Lever Style Corporation
利華控股集團
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1346)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Lever Style Corporation (the "**Company**" or "**Lever Style**") hereby announces the unaudited consolidated financial results of the Company and its subsidiaries (together, the "**Group**") for the six months ended 30 June 2023 ("**Period Under Review**"), together with the comparative figures for the six months ended 30 June 2022.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	Notes	***US$***	*US$*
		(Unaudited)	(Unaudited)
Revenue	4	**100,207,524**	96,738,295
Cost of sales		**(72,291,935)**	(70,102,854)
Gross profit		**27,915,589**	26,635,441
Other income		**405,883**	212,426
Other gains and losses		**(109,815)**	(91,613)
Impairment loss on trade receivables under credit loss model		**–**	(262,226)
Selling and distribution expenses		**(11,586,264)**	(11,648,314)
Administrative expenses		**(9,425,961)**	(8,292,126)
Finance costs		**(174,160)**	(469,340)
Profit before tax		**7,025,272**	6,084,248
Income tax expense	5	**(1,194,655)**	(1,017,260)
Profit for the period	6	**5,830,617**	5,066,988

	Notes	Six months ended 30 June **2023** *US$* **(Unaudited)**	2022 *US$* (Unaudited)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(283,005)**	(326,875)
Total comprehensive income for the period		**5,547,612**	4,740,113
Profit/(loss) for the period attributable to:			
Owners of the company		**5,836,729**	5,066,988
Non-controlling interests		**(6,112)**	–
		5,830,617	5,066,988
Total comprehensive income/(expense) attributable to:			
Owners of the company		**5,554,509**	4,740,113
Non-controlling interests		**(6,897)**	–
		5,547,612	4,740,113
Earnings per share *(US cents)*	8		
– basic		**0.92**	0.79
– diluted		**0.92**	0.79

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	**At 30 June 2023 *US$* (Unaudited)**	At 31 December 2022 *US$* (Audited)
Non-current assets			
Plant and equipment		**1,675,291**	1,862,520
Right-of-use assets		**1,613,281**	2,091,250
Intangible assets		**1,781,189**	1,830,273
Deposit paid for plant and equipment		**82,228**	22,827
Deferred tax assets		**135,847**	135,847
Other receivables		**1,108,734**	1,108,734
Deposit paid for investment		**277,466**	277,466
		6,674,036	7,328,917
Current assets			
Inventories		**16,389,620**	14,464,428
Trade and bills receivables	9	**28,161,856**	25,046,126
Trade receivables at fair value through other comprehensive income		**6,750,168**	1,036,043
Deposits, prepayments and other receivables		**16,366,666**	19,631,739
Bank balances and cash		**7,030,571**	23,523,515
		74,698,881	83,701,851
Current liabilities			
Trade and bills payables	10	**15,778,102**	18,398,121
Other payables and accruals		**7,836,459**	6,292,726
Contract liabilities		**3,475,371**	2,991,529
Lease liabilities		**916,142**	857,544
Dividend payable		**119**	–
Derivative financial liabilities		**58,528**	42,051
Tax payables		**3,372,795**	2,483,393
Bank borrowings		**2,594,015**	10,727,160
		34,031,531	41,792,524
Net current assets		**40,667,350**	41,909,327
Total assets less current liabilities		**47,341,386**	49,238,244

	At 30 June 2023 *US$* (Unaudited)	At 31 December 2022 *US$* (Audited)
Non-current liabilities		
Lease liabilities	**921,696**	1,469,439
Deferred tax liabilities	**9,870**	9,870
	931,566	1,479,309
	46,409,820	47,758,935
Capital and reserves		
Share capital	**820,640**	820,640
Reserves	**45,589,180**	46,899,146
Equity attributable to owners of the Company	**46,409,820**	47,719,786
Non-controlling interests	**–**	39,149
	46,409,820	47,758,935

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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 76, Flat A, 7/F, Wing Tai Centre, 12 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong.

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

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

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

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

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

3 PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2022.

(a) Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17	*Insurance Contracts*
Amendment to HKFRS 17	*Insurance Contracts*
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

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 a 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.

Types of goods

Set out below is the breakdown of revenue by apparel categories during the period:

	Six months ended 30 June	
	2023	2022
	US$	*US$*
	(Unaudited)	(Unaudited)
Bottoms	**30,509,070**	31,665,370
Shirts	**20,229,719**	20,254,490
Outerwear	**19,419,527**	18,600,712
Suit	**9,785,216**	7,718,357
Soft Woven	**7,544,622**	7,793,735
Knit	**4,702,307**	4,171,911
Sweater	**1,698,513**	2,307,634
Others	**6,318,550**	4,226,086
Total	**100,207,524**	96,738,295

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	
	2023	2022
	US$	*US$*
	(Unaudited)	(Unaudited)
United States of America	**62,743,752**	64,041,345
Europe	**19,493,735**	14,104,818
Oceania	**10,922,472**	6,073,397
Greater China#	**1,395,749**	6,695,562
Others	**5,651,816**	5,823,173
	100,207,524	96,738,295

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

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

5 INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	US$	*US$*
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax:		
– Current tax	**1,167,983**	1,017,774
PRC Enterprise Income Tax (“**EIT**”)		
– Current tax	**27,177**	19,813
– Over/(under) provision in prior years	**(505)**	5,660
	26,672	25,473
Deferred tax	**–**	(25,987)
	1,194,655	1,017,260

Hong Kong Profits Tax for both periods is calculated at 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% and the remaining assessable profits are taxed at 16.5%.

Under the Law of the PRC on Enterprise Income tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. The Group’s subsidiaries, 利華服飾智造（深圳）有限公司, is qualified as Small Low-profit Enterprises with annual taxable income less than Renminbi (“**RMB**”) 3 million for both periods. The portion of annual taxable income amount of a small low-profit enterprise which does not exceed RMB1 million shall be computed at a reduced rate of 12.5% of taxable income amount, and be subject to enterprise income tax at 20% tax rate; the portion of annual taxable income amount which exceeds RMB1 million but does not exceed RMB3 million shall be computed at a reduced rate of 25% of taxable income amount, and be subject to enterprise income tax at 20% tax rate. 利華設計院（深圳）有限公司 is eligible for income tax rate at 15% under the corporate income tax policy, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Enterprise Income Tax Preferential Catalogue (2021 Edition) for both periods.

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

6 PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2023	2022
	US$	*US$*
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging:		
Directors' remuneration	**2,564,281**	1,154,145
Other staff costs		
– salaries and other allowances	**6,344,940**	6,000,677
– share based payment expense	**67,209**	–
– retirement benefit scheme contributions	**898,646**	926,635
Total staff costs	**9,875,076**	8,081,457
Cost of inventories as an expense	**72,291,935**	70,102,854
Depreciation of plant and equipment	**177,181**	270,776
Depreciation of right-of-use assets	**420,384**	454,760
Amortisation of intangible assets (included in selling and distribution expenses)	**49,082**	223,738
Expense relating to short-term leases	**59,947**	46,602

7 DIVIDENDS

	Six months ended 30 June	
	2023	2022
	US$	*US$*
	(Unaudited)	(Unaudited)
Final, declared, of HK8.5 cents per ordinary share for 2022 (2021: HK2.5 cents per ordinary share)	**6,937,241**	2,033,129

The Board has declared an interim dividend for the six months ended 30 June 2023 of HK3.0 cents per share (six months ended 30 June 2022: Nil).

8 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	US$	*US$*
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the purposes of calculating basic and diluted earnings per share	**5,836,729**	5,066,988

	Six months ended 30 June	
	2023	2022
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**636,447,063**	639,100,000
Effect of dilutive potential ordinary shares:		
Share Award Scheme	**57,462**	–
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	**636,504,525**	639,100,000

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

9 TRADE AND BILLS RECEIVABLES

	At 30 June 2023	At 31 December 2022
	US$	*US$*
	(Unaudited)	(Audited)
Trade receivables – contracts with customers	**30,024,776**	26,909,046
Provision on trade receivables	**(1,862,920)**	(1,862,920)
	28,161,856	25,046,126

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

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

	At 30 June 2023	At 31 December 2022
	US$	*US$*
	(Unaudited)	(Audited)
0 to 30 days	**15,747,690**	17,871,336
31 to 60 days	**7,909,671**	4,676,576
Over 60 days	**4,504,495**	2,498,214
	28,161,856	25,046,126

10 TRADE AND BILLS PAYABLES

	At 30 June 2023 *US$* (Unaudited)	At 31 December 2022 *US$* (Audited)
Trade payables	**15,778,102**	18,398,121
	15,778,102	18,398,121

The credit period on trade payables is up to 60 days. All bills payables are with a maturity period of less than one year.

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 2023 *US$* (Unaudited)	At 31 December 2022 *US$* (Audited)
0 to 30 days	**12,737,563**	18,007,390
31 to 60 days	**2,542,871**	43,055
Over 60 days	**497,668**	347,676
	15,778,102	18,398,121

REVIEW

Against a much more challenging economic environment, the Group managed to achieve modest sales and profit growth of approximately 3.6% and 15.1% respectively in the first half of 2023 over the same period in 2022.

Assuming that the post-COVID rebound in consumer demand for apparel in the western world would continue, and with COVID-related supply chain disruption constraining supply volumes and deliveries, many brands and retailers placed orders of higher volumes than forecast and at earlier timing than usual. When the post-COVID rebound in consumer demand for apparel abruptly tapered off in mid-2022, many brands and retailers are facing severely bloated inventories and are therefore drastically cutting back buying in 2023.

Given the drop in demand for apparel from brands and retailers in 2023, the Group's slow growth means the Group is continuing to win market share from competitors, proving its versatile business model's resilience.

FUTURE PROSPECTS

Brands and retailers have been curtailing inventory purchases even though the global economy has not fallen into a recession. The management of the Group expects this depressed purchasing to continue through the next 12 months as brands and retailers continue to digest their bloated inventories. If the U.S. does not achieve the coveted soft landing and goes into recession, there will be even more downside for apparel demand from brands and retailers.

The Group has taken advantage of its unique asset-light production platform to outperform the industry in recent years. However, even the Group will have difficulty achieving high organic growth against a severe contraction of demand. Instead, the Group expects to turn to mergers and acquisitions as a key source of growth, as a difficult economy makes the Group's versatile production platform's advantages more apparent, making it easier for apparel supply chain companies to see the benefit of joining forces with its platform and switching to the Group's business model.

Uberizing our business

With the scale of the Group having more than doubled since 2020, not all product categories grew at the same pace and some product categories have grown better than others. The Group's own analysis showed that these stronger categories have more momentum for growth and are in general more profitable.

The management of the Group attributes this to the Uber flywheel effect. The more riders use Uber, the more cars Uber attracts; the more cars Uber has on its network, the less its riders have to wait for cars and therefore the more riders it attracts.

Similarly, when the Group has more demand from more customers in certain product categories, the Group will naturally on board more factory partners for these categories. The Group is thus able to offer more choice for its customers, and its customers find the Group more appealing and place more orders with the Group, propelling the flywheel.

While the Group is witnessing this virtuous cycle for its larger categories, the same cannot be said for its smaller product categories. To achieve this flywheel effect across the Group's entire production platform, the Group is planning to bring up the scale of its smaller categories with mergers and acquisitions or through margin subsidies in the short run.

Digital transformation

With the Group's tech leadership in place, the Group is now in earnest laying the groundwork for digitalizing its platform, for example by building a data warehouse to enable seamless management and analysis of data. While such tech investments may affect its earnings in the short-to-medium term, the management of the Group believes that digitalizing its platform will drive much more organic growth and make the Group one of the world's premier apparel production platforms in the long run. The management of the Group has not seen many others in the apparel industry pursue our platform model, and the Group aims to maintain and build its lead in this winner-takes-all world of platforms.

B Corp Certification

The apparel industry is known to be the second-most polluting industry in the world after the energy industry. The Group has determination to lead the industry's sustainability movement and to make it a force for good, and the Group is proud to share that it was recently informed of its imminent B Corp certification which represents high standards of social and environmental performance, accountability, and transparency. The Group will be joining other sustainability-minded apparel and footwear companies such as Patagonia, Eileen Fisher and AllBirds, and the Group will be one of very few apparel supply chain companies to have earned B Corp certification.

CONCLUSION

Although 2023's industry downturn is making the Group's organic growth much more modest, the Group is hoping mergers and acquisitions opportunities will make up for that growth shortfall in the medium term.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by approximately 3.6% from approximately US$96.7 million in the first half of 2022 to approximately US$100.2 million during the Period Under Review. This growth, against the backdrop of an industry downturn, is attributed to (1) the Company's increased number of active customers; (2) the Company's multiple categories offering, and (3) the Company's cross-selling ability.

Cost of sales

Cost of sales mainly comprises material costs and subcontracting fees. Cost of sales increased by approximately 3.1% from approximately US$70.1 million in the first half of 2022 to approximately US$72.3 million during the Period Under Review. Cost of sales as a percentage of total revenue decreased from approximately 72.5% in the first half of 2022 to 72.1% during the Period Under Review.

Gross profit and gross profit margin

Our gross profit increased from approximately US$26.6 million in the first half of 2022 to approximately US$27.9 million during the Period Under Review, representing an increase of approximately 4.8%, along with the business growth. Gross profit margin increased from approximately 27.5% in the first of 2022 to approximately 27.9% in the first half of 2023.

Profit for the Period Under Review

The Group recorded a net profit of approximately US$5.8 million for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately US$5.1 million). The increase in profit for the Period Under Review is mainly attributable to the following factors:

- As a result of the increased number of active customers, multiple categories offering, and cross-selling ability, the gross profit increased by approximately US$1.3 million from approximately US$26.6 million in the first half of 2022 to approximately US$27.9 million during the Period Under Review;

- An increase of administrative expense of approximately US$1.1 million from approximately US$8.3 million in the first half of 2022 to approximately US$9.4 million in the first half of 2023 due to more talents have joined the Group;

- An aggregate of increase of other income (mainly due to bank interest income) of approximately US$193,000 during the Period Under Review and decrease of finance cost (mainly due to bank interest expense) of approximately US$295,000 during the Period Under Review due to the improvement of the Group's financial position.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains a healthy financial position. Cash and cash equivalents of the Group as at 30 June 2023 were approximately US$7.0 million (at 31 December 2022: US$23.5 million). As at 30 June 2023, the Group had net current assets of approximately US$40.7 million. The current ratio maintained at approximately 2.2 times and 2.0 times as at both 30 June 2023 and 31 December 2022 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 2023, the Group had available banking facilities of approximately US$65.0 million. Out of the total available banking facilities, we had unutilized banking facilities amounted for approximately US$62.4 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$46.4 million at 30 June 2023 (31 December 2022: US$47.8 million). As at 30 June 2023, the gearing ratio of the Group was approximately 5.6% (31 December 2022: 22.5%). 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 -9.6% as at 30 June 2023 (31 December 2022: -26.8%).

CONTINGENT LIABILITIES

As at 30 June 2023, the Group had no material contingent liability (31 December 2022: Nil).

EMPLOYEES AND REMUNERATION

As at 30 June 2023, the Group employed a total of 310 full-time employees (31 December 2022: 338 employees). For the six months ended 30 June 2023, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately US$9.9 million (six months ended 30 June 2022: US$8.1 million), representing an increase of approximately 22.2%.

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

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

An interim dividend of HK3.0 cents per share was declared by the Board for the six months ended 30 June 2023. The interim dividend is expected to be paid on or before Friday, 29 September 2023 to shareholders whose names appear on the register of members of the Company on Friday, 15 September 2023. For the purpose of ascertaining shareholders' entitlement to the interim dividend, the register of members of the Company will be closed from Thursday, 14 September 2023 to Friday, 15 September 2023, 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 Wednesday, 13 September 2023.

CORPORATE GOVERNANCE

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. The Company has adopted the code provisions in the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to 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 14 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 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. Upon specific enquiries being made of all Directors, each of them has confirmed that they have complied with the required standards set out in the Model Code during the Period Under Review. The Group has established written guidelines for relevant employees in respect of securities transactions. No incident of non-compliance with the written guidelines was noted during the Period Under Review.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2023, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities.

SHARE OPTION SCHEME

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

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

CO-OWNERSHIP SHARE AWARD SCHEME

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

During the six months ended 30 June 2023, no ordinary shares of the Company have been purchased from the open market by the trustee of the Share Award Scheme pursuant to the rules of the Share Award Scheme.

EVENTS OCCURRED AFTER 30 JUNE 2023

There was no event after 30 June 2023 that required to be disclosed.

AUDIT COMMITTEE

The Company has established an Audit Committee on 12 October 2019 in compliance with the CG Code with written terms of reference. The Audit Committee has four members, namely Mr. SEE Tak Wah, Mr. ANDERSEN Dee Allen, Ms. KESEBI Lale and Mr. LIU Gary, all of whom are independent non-executive Directors. Mr. SEE Tak Wah is the chairman of the Audit Committee and possesses the appropriate professional qualifications. The primary duties of the Audit Committee are to oversee the financial reporting system and internal control system of the Group, oversee the audit process, review and oversee the existing and potential risks of the Group and perform other duties and responsibilities as assigned by the Board. For the six months ended 30 June 2023, 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 2022. The Audit Committee reviewed the actions taken by management to address the findings and was satisfied with the work done. The Audit Committee also reviewed the work of the internal audit in examining the application of policies and internal controls in specific locations within the Group and was satisfied with the quality of the work undertaken. Nothing of a material nature was revealed and the Audit Committee proposed to the Board a small number of actions to strengthen compliance further that were adopted and are being implemented.

The Audit Committee has reviewed, together with the management of the Group, the accounting principles and policies adopted by the Group and discussed with them the unaudited condensed consolidated financial statements and interim results announcement of the Group for the six months ended 30 June 2023, recommending their adoption by the Board.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement is published on the websites of the Company (www.leverstyle.com) and the Stock Exchange (www.hkexnews.hk), and the interim report of the Company for the six months ended 30 June 2023 will be dispatched to the shareholders of the Company and published on the above websites in due course.

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

Hong Kong, 10 August 2023

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