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 2021

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 2021 ("**Period Under Review**"), together with the comparative figures for the six months ended 30 June 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

		Six months ended 30 June	
		2021	2020
	NOTES	***US$***	*US$*
		(Unaudited)	(Unaudited)
Revenue	4	**58,390,044**	37,136,205
Cost of sales		**(41,257,322)**	(26,595,552)
Gross profit		**17,132,722**	10,540,653
Other income		**104,337**	271,204
Other gains and losses		**(59,351)**	(543)
Selling and distribution expenses		**(8,835,424)**	(6,855,856)
Administrative expenses		**(5,993,002)**	(5,843,326)
Finance costs		**(275,867)**	(287,751)
Profit/(Loss) before tax		**2,073,415**	(2,175,619)
Income tax expense	5	**(356,521)**	(45,553)
Profit/(Loss) for the period	6	**1,716,894**	(2,221,172)

	NOTE	Six months ended 30 June 2021 US$ (Unaudited)	2020 US$ (Unaudited)
Other comprehensive income/(expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**39,045**	(21,861)
Total comprehensive income/(loss) for the period		**1,755,939**	(2,243,033)
Earnings/(Loss) per share *(US cents)*	8		
– basic		**0.27**	(0.35)
– diluted		**0.27**	(0.35)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	NOTES	At 30 June 2021 US$ (Unaudited)	At 31 December 2020 US$ (Audited)
Non-current assets			
Plant and equipment		**2,058,639**	1,668,198
Right-of-use assets		**3,575,818**	5,496,316
Club membership		**752,202**	752,202
Intangible assets		**800,000**	–
Deposit paid for plant and equipment		**129,176**	270,573
Deferred tax assets		**74,859**	159,305
		7,390,694	8,346,594
Current assets			
Inventories		**16,577,755**	12,322,508
Trade and bills receivables	9	**5,214,043**	3,878,992
Trade receivables at fair value through other comprehensive income		**4,591,679**	5,755,737
Deposits, prepayments and other receivables		**12,458,140**	14,134,223
Tax recoverable		**231,590**	229,039
Bank balances and cash		**15,627,445**	17,762,584
		54,700,652	54,083,083
Current liabilities			
Trade and bills payables	10	**9,489,841**	8,796,092
Other payables and accruals		**1,599,065**	1,608,185
Contract liabilities		**1,132,882**	981,722
Lease liabilities		**758,179**	1,185,334
Tax payables		**344,179**	137,459
Bank borrowings		**12,633,282**	13,940,671
		25,957,428	26,649,463
Net current assets		**28,743,224**	27,433,620
Total assets less current liabilities		**36,133,918**	35,780,214

	At 30 June 2021 *US$* (Unaudited)	At 31 December 2020 *US$* (Audited)
Non-current liabilities		
Lease liabilities	**3,005,592**	4,403,332
Bank borrowings	**–**	4,495
	3,005,592	4,407,827
	33,128,326	31,372,387
Capital and reserves		
Share capital	**820,640**	820,640
Reserves	**32,307,686**	30,551,747
	33,128,326	31,372,387

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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.

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.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") and application of new accounting policy in respect of intangible assets, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2020.

(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 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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.

(b) Application of new accounting policy in respect of intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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	
	2021	2020
	US$	*US$*
	(Unaudited)	(Unaudited)
Shirts	**15,431,855**	12,992,832
Bottoms	**15,358,203**	13,123,190
Outerwear	**14,446,156**	2,219,835
Knit	**4,970,068**	1,040,366
Soft Woven	**3,259,919**	3,520,192
Suit	**2,170,906**	3,730,525
Sweater	**1,348,897**	–
Others	**1,404,040**	509,265
Total	**58,390,044**	37,136,205

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	
	2021	2020
	US$	*US$*
	(Unaudited)	(Unaudited)
United States of America	**33,394,391**	23,926,641
Europe	**12,639,103**	5,665,804
Greater China#	**5,653,098**	4,716,578
Others	**6,703,452**	2,827,182
	58,390,044	37,136,205

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	
	2021	2020
	US$	*US$*
Hong Kong Profits Tax:		
– Current tax	**223,503**	–
PRC Enterprise Income Tax ("**EIT**")		
– Current tax	**34,583**	45,553
– Underprovision in prior years	**13,989**	–
	48,572	45,553
Deferred tax	**84,446**	–
	356,521	45,553

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first Hong Kong dollar ("**HK$**") 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

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% for both periods. For the six months ended 30 June 2021 and 2020, the Group's subsidiaries, 利華設計院(深圳)有限公司 and 利華服飾智造(深圳)有限公司 (formerly known as 漢精益服裝(深圳)有限公司), are qualified as Small Low-profit Enterprises with annual taxable income less than Renminbi ("**RMB**") 3 million. 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 25% 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 50% of taxable income amount, and be subject to enterprise income tax at 20% tax rate.

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

6 PROFIT/(LOSS) FOR THE PERIOD

	Six months ended 30 June	
	2021	2020
	US$	*US$*
	(Unaudited)	(Unaudited)
Profit/(Loss) for the period has been arrived at after charging:		
Directors' remuneration	**595,079**	1,557,013
Other staff costs		
– salaries and other allowances	**4,652,308**	4,479,527
– retirement benefit scheme contributions	**795,010**	447,242
Total staff costs	**6,042,397**	6,483,782
Auditor's remuneration	**142,414**	109,654
Cost of inventories as an expense	**41,257,322**	26,595,552
Depreciation of plant and equipment	**318,365**	210,653
Depreciation of right-of-use assets	**448,233**	322,463
Expense relating to short-term leases	**52,395**	73,463

7 DIVIDENDS

No dividends were paid, declared or proposed during the current interim period. The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

8 EARNINGS/(LOSS) PER SHARE

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

	Six months ended 30 June	
	2021	2020
	US$	*US$*
	(Unaudited)	(Unaudited)
Earnings/(Loss):		
Profit/(Loss) for the purposes of calculating basic and diluted earnings/(loss) per share	**1,716,894**	(2,221,172)
Number of shares:		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings/(loss) per share	**639,100,000**	639,937,714

The computation of diluted earnings per share for the six months ended 30 June 2021 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares for the current interim period.

9 TRADE AND BILLS RECEIVABLES

	At 30 June 2021	At 31 December 2020
	US$	*US$*
	(Unaudited)	(Audited)
Trade receivables – contracts with customers	**5,230,670**	3,816,496
Provision on trade receivables	**(213,270)**	(212,688)
	5,017,400	3,603,828
Bills receivables discounted with recourse	**196,643**	275,184
	5,214,043	3,878,992

The Group allows credit period up to 65 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 2021 US$ (Unaudited)	At 31 December 2020 US$ (Audited)
0 to 30 days	**2,900,704**	1,297,676
31 to 60 days	**1,526,128**	1,207,268
Over 60 days	**590,568**	1,098,864
	5,017,400	3,603,808

10 TRADE AND BILLS PAYABLES

	At 30 June 2021 US$ (Unaudited)	At 31 December 2020 US$ (Audited)
Trade payables	**9,468,188**	8,707,423
Bills payables	**21,653**	88,669
	9,489,841	8,796,092

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 2021 US$ (Unaudited)	At 31 December 2020 US$ (Audited)
0 to 30 days	**8,106,503**	7,806,589
31 to 60 days	**1,133,459**	472,932
Over 60 days	**228,226**	427,902
	9,468,188	8,707,423

REVIEW AND FUTURE PROSPECTS

Lever Style's first half 2021 revenues exceeded not just that of 2020 by a comfortable 57.2%, but also that of 2019 before COVID-19 rocked the world. We also returned to profitability.

Lever Style benefited from our 4 strategic acquisitions in the second half of 2020 and the first half of 2021. Without them, we would not have matched our 2019 first half revenues, and we would not be in the enviable position of having product capability across pretty much the entire wardrobe.

Pendulum swinging again

In early 2020, the East Asian supply chain disruption from COVID-19 gave way to a global collapse in apparel demand, culminating in widespread bankruptcies, and store and factory closures. Some argued that the developing world was facing a humanitarian crisis as buyers cancelled orders and delayed payment, leaving millions of sewing workers unpaid.

Starting in the second quarter of 2021, the pendulum is swinging again. With people in many countries returning to offices, taking holidays, and going out in general again, pent-up demand for fashion is being unleashed. Meanwhile, supply has failed to keep up with demand, as factory closures in the previous year and the on-going lockdowns in major apparel-producing countries in South-east and South Asia have greatly reduced capacity.

This supply shortage applies not only to apparel production but also to freight, resulting in the well-publicized container shortages and price spikes. This supply shortage in apparel production and freight capacities are causing input cost inflation and margin erosion across the entire apparel value chain. Assuming the reopening of major economies is not reversed by Delta and/or other COVID-19 variants, this supply shortage should continue for the rest of 2021.

While Lever Style is not immune to input cost inflation, our asset-light business model allows us to better navigate the supply shortage by moving production in and out of factories and even countries, thus enabling us to better fulfill our commitments to our customers.

Digitalization

In the past 18 months, Lever Style's management focus was on operating nimbly under the shadow of COVID-19 and side-stepping the many landmines that have plagued our industry and competitors. We have also taken advantage of the industry-wide downturn by having made four strategic acquisitions, positioning us for growth going forward. While we will continue to look for strategic acquisitions, we are also ramping up our efforts on digitalization.

A significant share of our revenues comes from digitally-native brands and platforms today. We are known in the industry as the product engine for digital retail, and our newest customer in this space is Shein, the Chinese cross-border ecommerce behemoth that is widely billed as the digital version of Zara.

With a growing portfolio of digitally native customers, we are in the ideal position to establish a digital apparel sourcing platform to better serve these innovative, fast-growing newcomers to the industry. We envision a day when sourcing apparel is as easy as calling an Uber.

Strengthening management

To drive digitalization and organic growth, Mr. Jonathan Seliger has been appointed as an executive Director, President and Chief Commercial Officer of the Company with effect from 26 August 2021. Jonathan has over 25 years of management experience in omnichannel luxury and fashion businesses in the Asia Pacific region, having previously been the managing director of Dunhill China and the president and chief executive officer of Coach Shanghai Limited in China. He also worked as the chief executive officer of Shanghai Naked Hub Business Management Consultation Co., Ltd* (上海裸心社企管理諮詢有限公司), a co-working space startup that was later sold to WeWork. Jonathan will be able to bring a distinct brandcentric perspective to the Company.

Feel-good Olympic success

Hong Kong has endured a tough couple of years, and the city's largest-ever medal haul at the 2021 Tokyo Olympics gave the city a much-needed psychological boost. One of the highest profile medalists was cyclist Sarah Lee Wai-Sze ("**Sarah Lee**"), the only Hong Kong athlete ever to win medals from multiple Olympic Games.

Lever Style's custom activewear brand Champion System developed Sarah's race suit using Hong Kong University of Science and Technology's wind tunnel, helping her slipstream to a bronze medal. Champion System developed and made all of Sarah Lee's race suits that powered her to win bronze at the 2012 London Olympics, her 3 UCI Track Cycling World Championship crowns, 5 Asian Games medals, and 19 Asian Championship titles.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by approximately 57.2% from approximately US$37.1 million in the first half of 2020 to approximately US$58.4 million during the Period under Review. The increase reflected expanded business after four strategic asset acquisition deals in the second half of 2020 and first half of 2021, and the rebound from negative impact of COVID-19 in 2020 on brands and retailers, especially brick-and-mortar brands. Revenue was derived from the supply of multi-category apparel products to our customers with product development through production management to distribution logistics. Set out below is the breakdown of revenue by customer type:

	Six months ended 30 June			
	2021		2020	
	US$'000	*%*	*US$'000*	*%*
Digitally native	**20,554**	**35.2**	16,839	45.3
Conventional	**37,836**	**64.8**	20,297	54.7
Total	**58,390**	**100.0**	37,136	100.0

Our revenue generated from digitally native customers increased from approximately US$16.8 million to approximately US$20.6 million during the Period Under Review when compared to the corresponding period in 2020, representing a growth of approximately 22.1%. The increase was mainly owing to economic rebound from COVID-19's negative impact on both retail brands and supply chain.

Revenue generated from conventional customers increased from approximately US$20.3 million to approximately US$37.8 million during the Period Under Review when compared to the corresponding period in 2020, representing a significant increase of approximately 86.4%, while the contribution of the total revenue from conventional customers increased from approximately 54.7% to approximately 64.8% during the Period Under Review when compared to the corresponding period in 2020. Such increase was mainly attributable by two asset acquisition transactions in the second half of 2020 in relation to the production of sweater and technical outerwear for well-known worldwide brands, which enabled the Group to expand our apparel product portfolio and business.

Cost of sales

Our cost of sales mainly comprises material costs and subcontracting fees. Cost of sales increased by approximately 55.1% from approximately US$26.6 million in the first half of 2020 to approximately US$41.3 million during the Period Under Review. Cost of sales as a percentage of total revenue decreased from approximately 71.6% in the first half of 2020 to 70.7% during the Period Under Review, benefiting from our continuous effort in optimizing supplier pool and cost control.

Gross profit and gross profit margin

Our gross profit and gross profit margin increased from approximately US$10.5 million and 28.4% in the first half of 2020 to approximately US$17.1 million and 29.3% during the Period Under Review, representing an increase of approximately 62.5% and 0.9% respectively, which was mainly attributable to our continuous effort in expansion into new product categories and optimization of both customer and supplier portfolio during industry rebound from COVID-19. Set out below is the breakdown of gross profit and gross profit margin by customer type:

	Six months ended 30 June			
	2021		2020	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	US$'000	*%*	*US$'000*	*%*
Digitally native	**7,496**	**36.3**	5,766	34.2
Conventional	**9,637**	**25.5**	4,775	23.5
Total	**17,133**	**29.3**	10,541	28.4

Gross profit margin of digitally native brands increased from approximately 34.2% in the first half of 2020 to approximately 36.3% during the Period Under Review, while conventional customers' gross profit margin increased 2% from 23.5% to 25.5% during the Period Under Review compared to the corresponding period in 2020.

Profit for the Period Under Review

The Group recorded a net profit of approximately US$1.7 million for the six months ended 30 June 2021 (six months ended 30 June 2020: loss of US$2.2 million). The profit for the period is mainly attributable to the following factors:

– the increase in volume of business as a result of the four strategic acquisitions completed by the Group in the second half of 2020 and in the first half of 2021;

– the recovery from reduced orders received by the Group due to the COVID-19 pandemic in the first half of 2020.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains a healthy financial position. Cash and cash equivalents of the Group as at 30 June 2021 were approximately US$15.6 million (at 31 December 2020: US$17.8 million). As at 30 June 2021, the Group had net current assets of approximately US$28.7 million. The current ratio as at 30 June 2021 was approximately 2.1 times whilst it was approximately 2.0 times for 2020.

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 2021, the Group had available banking facilities of approximately US$39.4 million. Out of the total available banking facilities, we had unutilized banking facilities amounted for approximately US$22.5 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$33.1 million at 30 June 2021 (31 December 2020: US$31.4 million). As at 30 June 2021, the gearing ratio of the Group was approximately 38.1% (31 December 2020: 44.5%). 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 -9.0% in 2021 (31 December 2020: -12.2%).

USE OF PROCEEDS FROM THE IPO

Net proceeds from the issue of new shares of the Company for the IPO amounted to approximately HK$105 million, after deducting related share issuance expenses of approximately HK$31 million.

For the period from the Listing Date to 30 June 2021, the Group had utilized approximately HK$80.5 million of the proceeds for acquisitions, B2B online platform and digitalization projects, the repayment of debts, and general working capital. Unutilized net proceeds as at 30 June 2021 were deposited in licensed banks. The Directors intend to utilize the remaining net proceeds in the manner disclosed in the Prospectus by 2021. The expected timeline to use the unutilised proceeds is set out below:

Category	**Date**	**Description**	**Amount**
			HK$
Acquisitions	December 2021	Expansion into additional apparel categories	21.5
Capital investment	December 2021	B2B online platform and digitalization	3.0
		Total	24.5

CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no material contingent liability (31 December 2020: Nil).

EMPLOYEES AND REMUNERATION

As at 30 June 2021, the Group employed a total of 335 full-time employees (31 December 2020: 304 employees). For the six months ended 30 June 2021, the aggregate remuneration of the Group's employees (including Directors' remuneration) amounted to approximately US$6.0 million (six months ended 30 June 2020: US$6.5 million), representing a decrease of approximately 6.8%.

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 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" below for details.

INTERIM DIVIDEND

No interim dividend was proposed by the Board for the six months ended 30 June 2021.

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 the Corporate Governance Code contained 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 2021, 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.

On 1 June 2021, 6,400,000 ordinary shares were granted to an eligible person, being the Head of Sales of the Group.

Save as disclosed above, there has been no other movement in the Share Option Scheme during the Period Under Review.

EVENTS OCCURRED AFTER 30 JUNE 2021

There was no event after 30 June 2021 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 three members, namely Mr. See Tak Wah, Mr. Auyang Pak Hong Bernard and Mr. Lee Shing Tung Tommy, 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 2021, 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 2020. 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 2021, 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 three members, Mr. Auyang Pak Hong Bernard (an independent non-executive Director), Mr. See Tak Wah (an independent non-executive Director) and Dr. Chan Yuk Mau Eddie (an executive Director). Mr. Auyang Pak Hong Bernard 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 three members, Mr. Lee Shing Tung Tommy, Mr. Auyang Pak Hong Bernard and Mr. See Tak Wah, all of whom are independent non-executive Directors. Mr. Lee Shing Tung Tommy 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 2021 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, 26 August 2021

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 the executive Directors; (ii) Mr. Kim William Pak as the non-executive Director; and (iii) Mr. See Tak Wah, Mr. Auyang Pak Hong Bernard and Mr. Lee Shing Tung Tommy as the independent non-executive Directors.

* *For identification purposes only*