 |

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Luen Thai Holdings Limited (the “Company”) is principally an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and trading of apparels and accessories. The Group has manufacturing plants primarily in the People’s Republic of China (the “PRC”), Cambodia, the Philippines, India and Myanmar.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and Rooms 1001-1005, 10/F, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong, respectively.

The Company has its primary listing on the Main Board of the Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in United States dollars (“US\$”), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 28 August 2024.

This condensed consolidated interim financial information has been reviewed, not audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six-month period ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by Luen Thai Holdings Limited during the interim reporting period.

Taxes on income in the six-month period ended are accrued using the tax rate that would be applicable to expected total annual earnings.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements, except for the adoption of amended standards and interpretation for the financial year ending 31 December 2024 as described below.

(a) Amended standards and interpretation relevant to and adopted by the Group

The following amended standards and interpretation have been adopted by the Group for the first time for the financial period beginning on or after 1 January 2024:

- Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
- Hong Kong Interpretation 5 (Revised) – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
- Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback
- Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements

These amended standards and interpretation have no material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

The Group has not adopted any other new accounting standards and other amendments to existing standards and interpretation that are not yet effective for this interim period.

3 ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards and interpretation not yet adopted by the Group

Certain new standards and amendments to existing standards and interpretation have been published but are not effective for the financial year beginning on or after 1 January 2025 reporting periods and have not been early adopted by the Group.

- Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability
- Amendments to HKFRS 9 and HKFRS 7 – Amendments to the Classification and Measurement of Financial Instruments
- HKFRS 18 – Presentation and Disclosure in Financial Statements
- HKFRS 19 – Subsidiaries without Public Accountability: Disclosures
- Amendments to Hong Kong Interpretation 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
- Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group will apply the above new standards and amendments to existing standards and interpretation when they become effective.

The new standard and amendments to existing standards and interpretation are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4 ESTIMATES

The preparation of this condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2023.

There have been no changes in the risk management policies since 31 December 2023.

5.2 Fair value estimation

The table below analyzes the Group's financial instruments that are carried at fair value, by valuation method, as at 30 June 2024 and 31 December 2023. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (level 3)

| | Level 1 US\$'000 | Level 2 US\$'000 | Level 3 US\$'000 | Total US\$'000 |
|--|---------------------|---------------------|---------------------|-------------------|
|--|---------------------|---------------------|---------------------|-------------------|

As at 30 June 2024

Assets

| | | | | |
|----------------------------------|---|----|---|----|
| Derivative financial instruments | – | 42 | – | 42 |
|----------------------------------|---|----|---|----|

As at 31 December 2023

Liabilities

| | | | | |
|----------------------------------|---|----|---|----|
| Derivative financial instruments | – | 52 | – | 52 |
|----------------------------------|---|----|---|----|

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Fair value estimation (Continued)

There were no changes in valuation techniques during the period ended 30 June 2024.

Level 2 financial instruments comprise forward foreign exchange contracts. Forward foreign exchange contracts are fair valued using forward exchange rates that are quoted in an active market. The effects of discounting are generally insignificant for level 2 derivatives.

5.3 Liquidity risk

Compared to year end, there have been no material changes to the policies and practices for the Group's liquidity and funding risks management as described in the annual financial statements for the year ended 31 December 2023.

6 SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and trading of apparels and accessories. Revenue consists of sales revenue from apparel and accessories.

The executive directors have been identified as the Group's chief operating decision maker. The executive directors have determined the operating segments based on the information reviewed by them that are used to make strategic decisions. The executive directors exclude certain one-off items that might not occur regularly and which introduce volatility into the results of the segment.

6 SEGMENT INFORMATION (CONTINUED)

The executive directors assess the performance of each segment based on a measure of segment profit/(loss) primarily. Assets and liabilities of the Group are regularly reviewed on a consolidated basis. The segment information provided to the executive directors for the reportable segments for the six-month period ended 30 June 2024 and 2023 is as follows:

| | Apparel US\$'000 (Unaudited) | Accessories US\$'000 (Unaudited) | Group Total US\$'000 (Unaudited) |
|---|------------------------------------|--|--|
| Six-month period ended 30 June 2024 | | | |
| Revenue (from external customers) | 183,362 | 121,160 | 304,522 |
| Revenue recognized under HKFRS15 | | | |
| – At a point in time | 183,336 | 120,943 | 304,279 |
| Rental income recognized under HKFRS16 | 26 | 217 | 243 |
| | 183,362 | 121,160 | 304,522 |
| Segment (loss)/profit for the period | (9,635) | 5,277 | (4,358) |
| (Loss)/profit for the period includes: | | | |
| Depreciation and amortization | (6,313) | (3,824) | (10,137) |
| Share of profits of joint ventures and associates – net | 360 | – | 360 |
| Income tax expense (<i>Note 19</i>) | (1,007) | (147) | (1,154) |

6 SEGMENT INFORMATION (CONTINUED)

| | Apparel US\$'000 (Unaudited) | Accessories US\$'000 (Unaudited) | Group Total US\$'000 (Unaudited) |
|--|------------------------------------|--|--|
| Six-month period ended 30 June 2023 | | | |
| Revenue (from external customers) | 216,799 | 123,423 | 340,222 |
| Revenue recognized under HKFRS15 | | | |
| – At a point in time | 216,573 | 123,129 | 339,702 |
| Rental income recognized under HKFRS16 | 226 | 294 | 520 |
| | 216,799 | 123,423 | 340,222 |
| Segment (loss)/profit for the period | (7,160) | 10,496 | 3,336 |
| (Loss)/profit for the period includes: | | | |
| Depreciation and amortization | (6,058) | (4,517) | (10,575) |
| Share of profits of joint ventures and associates – net | 308 | – | 308 |
| Income tax expense (<i>Note 19</i>) | (432) | (61) | (493) |

The revenue from external parties is derived from numerous external customers and the revenue reported to management is measured in a manner consistent with that in the condensed consolidated statement of profit or loss. Management assesses the performance of the operating segments based on a measure of profit before corporate expenses for the period.

6 SEGMENT INFORMATION (CONTINUED)

A reconciliation of total segment profit to the profit for the period is provided as follows:

| | Six-month period ended 30 June | |
|--------------------------------------|---------------------------------------|--------------------|
| | 2024 | 2023 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Unaudited) |
| Segment (loss)/profit for the period | (4,358) | 3,336 |
| Corporate expenses (<i>Note</i>) | (5,450) | (3,314) |
| (Loss)/profit for the period | (9,808) | 22 |

Note: Corporate expenses represent general corporate expenses such as executive salaries and other unallocated general and administrative expenses and losses incurred by corporate investments.

| | Six-month period ended 30 June | |
|--|---------------------------------------|--------------------|
| | 2024 | 2023 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Unaudited) |
| Analysis of revenue by category | | |
| Sales of garment, textile products and accessories | 299,592 | 335,102 |
| Other revenue | 4,930 | 5,120 |
| Total revenue | 304,522 | 340,222 |

7 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

| | Intangible assets | | | | Total US\$'000 (Unaudited) |
|--|-------------------------|-------------------------|-------------------------|-------------------------------|----------------------------------|
| | Goodwill | Customer relationship | Total intangible assets | Property, plant and equipment | |
| | US\$'000 (Unaudited) | US\$'000 (Unaudited) | US\$'000 (Unaudited) | US\$'000 (Unaudited) | |

Six-month period ended 30 June 2024

| | | | | | |
|--|--------|-------|--------|---------|---------|
| Opening net book amount as at | | | | | |
| 1 January 2024 | 42,320 | 1,911 | 44,231 | 105,203 | 149,434 |
| Additions | – | – | – | 1,405 | 1,405 |
| Disposals and write-off | – | – | – | (313) | (313) |
| Depreciation and amortization (<i>Note 17</i>) | – | (334) | (334) | (7,271) | (7,605) |
| Exchange differences | – | – | – | (179) | (179) |
| Closing net book amount as at | | | | | |
| 30 June 2024 | 42,320 | 1,577 | 43,897 | 98,845 | 142,742 |

Six-month period ended 30 June 2023

| | | | | | |
|--|--------|-------|--------|---------|---------|
| Opening net book amount as at | | | | | |
| 1 January 2023 | 42,320 | 2,579 | 44,899 | 117,726 | 162,625 |
| Additions | – | – | – | 2,370 | 2,370 |
| Disposals and write-off | – | – | – | (99) | (99) |
| Depreciation and amortization (<i>Note 17</i>) | – | (334) | (334) | (8,236) | (8,570) |
| Exchange differences | – | – | – | (320) | (320) |
| Closing net book amount as at | | | | | |
| 30 June 2023 | 42,320 | 2,245 | 44,565 | 111,441 | 156,006 |

7 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment tests for goodwill

Goodwill is monitored by management at the level of the two cash-generating units ("CGUs") of Apparel and Accessories as consistently being identified in Note 9 of the annual financial statements for the year ended 31 December 2023.

The following is a summary of goodwill allocation to each of the two CGUs.

| | US\$'000 (Unaudited) |
|---------------------------|---------------------------------------|
| As at 30 June 2024 | |
| Apparel | 33,952 |
| Accessories | 8,368 |
| | 42,320 |

In accordance with HKAS 36 "Impairment of Assets", goodwill is required to be tested for impairment at least annually, or more frequently if there are indications of potential impairment. If the carrying value of the goodwill exceeds its recoverable amount (i.e., the higher of its fair value less costs of disposal and its value in use), an impairment loss is recognized.

During the six-month period ended 30 June 2024, the Group has identified certain indications of potential impairment from information gathered externally (decline in the performance of certain of its key customers) and internally (significant decrease in the budgeted gross profit margin in the current period) for the Apparel and Accessories CGUs. The Group has therefore updated the value-in-use calculation and recalculated the recoverable amount of the Apparel and Accessories CGUs as at 30 June 2024.

The recoverable amount of Apparel and Accessories CGUs was determined based on value-in-use calculation, consistent with the method used as at 31 December 2023. For details see Note 9 of our annual financial statements for the year ended 31 December 2023. Based on the value-in-use calculation, the recoverable amounts of the Apparel and Accessories CGUs are higher than their respective carrying amounts. Accordingly, no impairment loss is to be recognized.

7 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment tests for goodwill (Continued)

The following table sets out the key assumptions for the Apparel and Accessories CGUs where the impairment calculations were updated as at 30 June 2024:

| | As at 30 June 2024 | | As at 31 December 2023 | |
|-----------------------------|----------------------------|------------------------|--------------------------|----------------------|
| | Accessories (Unaudited) | Apparel (Unaudited) | Accessories (Audited) | Apparel (Audited) |
| Average revenue growth | 9.315% | 9.609% | 9.200% | 7.840% |
| Average gross profit margin | 19.7% | 13.9% | 19.8% | 14.5% |
| Terminal growth rate | 2.0% | 2.0% | 2.0% | 2.0% |
| Discount rate | 16.0% | 17.0% | 16.0% | 17.0% |

In the Apparel CGU, the recoverable amount calculated based on updated value in use exceeded the carrying amount by US\$3,413,000. A fall in annual revenue growth rate to 9.604%, a gross profit margin to 13.6%, a fall in long-term growth rate to 1.4% or a rise in discount rate to 17.4%, all changes taken in isolation, would remove the remaining headroom.

In the Accessories CGU, the recoverable amount calculated based on updated value in use exceeded the carrying amount by US\$6,310,000. A fall in annual revenue growth rate to 9.249%, a gross profit margin to 19.4%, a fall in long-term growth rate to 0.6% or a rise in discount rate to 16.9%, all changes taken in isolation, would remove the remaining headroom.

8 LEASES

This note provides information for leases where the Group is a lessee.

| | Land and properties US\$'000 (Unaudited) | Land use rights US\$'000 (Unaudited) | Total US\$'000 (Unaudited) |
|---------------------------------|---|---|----------------------------------|
| Right-of-use assets | | | |
| As at 1 January 2024 | 20,057 | 4,982 | 25,039 |
| Additions | 3,138 | — | 3,138 |
| Disposal | (49) | — | (49) |
| Depreciation (<i>Note 17</i>) | (2,640) | (126) | (2,766) |
| Exchange differences | (140) | (1) | (141) |
| As at 30 June 2024 | 20,366 | 4,855 | 25,221 |
| Right-of-use assets | | | |
| | Land and properties US\$'000 (Unaudited) | Land use rights US\$'000 (Unaudited) | Total US\$'000 (Unaudited) |
| As at 1 January 2023 | 25,206 | 5,238 | 30,444 |
| Additions | 310 | — | 310 |
| Disposal | (34) | — | (34) |
| Depreciation (<i>Note 17</i>) | (2,736) | (126) | (2,862) |
| Exchange differences | (103) | (9) | (112) |
| As at 30 June 2023 | 22,643 | 5,103 | 27,746 |

8 LEASES (CONTINUED)

(i) Amounts recognized in the consolidated statement of financial position:

| | As at 30 June 2024 US\$'000 (Unaudited) | As at 31 December 2023 US\$'000 (Audited) |
|---|---|---|
| Lease liabilities | | |
| Current | 4,185 | 3,414 |
| Non-current | 19,407 | 19,930 |
| | 23,592 | 23,344 |
| | | |
| | Six-month period ended 30 June 2024 US\$'000 (Unaudited) | 2023 US\$'000 (Unaudited) |
| Interest expenses arisen from lease liabilities from related companies (Note 22(a)) | 66 | 66 |
| Interest expense on lease liabilities with third parties | 809 | 820 |
| Expense relating to short-term leases (included in cost of sales and general administrative expenses) | 631 | 343 |
| Depreciation expenses of right-of-use assets (Note 24) | 2,766 | 2,862 |

The total cash outflow for leases for the six-month period end 30 June 2024 was US\$5,344,000 (2023: US\$4,170,000).

9 INVENTORIES

| | As at 30 June 2024 US\$'000 (Unaudited) | As at 31 December 2023 US\$'000 (Audited) |
|------------------|---|---|
| Raw materials | 46,808 | 33,670 |
| Work-in-progress | 47,204 | 27,158 |
| Finished goods | 8,180 | 4,464 |
| | 102,192 | 65,292 |

10 TRADE AND OTHER RECEIVABLES

| | As at 30 June 2024 US\$'000 (Unaudited) | As at 31 December 2023 US\$'000 (Audited) |
|--|---|---|
| Current portion | | |
| Trade receivables (<i>Note</i>) | 89,295 | 83,812 |
| Less: loss allowances | (4,586) | (4,545) |
| Trade receivables – net | 84,709 | 79,267 |
| Amounts due from related parties (<i>Note 22(c)</i>) | 18,725 | 20,620 |
| Less: loss allowances | (119) | (119) |
| Amounts due from related parties – net | 18,606 | 20,501 |
| Deposits, prepayments and other receivables | 23,834 | 24,679 |
| Indemnified assets (<i>Note 15(i)</i>) | 16,723 | 16,723 |
| | 143,872 | 141,170 |
| Non-current portion | | |
| Deposits | 2,232 | 2,145 |
| Others | 2,437 | 2,459 |
| | 4,669 | 4,604 |

10 TRADE AND OTHER RECEIVABLES (CONTINUED)

Note: The Group normally grants credit terms to its customers up to 120 days. The ageing analysis of the trade receivables based on invoice date is as follows:

| | As at 30 June 2024 US\$'000 (Unaudited) | As at 31 December 2023 US\$'000 (Audited) |
|----------------|--|---|
| 0 to 30 days | 67,681 | 49,228 |
| 31 to 60 days | 11,482 | 17,708 |
| 61 to 90 days | 3,027 | 9,372 |
| 91 to 120 days | 604 | 2,587 |
| Over 120 days | 6,501 | 4,917 |
| | 89,295 | 83,812 |

11 SHARE CAPITAL

| | Number of shares '000 | Nominal value US\$'000 |
|---|--------------------------------------|-----------------------------------|
| Issued and fully paid – ordinary shares of US\$0.01 each As at 31 December 2023 (audited) and 30 June 2024 (unaudited) | 1,034,113 | 10,341 |

12 OTHER RESERVES

| | Capital Reserve (Note (i)) US\$'000 (Unaudited) | Other capital reserves (Note (ii)) US\$'000 (Unaudited) | Employment benefit reserve US\$'000 (Unaudited) | Exchange reserve US\$'000 (Unaudited) | Total US\$'000 (Unaudited) |
|--|--|--|---|---|----------------------------------|
| As at 1 January 2024 | 7,891 | (2,795) | 4,602 | (12,378) | (2,680) |
| Transfer of accumulated remeasurements of defined benefits obligations to retained earnings upon settlement | – | – | (3,530) | – | (3,530) |
| Currency translation differences | – | – | (60) | 842 | 782 |
| As at 30 June 2024 | 7,891 | (2,795) | 1,012 | (11,536) | (5,428) |
| As at 1 January 2023 | 7,891 | (2,795) | 5,840 | (11,819) | (883) |
| Currency translation differences | – | – | 113 | (2,144) | (2,031) |
| As at 30 June 2023 | 7,891 | (2,795) | 5,953 | (13,963) | (2,914) |

Notes:

- (i) The capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Initial Public Offerings (“IPO”) reorganization and the nominal value of the Company’s shares issued in exchange thereof.
- (ii) Other capital reserves primarily represent (i) the initial recognition of the financial liabilities in relation to the put options granted to the non-controlling interests and the subsequent derecognition of such financial liabilities upon the put options are exercised, expired or terminated; and (ii) the difference between the amount by which the non-controlling interests are acquired and the fair value of the consideration paid.

13 INTERESTS IN JOINT VENTURES AND ASSOCIATES

| | As at 30 June 2024 US\$'000 (Unaudited) | As at 31 December 2023 US\$'000 (Audited) |
|--|--|---|
| Interests in joint ventures and associates | 4,901 | 5,893 |

The movement of interests in joint ventures and associates is provided as follows:

| | Six-month period ended 30 June | |
|--|--|---------------------------------|
| | 2024 US\$'000 (Unaudited) | 2023 US\$'000 (Unaudited) |
| Beginning of the period | 5,893 | 6,231 |
| Share of post-tax profits of joint ventures and associates, net | 303 | 251 |
| Realization of unrealized profit from trademark licensing income to an associate | 57 | 57 |
| Disposal of a joint venture | (1,352) | – |
| End of the period | 4,901 | 6,539 |

14 BORROWINGS

| | As at 30 June 2024 US\$'000 (Unaudited) | As at 31 December 2023 US\$'000 (Audited) |
|-------------------------|--|---|
| Non-current | | |
| Bank borrowings | | |
| – Term loans | – | 556 |
| | – | 556 |
| Current | | |
| Bank borrowings | | |
| – Term loans | 137,008 | 111,157 |
| – Trade finances | 26,998 | 30,942 |
| | 164,006 | 142,099 |
| Total borrowings | 164,006 | 142,655 |
| Non-current borrowings | | |
| Unsecured | – | 556 |
| Current borrowings | | |
| Secured | 2,425 | 5,188 |
| Unsecured | 161,581 | 136,911 |
| | 164,006 | 142,655 |

15 TRADE AND OTHER PAYABLES

| | As at 30 June 2024 US\$'000 (Unaudited) | As at 31 December 2023 US\$'000 (Audited) |
|--|--|---|
| Trade payables | 66,421 | 44,485 |
| Contract liabilities | 136 | 106 |
| Other taxes payables | 10,359 | 9,038 |
| Accrued wages and salaries | 18,231 | 16,023 |
| Contingent liabilities (<i>Note i</i>) | 16,723 | 16,723 |
| Amounts due to related parties (<i>Note 22(c)</i>) | 1,477 | 680 |
| Others | 16,169 | 12,746 |
| Trade and other payables | 129,516 | 99,801 |

As at 30 June 2024 and 31 December 2023, the ageing analysis of the trade payables based on invoice date is as follows:

| | As at 30 June 2024 US\$'000 (Unaudited) | As at 31 December 2023 US\$'000 (Audited) |
|---------------|--|---|
| 0 to 30 days | 54,994 | 35,617 |
| 31 to 60 days | 5,093 | 3,527 |
| 61 to 90 days | 3,296 | 2,023 |
| Over 90 days | 3,038 | 3,318 |
| | 66,421 | 44,485 |

15 TRADE AND OTHER PAYABLES (CONTINUED)

Note:

- (i) The Group has contingent liabilities regarding potential exposures to import duties, taxes and penalties in various overseas countries with aggregated amounts of approximately US\$21,112,000 as at 30 June 2024 (31 December 2023: Same).

Among the abovementioned contingent liabilities, US\$5,504,000 was recognized upon business combination of Universal Elite Holdings Limited ("Universal") and its subsidiaries in October 2018. Pursuant to the agreement for sale and purchase of the shares in Universal, such taxation claim in relation to periods prior to October 2018 will be indemnified entirely by the sellers. Accordingly, the Group has recognized an indemnification asset of US\$5,504,000 as at the acquisition date.

During the year end 31 December 2022, one subsidiary of Universal has paid the IRD an amount of US\$22,000 to settle a tax case related to periods prior to the acquisition. The amount has been recovered from the previous owners in full. Accordingly, the amounts of contingent liability and indemnified assets have been reduced to US\$5,482,000 during the year ended 31 December 2022. As at 30 June 2024, the amounts of the contingent liability and the indemnified asset in relation to the acquisition of Universal remained unchanged.

Also, a contingent liability of US\$11,461,000 was recognized upon business combination of Sachio Investments Limited ("Sachio") and its subsidiary in April 2020. Pursuant to the agreement for sale and purchase of the shares in Sachio, such taxation claim in relation to periods prior to April 2020 will be indemnified entirely by the sellers. Accordingly, the Group has recognized an indemnification asset of US\$11,461,000 as at the acquisition date.

During the year ended 31 December 2022, the subsidiary of Sachio has paid the Cambodia tax authority a total amount of US\$220,000 on cases related to periods prior to the acquisition. The amount has been recovered from the previous owner in full. Accordingly, the amounts of contingent liability and indemnified assets have been reduced to US\$11,241,000. As at 30 June 2024, the amounts of the contingent liability and the indemnified asset in relation to the acquisition of Sachio remained unchanged.

16 OTHER (LOSS)/GAINS – NET

| | Six-month period ended 30 June | |
|---------------------------------------|--------------------------------|-------------|
| | 2024 | 2023 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Unaudited) |
| Fair value gains on derivatives – net | 244 | 57 |
| Net foreign exchange gains | 62 | 1,306 |
| Loss on disposal of a joint venture | (323) | – |
| | (17) | 1,363 |

17 OPERATING (LOSS)/PROFIT

The following items have been charged/(credited) to the operating profit during the period:

| | Six-month period ended 30 June | |
|---|--------------------------------|-------------|
| | 2024 | 2023 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Unaudited) |
| Amortization of intangible assets <i>(Note 7)</i> | 334 | 334 |
| Depreciation of property, plant and equipment <i>(Note 7)</i> | 7,271 | 8,236 |
| Depreciation of right-of-use assets <i>(Note 8)</i> | 2,766 | 2,862 |
| Losses/(gains) on disposals of property, plant and equipment | 56 | (38) |
| Provision for impairment of trade receivables | 41 | – |
| Reversal of provision for inventory obsolescence | – | (763) |
| Provision for material claims | 709 | 858 |
| Restructuring cost | 3,864 | – |

18 FINANCE COSTS – NET

| | Six-month period ended 30 June | |
|--|--------------------------------|-------------|
| | 2024 | 2023 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Unaudited) |
| Interest expenses arisen from lease liabilities from related companies (<i>Note 22(a)</i>) | (66) | (66) |
| Interest expense on lease liabilities with third parties | (809) | (820) |
| Interest expense on bank loans and overdrafts | (5,880) | (5,786) |
| Finance costs | (6,755) | (6,672) |
| Interest income from bank deposits | 328 | 406 |
| Interest income from amounts due from a joint venture (<i>Note 22(a)</i>) | 15 | 411 |
| Other interest income | – | 2 |
| Finance income | 343 | 819 |
| Finance costs – net | (6,412) | (5,853) |

19 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2023: Same) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

| | Six-month period ended 30 June | |
|---------------------|---------------------------------------|-------------|
| | 2024 | 2023 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Unaudited) |
| Current income tax | 1,243 | 859 |
| Deferred income tax | (89) | (366) |
| | 1,154 | 493 |

Notes:

- (i) The Inland Revenue Department ("IRD") has been reviewing the eligibility of a Hong Kong incorporated subsidiary's 50% or 100% offshore profits claim for previous years.

In respect of the Hong Kong incorporated subsidiary, the IRD tentatively disallowed the 50% or 100% offshore profits claim for the previous years and issued notices of additional assessments/assessments for the years of assessment 2000/01 to 2014/15 on the basis of no 50:50 apportionment for 2000/01 to 2011/12 and no 100% offshore profit for 2012/13 to 2014/15 with the amount of US\$3,820,000 (equivalent to HK\$29,797,000).

The subsidiary has lodged objections against the above assessments for 2000/01 to 2014/15 by the statutory deadlines. Since the subsidiary was in loss position (or net loss after setting off the loss brought forward) for 2015/16 and 2016/17, no protective assessment was issued for these years. The tax provisions made as at 30 June 2024 for the years of assessment 2000/01 to 2021/22 were approximately US\$811,000 (equivalent to HK\$6,323,000). Pending settlement of the objections, it has paid a total sum of US\$3,695,000 (equivalent to HK\$28,823,000) in the form of tax reserve certificates in respect of the tax in dispute up to the year of assessment 2014/15.

Management has thoroughly revisited the situations and concluded that there are grounds for the Hong Kong incorporated subsidiary to sustain its 50% or 100% offshore tax filing position. Management considers the tax provisions made in relation to the abovementioned case to be adequate but not excessive as at 30 June 2024.

19 INCOME TAX EXPENSE (CONTINUED)

Notes: (Continued)

- (ii) During the year ended 31 December 2019, the Group entered into an agreement with an independent third party to dispose of certain of its subsidiaries. The disposed subsidiaries were engaged in the investment holdings, manufacturing and trading of accessories and leasing of the properties. The disposal resulted in an indirect transfer of a Chinese company, which was captured under Public Notice [2015] No.7 ("Public Notice 7"), the supplementary notice of Circular 698 issued by the PRC State Taxation Administration, of which any capital gain from the transaction was subject to withholding income tax ("WIT") at 10%.

At the date of disposal, there was a receivable balance on book of the disposed subsidiary. Management considers that there were sufficient supporting documents to substantiate the nature and amount and therefore this receivable balance could be excluded from WIT calculation and there will be no capital gain from the disposal transaction. The case is currently under review by the in-charge tax authority and there is no final assessment as at 30 June 2024. Management assessed that the maximum WIT exposure to be approximately RMB10,005,000 (equivalent to US\$1,533,000). Despite the uncertain outcomes of the above case, management has provided for the abovementioned amount in full and considers that such provision to be sufficient but not excessive as at 30 June 2024.

- (iii) Certain Cambodia incorporated subsidiaries of the Group have been under tax audits by the local tax authority since the year ended 31 December 2016. According to management's experience, the tax audits have been carried out by the local tax authority on a routine basis. On a case-by-case basis, management will determine whether or not to make provision, depending on the expected outcomes of the tax audits. They consider the provisions as at 30 June 2024 to be adequate but not excessive.
- (iv) The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Vietnam and became effective from 1 January 2024. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in July 2023. Under the Pillar Two legislation enacted in Vietnam, the Group is expected to be liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate. The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Based on the current assessment, the application of the Pillar Two legislation in Vietnam is not expected to affect the group's annual effective tax rate in 2024. The above assessment has been conducted based on data available for the Group only, the actual calculation at the ultimate parent group level may lead to different results. The Group will continue to assess the exposure to the Pillar Two legislation for when it comes into effect in other jurisdictions.

20 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

| | Six-month period ended 30 June | |
|---|---------------------------------------|-------------|
| | 2024 | 2023 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Unaudited) |
| (Loss)/profit attributable to owners of the Company (US\$'000) | (9,728) | 284 |
| Weighted average number of ordinary shares in issue (thousands) | 1,034,113 | 1,034,113 |
| Basic (loss)/earnings per share (US cents per share) | (0.94) | 0.03 |

(b) Diluted

Diluted (loss)/earnings per share for the six-month period ended 30 June 2024 and 2023 are the same as the basic (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding during the periods.

21 DIVIDENDS

(a) Dividends recognized during the reporting period

| | Six-month period ended 30 June | |
|--|--------------------------------|-------------|
| | 2024 | 2023 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Unaudited) |
| Final dividend Nil (2022: US0.268 cent or HK2.10 cents) per ordinary share for the year ended 31 December 2023 | — | 2,771 |

No interim dividend was declared by the Board of Directors for the six-month periods ended 30 June 2024 and 2023.

22 RELATED-PARTY TRANSACTIONS AND BALANCES

(a) Significant transactions with related parties

The directors regard the immediate holding company of the Company to be Shangtex (Hong Kong) Limited, a company incorporated in Hong Kong, and the ultimate holding company of the Company to be Shangtex Holding Co., Ltd, a company incorporated in the PRC which indirectly holds 100% interest in Shangtex (Hong Kong) Limited.

During the period, other than the transactions and balances with related parties as disclosed in respective notes in this condensed consolidated interim financial information, the Group had the following transactions with related companies and joint ventures.

22 RELATED-PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Significant transactions with related parties (Continued)

(i) Provision of goods and services

| | Six-month period ended 30 June | |
|---|--------------------------------|-------------|
| | 2024 | 2023 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Unaudited) |
| Recharge of material costs and other expenses to | | |
| – related companies | 96 | 100 |
| – joint ventures | 7,078 | 1,514 |
| | 7,174 | 1,614 |
| Sales of apparels, textile products and accessories to | | |
| – related companies | 34,185 | 25,022 |
| – joint ventures | – | 726 |
| | 34,185 | 25,748 |
| Management fee income from joint ventures | 1,559 | 1 |
| Interest income from amounts due from joint ventures (<i>Note 18</i>) | 15 | 411 |

22 RELATED-PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Significant transactions with related parties (Continued)

(ii) Purchases of goods and services

| | Six-month period ended 30 June | |
|---|--------------------------------|-------------|
| | 2024 | 2023 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Unaudited) |
| Interest expenses arisen from lease liabilities from related companies (Note 18) | 66 | 66 |
| Professional and technological support service fees to related companies | 960 | 980 |
| Freight forwarding and logistics services charged by related companies | 979 | 834 |
| Subcontracting fees charged by joint ventures | 3,466 | 1,641 |
| Recharge of material costs and other expenses by | | |
| – related companies | 73 | 445 |
| – joint ventures | 1,806 | 1,871 |
| | 1,879 | 2,316 |
| Purchases of goods from joint ventures | 11,967 | 22,918 |
| Management fee income to joint ventures | 1,042 | 1,721 |

The above related-party transactions were carried out in accordance with the terms mutually agreed between the respective parties.

22 RELATED-PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Key management compensation

| | Six-month period ended 30 June | |
|-------------------------|--------------------------------|-------------|
| | 2024 | 2023 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Unaudited) |
| Salaries and allowances | 873 | 867 |
| Others | 425 | 671 |
| | 1,298 | 1,538 |

(c) Balances with related parties

(i) Amounts due from/to related parties arising from sales and purchases of goods and services or loans

| | As at | As at |
|---|---------------|-------------|
| | 30 June | 31 December |
| | 2024 | 2023 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Audited) |
| Amounts due from related parties (Note 10) | | |
| – joint ventures | 10,207 | 13,106 |
| – associates | 677 | 678 |
| – related companies | 7,841 | 6,836 |
| | 18,725 | 20,620 |
| Amounts due to related parties (Note 15) | | |
| – joint ventures | 651 | 50 |
| – related companies | 826 | 630 |
| | 1,477 | 680 |

22 RELATED-PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Balances with related parties (Continued)

(i) *Amounts due from/to related parties arising from sales and purchases of goods and services or loans (Continued)*

As at 30 June 2024 and 31 December 2023, the amounts due from joint ventures include US\$8,241,790 financial supports to a joint venture in the form of shareholder loans. The amount due from an associate also includes a shareholder loan of US\$480,000 (31 December 2023: Same) financial supports to an associate. These loans are unsecured and bear an interest rate of 1.25% plus the Hong Kong Interbank Offered Rate per annum. The remaining amounts due from joint ventures, and related companies arise mainly from trade transactions. They are unsecured, interest-free and repayable on demand in accordance with credit terms.

The amounts due to joint ventures and related companies are unsecured, interest-free and repayable on demand. The carrying amounts of these balances approximate their fair values and are denominated in US\$.

(ii) *Period-end balances arising from leases*

| | As at 30 June 2024 US\$'000 (Unaudited) | As at 31 December 2023 US\$'000 (Audited) |
|--|--|---|
| Lease liabilities from leases with related parties | 1,024 | 1,542 |

The board (the “Board”) of directors (the “Directors”) of Luen Thai Holdings Limited (the “Company”) is pleased to present the interim report together with the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively, the “Group” or “Luen Thai”) for the six-month period ended 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS AND OVERVIEW

In the first half of 2024, global inflationary pressure has been reduced by a certain extent with the tighter monetary policy of the major central banks across the world. Global headline inflation is forecast to decline steadily, from an annual average of 6.8% in 2023 to 5.9% in full year of 2024, with advanced economies returning to their inflation targets sooner than emerging markets and developing economies. The world economy continued to grow at a steady pace of 3.2%, although this growth is below the historical annual average of 3.8% for the years 2000 to 2019.

Despite consecutive improvements in certain macroeconomic indicators, consumer confidence remained fragile due to complex geopolitical environment. With the Russia-Ukraine war continuing with no sign of subsiding, the global supply chains have been stricken by the consecutive sanctions imposed by European countries and the United States of America (“USA”) against Russia, causing a sluggish global economic recovery. The continuation of Israeli military action in Gaza has also further heated up the geopolitics of the region.

Against the aforementioned backdrop, the Group’s revenue decreased by approximately 10.5% to approximately US\$304,522,000 for the six months ended 30 June 2024. Such decrease in revenue was mainly attributable to reduction in orders from the Group’s customers caused by various factors, including but not limited to: (i) missed shipment and shipment delays caused by freight unavailability and compliance with customs laws and regulations in the USA, our major market; and (ii) inventory gluts for certain major customers of the Group which caused them to scale back their manufacturing orders. In line with the frail sales performance, the gross profit of the Group declined substantially by approximately US\$8,534,000 from approximately US\$47,155,000 to approximately US\$38,621,000.

The Group incurred one-off general and administrative expenses in an aggregate amount of approximately US\$3,900,000 during the six months ended 30 June 2024, which was primarily caused by severance payments paid by the Group to former employees who were laid-off pursuant to the management decision to reduce operating costs for the Group’s manufacturing plants in the longer run in view of the reduction in orders mentioned above, as well as legal costs and expenses incurred relating to compliance with customs laws and regulations in the USA.

Interest hikes had been suspended by the Federal Reserve of the USA since July 2023, but the interest rates remain at a historical high. As a consequence, the net finance cost of the Group increased by approximately 9.6% to approximately US\$6,412,000 for the six months ended 30 June 2024 as compared to approximately US\$5,853,000 for the corresponding period in 2023.

As a result of the foregoing, the Group incurred a net loss attributable to equity holders of the Company ("Net Loss") amounting to approximately US\$9,728,000 for the reporting period, as compared to a net profit attributable to equity holders of the Company of approximately US\$284,000 for six months ended 30 June 2023.

SEGMENTAL REVIEW

Our Apparel and Accessories businesses respectively accounted for approximately 60.2% and 39.8% of the Group's total revenue for the period under review.

Apparel

The Apparel Division recorded a revenue of approximately US\$183,362,000 for the six months ended 30 June 2024, representing a period-to-period decline of approximately 15.4% or US\$33,437,000. Such decrease in segment revenue was mainly attributable to reduction in orders from the Group's customers caused by various factors as mentioned under the section headed "Results of Operations and Overview" above. In line with decrease in segment revenue, the Apparel Division incurred a segment loss of approximately US\$9,635,000, representing an increase of segment loss by approximately US\$2,475,000 or 34.6% when compared with same period last year.

Accessories

For the first half of 2024, revenue generated from the Accessories Division was approximately US\$121,160,000, representing a decrease of approximately US\$2,263,000 or 1.8% when compared with same period last year. The Accessories Division recorded a segment profit of approximately US\$5,277,000, representing a decrease of approximately US\$5,219,000 or 49.7% when compared with same period last year.

MARKETS

Geographically, Europe and the US remained our major export markets for the period under review. The total revenue derived from customers in Europe and the US collectively was approximately US\$180,714,000, which accounted for approximately 59.3% of the Group's total revenue in the first half of 2024.

The Group's revenue from the Asia market (mainly the PRC and Japan) was approximately US\$67,332,000, which accounted for approximately 22.1% of the Group's total revenue in the first half of 2024.

LIQUIDITY AND FINANCIAL RESOURCES

The financial position of the Group remained healthy. As at 30 June 2024, the total cash and bank deposits of the Group amounted to approximately US\$81,212,000, representing an increase of approximately US\$5,432,000 over the balance as at 31 December 2023. The Group's total bank borrowings as at 30 June 2024 was approximately US\$164,006,000, representing an increase of approximately US\$21,351,000 as compared to approximately US\$142,655,000 as at 31 December 2023.

As at 30 June 2024, based on the scheduled repayments set out in the relevant loan agreements with banks, all the Group's bank borrowings of approximately US\$164,006,000 are repayable within one year.

Gearing ratio is defined as net debt (representing bank borrowings net of cash and bank balances) divided by shareholders' equity. As at 30 June 2024, the gearing ratio of the Group was approximately 45.6%.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group adopts a prudent policy to hedge against the fluctuations in exchange rates. Most of the Group's operating activities are denominated in US dollar, Euro, Hong Kong dollar, Cambodian Riel, Chinese Yuan, Burmese Kyat and Philippine Peso. For those activities denominated in other currencies, the Group may enter into forward contracts to hedge its receivables and payables denominated in foreign currencies against the exchange rate fluctuations.

FUTURE PLANS AND PROSPECT

Looking forward, it is expected that the monetary policy of the Federal Reserve Banks will continue to seek a balance between inflation and economic growth, and an interest rate cut is thus likely to happen in the near future, which may probably enhance consumer sentiment. The economy of the PRC has also demonstrated a solid start in 2024, with 5% year-on-year growth during the first half of 2024, in line with the annual growth targets.

However, the global economy will continue to be volatile due to the uncertainties and concerns over the geopolitical issues including but not limited to the protracted war between Russia and it Ukraine, the continuation of the war in Israel and its surrounding areas, and persistent trade tensions between the PRC and USA. In addition, with the USA presidential election well underway, the upcoming election result will affect the economy of USA and pose uncertainty to the global economy in the short term.

In view of this continuing dynamic situation, our management will continue to assess the impact of the global economic backdrop on the Group's financial performance and business operations, and closely monitor the Group's exposure to the market uncertainties and business risks in connection therewith. In order to minimize the risks and to provide sustainable growth for the Group, the management of the Group will continue to implement appropriate financial management measures in order to well prepare for the upcoming challenges and to take advantage of any opportunities that may arise in the future.

In addition, the Group will continue to implement stringent cost control measures, including reducing manufacturing costs, distribution costs and administrative expenses, and achieving greater synergies on overall administrative efficiency by sharing internal resources. The Group will also pay relentless focus on our long-term sustainable strategy, further streamlining and consolidating our diversified production bases, and reinforcing our strategic resilience to serve and grow with our customers. The Group will also continue to closely monitor the market conditions and will make timely adjustments to its business strategies whenever necessary.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no significant investments and material acquisition or disposal of subsidiaries, associates and joint ventures during the period ended 30 June 2024.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 June 2024 (2023: Nil) or as at the date of this report.

CHARGE OF ASSETS

The Group's assets were not charged to third parties as of 30 June 2024 (2023: Nil).

CONTINGENT LIABILITIES

The Group has contingent liabilities regarding potential exposures to import duties, other taxes and penalties in various overseas countries with aggregated amounts of approximately US\$21,112,000 as at 30 June 2024 (31 December 2023: Same).

Among the abovementioned contingent liabilities, US\$5,504,000 was recognized upon business combination of Universal Elite Holdings Limited ("Universal") and its subsidiaries in October 2018. Pursuant to the agreement for sale and purchase of the shares in Universal, such taxation claim in relation to periods prior to October 2018 will be indemnified entirely by the sellers. Accordingly, the Group has recognized an indemnification asset of US\$5,504,000 at the acquisition date. During the year ended 31 December 2022, one subsidiary of Universal has paid the IRD an amount of US\$22,000 to settle a tax case related to periods prior to the acquisition. The amount has been recovered from the previous owners

in full. Accordingly, the amounts of contingent liability and indemnified assets have been reduced to US\$5,482,000 as at 31 December 2022. As at 30 June 2024, the amounts of the contingent liability and the indemnified asset in relation to the acquisition of Universal remained unchanged.

Also, a contingent liability of US\$11,461,000 was recognized upon business combination of Sachio Investments Limited ("Sachio") and its subsidiary in April 2020. Pursuant to the agreement for sale and purchase of the shares in Sachio, such taxation claim in relation to periods prior to April 2020 will be indemnified entirely by the sellers. Accordingly, the Group has recognized an indemnification asset of US\$11,461,000 as at the acquisition date. During the year ended 31 December 2022, the subsidiary of Sachio has paid the Cambodia tax authority a total amount of US\$220,000 on cases related to periods prior to the acquisition. The amount has been recovered from the previous owner in full. Accordingly, the amounts of contingent liability and indemnified assets have been reduced to US\$11,241,000. As at 30 June 2024, the amounts of the contingent liability and the indemnified asset in relation to the acquisition of Sachio remained unchanged.

HUMAN RESOURCES AND CORPORATE SOCIAL RESPONSIBILITY

Luen Thai continues to be an employer of choice through focused and strategic human resources strategies and social responsibility programmes that are aligned with the Company's growth and changing needs. Improved governance and strengthened partnership serve as the foundation for all these initiatives as Luen Thai maintains its position as a leader in Corporate Social Responsibility in the apparel and accessories manufacturing industry.

Luen Thai continuously strives to foster open communications with employees through various channels. Under its employee care initiatives, Luen Thai has provided safe and enjoyable work and living environments, equitable compensation and benefit schemes, and opportunities for career growth through a variety of formal and informal learning and development programmes; and a strong corporate culture where employee' contributions are recognized and rewarded.

As a global corporate citizen, Luen Thai is conducting business and developing a sustainable business strategy with a long-term view, which creates a positive impact for our worldwide supply chain and the surrounding environment. We not only focus on profit maximization, but we must also understand the needs and concerns of other stakeholders.

OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2024 (2023: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six-month period ended 30 June 2024.

UPDATE ON DIRECTORS' INFORMATION

The change of directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") are set out below:

Ms. Fok Yue San, Sandy ("Ms. Fok") has been appointed as a non-executive director ("NED") and a member of the audit committee of the Company (the "Audit Committee") with effect from 1 April 2024.

Ms. Mok Siu Wan, Anne ("Ms. Mok") retired as the NED and ceased to be a member of the Audit Committee with effect from 1 April 2024.

Save as disclosed above, there is no other information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SHARE OPTIONS

The share option scheme of the Company adopted by the Company on 26 May 2014 (the "Old Share Option Scheme"), which had a term of 10 years and expired on 26 May 2024. During the reporting period, no share option was granted or exercised, nor were cancelled or lapsed under the share option scheme and there is no share option outstanding as at 30 June 2024. No further option will be granted under the Old Share Option Scheme.

A new share option scheme of the Company was approved and adopted by way of an ordinary resolution in the annual general meeting of the Company held on 30 May 2024 (the "New Share Option Scheme"). The New Share Option Scheme is valid and effective for a period of 10 years commencing from 30 May 2024. The principal terms of the New Share Option Scheme were summarized in the circular of the Company dated 23 April 2024.

Under the New Share Option Scheme, the Company may grant options to any director of the Company or of any of its subsidiaries or any employee (save and except any independent non-executive Director) (the "Employee Participants") and/or any director or employee (whether full time or part time) of any of the related entities (the "Related Entity Participants") at the discretion of the Board of Directors.

No share options were granted to or exercised by any Employee Participants or Related Entity Participants or other participants, nor were cancelled or lapsed during the six-month period ended 30 June 2024 under the New Share Option Scheme.

As at 30 June 2024 and 31 December 2023, the Company had no share options outstanding under either the New Share Option Scheme or the Old Share Option Scheme.

As at the date of this report, the total number of shares available for issue under the New Share Option Scheme is 103,411,266, representing approximately 10% of the total issued share capital of the Company as at the date of this report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2024, the Directors and chief executives of the Company had the following interests and short positions in the shares, underlying shares (in respect of positions held pursuant to equity derivatives), and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules:

Long position in the shares of the Company ("Shares")

| Name of Director | Capacity | Number of Shares | Approximate percentage of interests in the Company (Note a) |
|--------------------------|---|------------------|--|
| TAN Siu Lin | Trustee (Note b) | 1,840,757 | 0.18% |
| | Interest of controlled corporation (Note b) | 10,992,986 | 1.06% |
| TAN Cho Lung, Raymond | Interest of controlled corporation (Note c) | 15,655,639 | 1.51% |
| | Interest of spouse (Note c) | 2,050,000 | 0.20% |

Notes:

- (a) The percentage has been compiled based on the total number of Shares in issue (i.e. 1,034,112,666) as at 30 June 2024.
- (b) Dr. Tan Siu Lin as a trustee indirectly controls the entire issued share capital of Wincare International Company Limited, which in turn holds directly 1,840,757 Shares. Dr. Tan Siu Lin also controls and is a subscriber and founding member of Tan Siu Lin Foundation Limited, which in turn owns directly 10,992,986 Shares.
- (c) Mr. Tan Cho Lung, Raymond wholly owns Flying Base Limited, which owns 15,655,639 Shares.

A total of 2,050,000 Shares was acquired by an associate of Mr. Tan Cho Lung, Raymond. Mr. Tan is therefore deemed under Part XV of the SFO to be interested in all of the 2,050,000 Shares acquired by his associate.

Other than the interests disclosed above, none of the Directors nor the chief executives nor their associates had any interests or short positions in any shares, underlying shares (in respect of positions held pursuant to equity derivatives) or debentures of the Company or any of its associated corporations as at 30 June 2024.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2024, so far as is known to the Directors and chief executives of the Company, the following persons (other than any Directors or chief executives of the Company) were substantial shareholders, had notified the Company of their relevant interests in shares and underlying shares representing 5% or more of the issued share capital of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept under Section 336 of Part XV of the SFO:

Long position in the Shares

| Name of shareholder | Note | Capacity | Number of ordinary shares beneficially held | Approximate percentage of interests in the Company <i>(Note a)</i> |
|-------------------------------|------|------------------------------------|---|---|
| Shangtex (Hong Kong) Limited | (b) | Beneficial owner | 730,461,936 | 70.64% |
| Shangtex Investment Co., Ltd. | (b) | Interest of controlled corporation | 730,461,936 | 70.64% |

| Name of shareholder | Note | Capacity | Number of ordinary shares beneficially held | Approximate percentage of interests in the Company (Note a) |
|--|------|---|---|--|
| Shangtex Holding Co., Ltd. | (b) | Interest of controlled corporation | 730,461,936 | 70.64% |
| Orient International (Holding) Co., Ltd. | (b) | Interest of controlled corporation | 730,461,936 | 70.64% |
| Shanghai Guosheng Group Co., Ltd. | (b) | Interest of controlled corporation | 730,461,936 | 70.64% |
| Double Joy Investments Limited | (c) | Beneficial owner | 71,975,726 | 6.96% |
| Luen Thai Capital Limited | (d) | Beneficial owner | 17,203,999 | 1.66% |
| Dr. Tan Henry | (e) | Interest of controlled corporation | 89,179,725 | 8.62% |
| Ms. Tan Chiu Joise | (e) | Interest of controlled corporation/ Interest of spouse | 89,179,725 | 8.62% |

Notes:

- (a) The percentage has been compiled based on the total number of Shares in issue (i.e. 1,034,112,666 Shares) as at 30 June 2024.
- (b) Based on the information recorded in the register required to be kept under section 336 of the SFO, Shangtex (Hong Kong) Limited ("Shangtex HK") directly holds 730,461,936 Shares. Shangtex HK is 100% directly owned by Shangtex Investment Co., Ltd. ("Shangtex Investment"). Shangtex Investment is 100% directly owned by Shangtex Holding Co., Ltd. ("Shangtex"). Orient International (Holding) Co., Ltd. ("Orient International") directly holds 96.65% in Shangtex. Shanghai Guosheng Group Co., Ltd. directly holds 34% in Orient International.
- (c) Double Joy Investments Limited ("Double Joy") is a company incorporated in the British Virgin Islands with limited liability and is owned by Ms. Tan Chiu Joise and Dr. Tan Henry in equal shares. Each Ms. Tan Chiu Joise and Dr. Tan Henry is deemed to be interested in the 71,975,726 Shares held by Double Joy.

- (d) Luen Thai Capital Limited ("LTCL") is a company incorporated in the British Virgin Islands with limited liability and is owned by Dr. Tan Henry. Dr. Tan Henry is deemed to be interested in the 17,203,999 Shares held by LTCL.
- (e) Both Dr. Tan Henry and Ms. Tan Chiu Joise are deemed to be interested in the 71,975,726 Shares held by Double Joy as mentioned in note (c) above; and

Dr. Tan Henry wholly owns LTCL, which directly owns 17,203,999 Shares. Ms. Tan Chiu Joise is the wife of Dr. Tan Henry and is deemed to be interested in the shares which are interested by Dr. Tan Henry under Part XV of the SFO.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the shares or underlying shares (in respect of positions held pursuant to equity derivatives) of the Company as at 30 June 2024.

CORPORATE GOVERNANCE PRACTICES

Throughout the six-month period ended 30 June 2024, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in the Appendix C1 to the Listing Rules.

Luen Thai acknowledges the need for and importance of corporate governance as one of the key elements in creating shareholders' value. It is committed to ensuring high standards of corporate governance in the interests of shareholders and taking care to identify practices designed to achieve effective oversight, transparency and ethical behavior.

As at the date of this report, the Company has formed the following committees at the Board level:

Audit Committee: The Audit Committee has been set up to provide advice and recommendations to the Board. Ms. Fok Yue San, Sandy and the three independent non-executive Directors of the Company, namely, Mr. Chan Henry, Dr. Wang Ching, and Mr. Lee Cheuk Yin, Dannis as the Committee Chairman, comprise the Audit Committee. Each committee member possesses appropriate finance and/or industry expertise to advise the Board.

Remuneration Committee: The Remuneration Committee has been set up with the responsibility of recommending to the Board the remuneration policy for all Directors and the senior management. Mr. Zhang Min and the three independent non-executive Directors of the Company, namely, Dr. Wang Ching, Mr. Lee Cheuk Yin, Dannis and Mr. Chan Henry as the Committee Chairman, comprise the Remuneration Committee.

Nomination Committee: The Nomination Committee has been set up with responsibility of making recommendation to the Board on the appointment or re-appointment of Directors. Mr. Wang Weimin as the Committee Chairman and the three independent non-executive Directors of the Company, namely, Mr. Chan Henry, Dr. Wang Ching and Mr. Lee Cheuk Yin, Dannis, comprise the Nomination Committee.

Financing and Banking Committee: The Financing and Banking Committee has been set up to review and approve any banking facility of the Group, and to ensure that each facility is in the best commercial interest of the Group as a whole. The Financing and Banking Committee comprises two members, namely Mr. Tan Cho Lung, Raymond and Mr. Jin Xin, with Mr. Tan Cho Lung, Raymond as the Committee Chairman.

Corporate governance practices of the Company during the six-month period ended 30 June 2024 were in line with those practices set out in the Corporate Governance Report in the Company's 2023 Annual Report.

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has discussed with the management regarding the auditing, internal control and financial reporting matters. The Audit Committee has discussed and reviewed the unaudited interim financial information and the interim report for the six-month period ended 30 June 2024.

At the request of the Board, the Company's external auditor, PricewaterhouseCoopers, has carried out a review of the unaudited condensed consolidated interim financial information in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standards set out in the Model Code as set out in Appendix C3 of the Listing Rules. After having made specific enquiry of all Directors, all the Directors confirmed that they have complied with the required standards as set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company during the six-month period ended 30 June 2024.

By order of the Board
Tan Cho Lung Raymond
Chief Executive Officer and Executive Director

Hong Kong, 28 August 2024