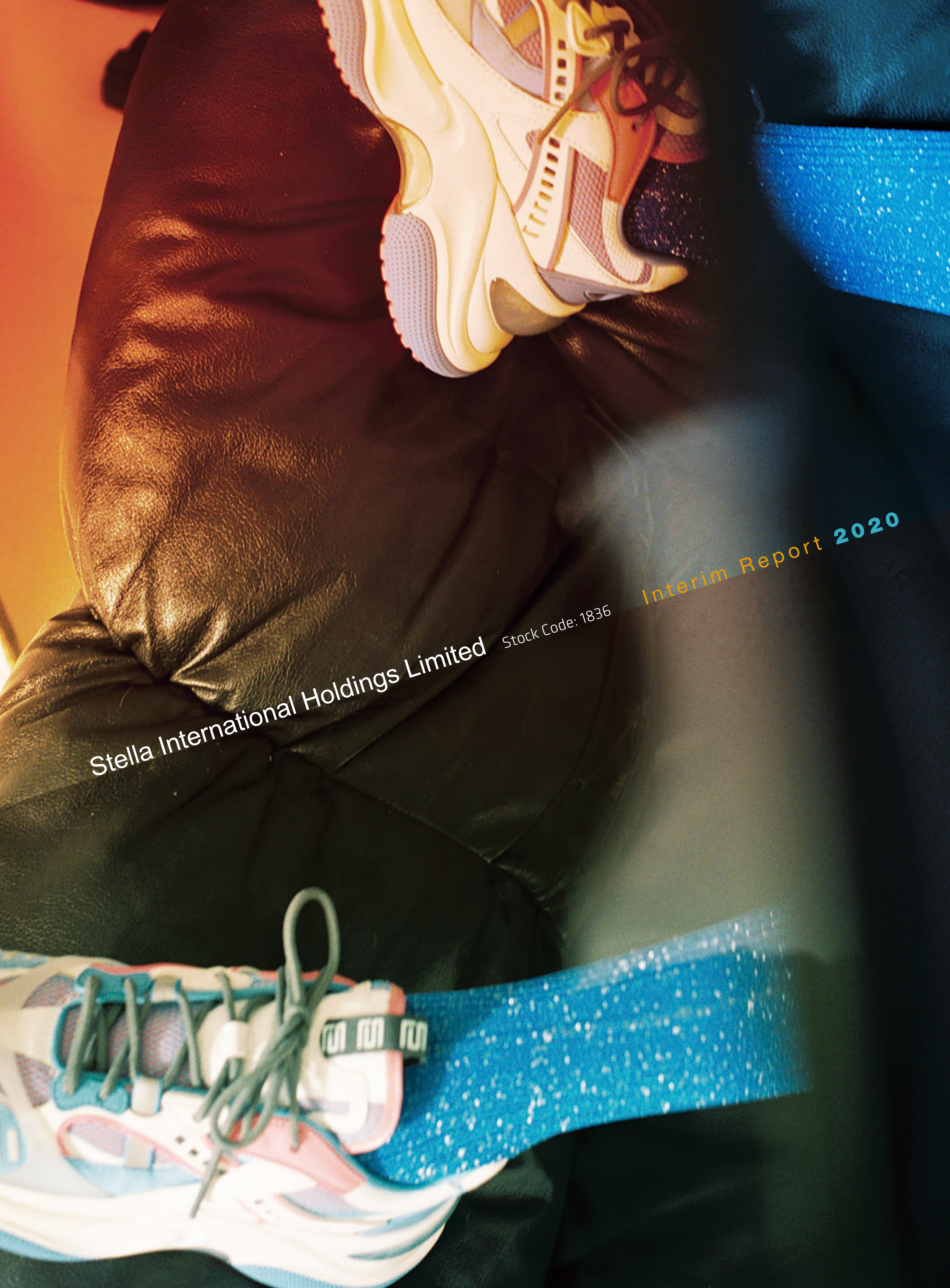

Stella International Holdings Limited

Stock Code: 1836

Interim Report 2020

CONTENTS

CHAIRMAN'S STATEMENT

Dear Shareholders,

2020 is looking like to be one of the most challenging years faced by both our Group and our customers. COVID-19 has delivered a hammer blow to the global retail sector, as lockdowns forced the temporary closure of stores in almost every country while curtailing demand for footwear – severely affecting the business of our brand customers.

Our manufacturing operations were also impacted by local shutdown measures to curb the spread of the pandemic and low utilisation of our production facilities. While the safety of our staff is the absolute top priority for our company, these temporary factory closures nonetheless curtailed operating efficiency across our business and eroded the progress we have been making over the last year in improving our margins. Inevitably, our profitability in the first half of the year was adversely affected, along with the rest of the footwear manufacturing industry.

We have implemented a number of initiatives to address the negative ramifications of the pandemic, including stringent cost reduction and control, re-examining and improving our credit risk and adopting cautious approach in cash flow management. As a result of these measures, we have maintained a solid balance sheet and turned into a net cash position, despite the turbulent business environment.

We are also pushing forward with our long-term margin-accretive strategies. Leveraging the current window of slow business, we accelerated the permanent closure of factories in Mainland China and continued the migrating of manufacturing activity to Southeast Asia. We also proceeded with expanding our long-term production footprint in lower-cost production areas. I am pleased to say that our investment in a new factory location in Indonesia will go ahead as planned in the second half of the year as risk exposure remains manageable given our financial position.

Looking forward, in addition to our ongoing efforts in increasing our operational efficiency, we will continue to focus on enhancing our product mix and customer mix. This will include, among others, growing our sportswear and high-fashion brand customer base by leveraging our competitive advantages such as our unparalleled product design and commercialisation capabilities, best-in-class craftsmanship and high speed-to-market. We are also committed to broaden our opportunities and potential synergies with high-fashion brands by scaling-up and commercialising our manufacturing business of fashion accessories and leather goods such as handbags. We expect to complete the integration of this business into the listed Company by the end of this year.

These long-term strategies remain essential for our future competitiveness and profitability, as well as our ability to grow our margins and to continue delivering value to our customers and shareholders.

On behalf of the Board, I would like to take this opportunity to thank our customers, business partners, employees and shareholders for their unwavering support during this unprecedented challenging period.

Chen Li-Ming, Lawrence
Chairman
Hong Kong, 20 August 2020

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors (the "Board") of Stella International Holdings Limited ("Stella" or the "Company") is pleased to present the interim report of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2020.

BUSINESS MODEL AND STRATEGY

In 1982, Stella embarked on a simple mission of "making the best shoes". Today, this mission is still the core DNA of our business. Every day, we create value for our customers in ways unmatched by our competitors through our unrivalled position at the high-end of the footwear manufacturing supply chain.

We insist on being a true partner of our customers, offering unparalleled product design and commercialisation capabilities, as well as 'artisan-level' craftsmanship and an uncompromising commitment to quality that matches any footwear produced in Europe. We also possess the ability, flexibility, knowledge and skills required to cater to numerous customer groups – from high-fashion brands to the world's largest sports brands, from casual brands to cult brands and limited collections. We are widely known within the footwear industry for our speed-to-market and small-batch production flexibility, which allow us to become the ideal partner of many top-end designer brands and fashion brands with increasing focus on e-commerce.

Our unique proposition is supported by a broad, diverse and proven manufacturing base, located in China, Vietnam, Indonesia, Philippines and Bangladesh. These diverse and well-established bases of operations deliver the flexibility, skillsets and level-of-quality that can meet every need of our customers.

We aim to expand the high-end and high-quality segment of customers across our different shoe categories, especially fashion and fashion sports footwear. We also showcase our capability in producing best-in-class 'European-standard' shoes with high-complexity to the world's leading fashion brands through our own contemporary retail brand, *Stella Luna*, which has a retail presence in Europe's major fashion capitals.

With a clear focus on improving our gross margin, we will concentrate on winning orders for differentiated products with high average selling price ("ASP") and working closely with current and prospective customers, while continuously improving our production cost structure.

We will continue to improve our operating profit margin and increase returns to shareholders by accelerating our capacity migration to Southeast Asia, improving our operational excellence and implementing robust cost controls. We are also proactively carrying out lateral expansion strategies, including the manufacture of fashion accessories and leather goods such as handbags, to tap synergies and future sources of growth.

BUSINESS REVIEW

The global COVID-19 pandemic has had an unprecedented impact on our customers and our manufacturing operations. Shopping malls and stores in almost every country were forced to close for months as part of localised efforts to curb the spread of the virus. For much of the second quarter, footwear sales were mostly limited to e-commerce, especially in the United States and Europe – our two major retail markets – which significantly affected our customers, especially those that heavily rely on brick-and-mortar stores and distribution through department store channels.

This impact was quickly felt in two ways. First, many of our customers requested delay or cancellation of shipments and orders, while also postponing payments to their suppliers including Stella, to manage their inventory and protect their cash flow after experiencing a sudden decline in sales beginning in March. Second, as physical stores began reopening in June, our customers focused on clearing Spring/Summer seasonal merchandise. As a result, our customers became more conservative in planning and placing orders for the Fall/Winter season of 2020, which would normally be completed by end of the second quarter.

Global footwear production was also impacted by government-ordered shutdowns of factories in all major producer countries. Stella was not spared as we were forced to temporarily close some factories in Mainland China, Philippines and Bangladesh to comply with local government measures. This negatively impacted our production schedule and profitability.

Despite these challenges, we still made further progress in implanting our margin-accretive strategy by permanently closing factories in China and accelerating our capacity migration to Southeast Asia. Orders for our fashion sports footwear, which is currently our main growth driver, were also relatively resilient given the challenging conditions being faced by all our brand partners.

The key financial performance indicators of the Company include revenue growth, gross profit and operating profit. An analysis of these indicators during the six months ended 30 June are as below:

Revenue

The Group's consolidated revenue for the six months ended 30 June 2020 declined by 31.9% to US$511.5 million, compared to US$750.6 million in the corresponding period of last year. The decline in revenue was driven by a steep decline in shipment volumes and ASP, with customers to delaying or cancelling orders and shipments due to the COVID-19 pandemic. Changing seasonal order patterns also impacted shipment volumes and ASP, with our shipment volumes falling by 30.8% to 20.4 million pairs during the six months under review, compared to 29.5 million pairs in the corresponding period of last year.

The ASP of our footwear products decreased by 2.0% to US$24.7 per pair during the six months under review, compared to US$25.2 per pair in the corresponding period of last year. This decline was mostly driven by changes to our product mix and customer mix. In terms of product mix, changing fashion trends saw us ship more low-priced products such as sandals compared to the corresponding period of last year, while shifting order patterns delayed the production of boots, which have a higher ASP.

In terms of customer mix, our fashion sports products were more resilient than fashion and casual categories. As a result, fashion sports products overtook fashion footwear as the biggest contributor to our overall revenue during the period, with each category contributing 49.3% and 29.2% respectively. The contribution from the casual footwear and the Group's own retail brands accounted for 20.1% and 1.4% of total revenue respectively.

Geographically, North America and Europe remain our two largest markets, accounting for 50.9% and 24.4% of our total revenue during the six months under review. This was followed by the PRC (including Hong Kong), which accounted for 15.3%, Asia (other than the PRC), which accounted for 7.2% and other geographic regions, which accounted for 2.2%.

Our branding business, which is anchored by the retail business of *Stella Luna* – our own branded footwear – in Europe, saw revenue decline by 83.1% to US$1.0 million during the six months ended 30 June 2020. Same-store sales for the period declined by 69.5%. The fall in revenue was mainly attributed to temporary store closures due to government-enforced COVID-19 lockdowns in various European countries since mid-March, as well as the ongoing 'yellow vest' protests in France during the first quarter of 2020.

Gross profit

Our gross profit for the period under review declined 37.3% to US$84.7 million compared to the corresponding period of last year as our brand customers delayed and cancelled orders and shipments as a result of the COVID-19 pandemic. These effects also pressured our gross profit margin, which declined to 16.6%.

Other factors driving the decline in our gross profit margin were: overhead costs related to temporary factory closures in Mainland China, Philippines and Bangladesh in compliance with local government measures to curb the spread of COVID-19; lower utilisation at our manufacturing facilities due to customers' delaying shipments and cancelling orders; and operating deleverage due to workers at some of our factories in Mainland China, Indonesia and Vietnam being granted extra days off by the Group because of the reduction in orders resulted from the COVID-19 pandemic.

Operating profit/loss

For the period under review, we turned to a reported operating loss[1] of US$3.4 million from an operating profit of US$45.6 million for the same period last year. The main factors behind the decline in our operating performance was the significant decrease in shipment volume during the period and the operating deleverage resulting from this, as well as an increase in one-off costs.

The one-off costs included severance payments and other costs in connection with the permanent closure of factories in Mainland China as we accelerated our planned migration of production capacity to Southeast Asia; and overhead costs related to the temporary factory closures in Mainland China, Philippines and Bangladesh, which resulted from the outbreak of the COVID-19 – the operations of our factories in Philippines and Bangladesh were suspended for more than one month respectively. These one-off costs were partially offset by one-time local government subsidies to support local employment and businesses in the PRC.

1 Reported Operating Loss is operating loss before changes in fair value of financial instruments.

We believe these net expenses are one-off in nature and not reflective of the underlying recurring business. If excluding the net one-off expenses mentioned above (and as listed in the table below), the non-GAAP adjusted operating profit[2] for the Group during the period under review would be adjusted to US$10.9 million and the adjusted recurring operating margin would be 2.1%.

Reported Operating Loss[1]	**US$(3.4) million**
Severance payments and other related costs	US$13.5 million
Overhead costs related to factory suspensions resulting from COVID-19	US$2.7 million
PRC government subsidies related to COVID-19	US$(1.9) million
TOTAL Net One-off Expenses	**US$14.3 million**
Adjusted Operating Profit[2]	**US$10.9 million**

Net results

Due to the factors outlined above, we recorded a net loss of US$5.2 million for the period under review, compared to a net profit of US$38.9 million in the corresponding period of last year.

Stable financial position with a proactive focus on credit risk and cash flow management

A majority of our customers requested a temporary delay of payment and/or extension of credit terms during the period under review as they grappled with the impact of the COVID-19 pandemic. As a result, the Group conducted a credit risk re-assessment of all its customers, which determined the current risk level of each customer accordingly. Following this, we introduced a financial protection plan to reduce our exposure to high-risk customers. This included purchasing credit insurance, implementing a factoring program for accounts receivables and reducing inventory on hand for these customers through 'just-in-time' production management, among other measures.

Despite the challenges arising from the unprecedented pandemic and the US$46.1 million payment of our final dividend for the fiscal year 2019 during the period under review, our dedicated efforts in managing credit risk and cash flow helped the Group turned into a net cash position of US$3.1 million as of 30 June 2020 from a net debt[3] of US$69.0 million as of 30 June 2019. Therefore, the Group's net gearing ratio[4] became slightly negative, close to zero, as of 30 June 2020 from 7.3% as of 30 June 2019.

In the six months ended 30 June 2020, cash generated from operations increased to US$25.2 million, compared to US$17.4 million for the corresponding period of last year.

1 Reported Operating Loss is operating loss before changes in fair value of financial instruments.
2 Adjusted operating profit is a non-GAAP measure that refers to operating profit excluding one-off items, which mainly comprised of severance payment, overhead costs related to factory suspensions, and PRC government subsidies related to COVID-19.
3 Net debt = total debt – cash and cash equivalents.
4 Net gearing ratio = net debt/shareholder equity.

OUTLOOK

The sales revenue of our brand customers displayed signs of improvement towards the end of the period under review, with consumer spending in China recovering quickly in the second quarter and with retail stores in the United States and Europe progressively reopening from May. This sales revenue recovery is expected to continue in the coming months, although the speed will depend on how new waves of COVID-19 infections are managed in our major retail markets.

Despite this, order visibility for the remainder of 2020 remains low, especially in the fourth quarter during which customers may adopt a cautious attitude to ordering Spring/Summer 2021 seasonal products as they continue to prioritise clearing their inventories leftover from Spring 2020 season.

This outlook for the coming months will not prevent us from pushing-forward with our long-term strategies. We will continue to accelerate the migration of our production capacity to Southeast Asia, starting by completing the recent factory closures in Mainland China, to enhance our long-term cost structure.

With a net cash position and total undrawn bank facilities of over US$180 million – a solid financial position that is more than sufficient to meet our current business need – we are also comfortable about investing in the future, including proceeding with our plan to set up a new factory in Indonesia in the second half of 2020. This new factory will help improve our cost efficiency and competitiveness in the long-term. We also expect to complete the integration of our handbag business into the listed Group, as we continue to pursue lateral growth in the long-term by capitalising on the synergies emerging from our broad and high-end customer base.

These investments will not weaken our efforts in maintaining a strong financial position. We will continue to implement new processes, policies and initiatives to improve our risk and cash flow management and safeguard our strong balance sheet to weather any new challenges that emerge from the COVID-19 pandemic and the global political and economic environments.

We will also continue to nurture promising opportunities that match our business model. One is the fast-growing athleisure market, of which more and more high-fashion brands are seeking a slice. We will continue to pursue partnerships with these brands to develop new sports fashion footwear ranges, further growing our unique track record in this space, which is underpinned by our proven R&D and commercialisation capabilities. Stella's own retail brand – *Stella Luna* – will also play a critical role in offering a visible proof of concept of our design capabilities to high-fashion brands in Europe.

In addition, recent production shutdowns in Europe exposed the risk of concentrating supply chain in the region, which may encourage high-fashion brands to consider diversifying their supply chains out of Europe. As the largest premium footwear manufacturer in Asia, Stella offers proven product quality that is comparable to European peers, leaving us well-poised to benefit from these new business opportunities.

Major sportswear brands are also investing considerably in adding more limited edition/collectable product lines and cross-brands collaborations that have become one of their biggest profit drivers. We remain one of the very few manufacturers globally that can efficiently produce these highly complex footwear models which require a high standard of craftsmanship, complicated production processes and strong technical know-how – attributes that are difficult to emulate.

Similarly, COVID-19 will likely entrench a higher e-commerce sales ratio for fashion brands, pushing them to demand short order windows and small batch sizes to compete in the fast-changing online sales environment. We will concentrate on better leveraging our already-competitive short lead-time and small-batch production to attract more high-quality customers.

Stella will continue to seek to fully capitalise on each of these trends, which will support the future growth of Stella's fashion and fashion sports categories while contributing to margin improvement in the long-term.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Despite the severe headwinds due to the pandemic, the Group retained its solid financial position. As at 30 June 2020, the Group had cash and cash equivalents of approximately US$54.7 million (31 December 2019: US$68.1 million) and total undrawn bank facilities of over US$180 million.

In the six months ended 30 June 2020, cash generated from operations increased to US$25.2 million, compared to US$17.4 million for the corresponding period of last year.

Net cash outflows used in investing activities were US$40.7 million during the period under review (for the six months ended 30 June 2019: US$35.3 million), representing an increase of 15.3%. Capital expenditure amounted to approximately US$25.4 million during the period (for the six months ended 30 June 2019: US$37.0 million).

As at 30 June 2020, the Group had current assets of approximately US$616.9 million (31 December 2019: US$659.9 million) and current liabilities of approximately US$196.3 million (31 December 2019: US$166.7 million). The current ratio (which is calculated on the basis of current assets over current liabilities) was 3.1 as at 30 June 2020 (31 December 2019: 4.0), an indication of the Group's high liquidity and healthy financial position.

BANK BORROWINGS

The Group had bank borrowings of US$51.6 million as at 30 June 2020 (31 December 2019: US$3.0 million), a reduction of US$85.3 million compared to 30 June 2019 (30 June 2019: US$136.9 million).

The Group turned into a net cash position of US$3.1 million as of 30 June 2020 from a net debt[3] of US$69.0 million as of 30 June 2019. Therefore, the Group's net gearing ratio[4] became slightly negative, close to zero, as of 30 June 2020 from 7.3% as of 30 June 2019.

FOREIGN CURRENCY EXPOSURE

During the six months ended 30 June 2020, the Group's sales were mostly denominated in U.S. dollars, while the purchase of raw materials and operating expenses were mostly denominated in U.S. dollars and RMB. Currency exposures were mostly in RMB and Hong Kong dollars against US dollars, the functional currency of the Group.

PLEDGE OF ASSETS

As at 30 June 2020, the Group had pledged US$5.6 million of its assets (31 December 2019: US$5.6 million).

3 Net debt = total debt – cash and cash equivalents.
4 Net gearing ratio = net debt/shareholder equity.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group had no contingent liabilities (31 December 2019: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

Customers and suppliers are our core stakeholders. We believe their successes are indispensable to our growth. Also, an effective alignment between them is the key to high performing supply chain competitiveness. Our brand customers evaluate supply chain performance on product commercialisation, quality, on time delivery and efficiency. The Company has been consistently placed within the top 10 percentile of these vendors' evaluations.

We treasure our alliance with these long-term partners and we will continue to build strategic and fruitful relationships with them to enable continuous improvements in quality, craftsmanship, innovation, speed to market, and small batch production.

EMPLOYEES

As at 30 June 2020, the Group had approximately 33,000 employees (31 December 2019: approximately 44,000). We cultivate a caring, sharing and learning culture among our employees and believe that human resources are significant assets to the Group's development and expansion. We actively seek to attract, develop and retain individuals who are proactive, positive, committed to and passionate about our business.

The Group has continued to build a strong management team internally through effective learning and promotion programs, including our "Leadership Program" to identify potential high calibre colleagues, to assess the quality of senior management and ultimately to determine appropriate incentives and other human resources development measures. With a view to recognising and rewarding the contribution of employees, as well as providing incentives to employees in order to retain them for the continual operation and development of the Group and attracting suitable personnel for the further development of the Group, the Company has adopted a share option scheme and a share award plan.

INTERIM DIVIDEND

Given the COVID-19 and the consequential very challenging business circumstances in which the Group found itself, the Group recorded a net loss of US$5.2 million for the six months ended 30 June 2020. The Board does not recommend the declaration of an interim dividend for the period ended 30 June 2020.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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To the board of directors of Stella International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 11 to 33, which comprises the condensed consolidated statement of financial position of Stella International Holdings Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and 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*" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 HKICPA. 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 is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
20 August 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	Six months ended 30 June **2020** **US$'000** **(Unaudited)**	 2019 US$'000 (Unaudited)
REVENUE	4	**511,474**	750,577
Cost of sales		**(426,725)**	(615,537)
Gross profit		**84,749**	135,040
Other income		**9,311**	8,701
Other gains and losses, net		**(5,780)**	(653)
Selling and distribution expenses		**(18,519)**	(29,879)
Administrative expenses		**(70,309)**	(71,240)
Impairment losses on financial assets		**(3,137)**	(183)
Share of profit of a joint venture		**1,541**	6,040
Share of losses of associates		**(1,247)**	(2,239)
Operating (loss)/profit before changes in fair value of financial instruments		**(3,391)**	45,587
Net fair value loss on financial instruments		**(84)**	(444)
Operating (loss)/profit after changes in fair value of financial instruments		**(3,475)**	45,143
Interest income		**222**	552
Interest expense		**(312)**	(918)
(LOSS)/PROFIT BEFORE TAX	5	**(3,565)**	44,777
Income tax expense	6	**(1,681)**	(5,846)
(LOSS)/PROFIT FOR THE PERIOD		**(5,246)**	38,931
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive loss/(income) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(4,051)**	(7)
Share of other comprehensive gains of a joint venture and associates		**–**	222
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX		**(4,051)**	215
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		**(9,297)**	39,146
(Loss)/profit attributable to:			
Owners of the parent		**(5,247)**	38,937
Non-controlling interests		**1**	(6)
		(5,246)	38,931
Total comprehensive (loss)/income attributable to:			
Owners of the parent		**(9,299)**	39,218
Non-controlling interests		**2**	(72)
		(9,297)	39,146
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
– Basic (US$)		**(0.0066)**	0.0491
– Diluted (US$)		**(0.0066)**	0.0491

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	30 June 2020 US$'000 (Unaudited)	31 December 2019 US$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**398,240**	400,293
Investment properties		**4,750**	5,178
Right-of-use-assets		**33,685**	35,558
Investment in a joint venture		**28,019**	26,479
Investments in associates		**596**	1,843
Deposit for acquisition of property, plant and equipment		**5,057**	4,147
Deposit paid for acquisition of a subsidiary		**16,200**	–
Total non-current assets		**486,547**	473,498
CURRENT ASSETS			
Inventories		**193,780**	173,088
Trade receivables	*10*	**278,230**	306,329
Prepayments, deposits and other receivables		**90,050**	112,204
Financial assets at fair value through profit or loss	*11*	**105**	189
Cash and cash equivalents		**54,726**	68,061
Total current assets		**616,891**	659,871
CURRENT LIABILITIES			
Trade payables	*12*	**57,254**	59,675
Other payables and accruals	*13*	**43,065**	63,132
Interest-bearing bank borrowings	*14*	**51,610**	245
Lease liabilities		**2,805**	1,851
Tax payable		**41,558**	41,829
Total current liabilities		**196,292**	166,732
NET CURRENT ASSETS		**420,599**	493,139
TOTAL ASSETS LESS CURRENT LIABILITIES		**907,146**	966,637
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*14*	**–**	2,750
Lease liabilities		**3,089**	4,721
Total non-current liabilities		**3,089**	7,471
Net assets		**904,057**	959,166

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2020

	Note	**30 June 2020 US$'000 (Unaudited)**	31 December 2019 US$'000 (Audited)
EQUITY			
Equity attributable to owners of the parent			
Share capital	*15*	**10,165**	10,165
Share premium and reserves		**894,393**	949,504
		904,558	959,669
Non-controlling interests		**(501)**	(503)
Total equity		**904,057**	959,166

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

		Attributable to owners of the parent											
	Note	Share capital US$'000	Share premium US$'000	Merger reserve US$'000	Capital reserve US$'000	Exchange reserve US$'000	Shares held for share award scheme US$'000	Capital redemption reserve US$'000	Share option reserve US$'000	Retained profits US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2020 (audited)		10,165	155,156	38,841	1,146	(2,859)	(2,722)	190	1,936	757,816	959,669	(503)	959,166
Loss for the period		–	–	–	–	–	–	–	–	(5,247)	(5,247)	1	(5,246)
Other comprehensive (loss)/income for the period:													
Exchange differences on translation of foreign operations		–	–	–	–	(4,052)	–	–	–	–	(4,052)	1	(4,051)
Total comprehensive (loss)/income for the period		–	–	–	–	(4,052)	–	–	–	(5,247)	(9,299)	2	(9,297)
Equity-settled share option arrangements		–	–	–	–	–	–	–	325	–	325	–	325
Final 2019 dividend	7	–	–	–	–	–	–	–	–	(46,137)	(46,137)	–	(46,137)
At 30 June 2020 (unaudited)		10,165	155,156	38,841	1,146	(6,911)	(2,722)	190	2,261	706,432	904,558	(501)	904,057
At 1 January 2019 (audited)		10,160	154,503	45,427	1,146	(4,491)	(2,722)	190	1,151	747,987	953,351	(6,560)	946,791
Profit/(loss) for the period		–	–	–	–	–	–	–	–	38,937	38,937	(6)	38,931
Other comprehensive income/(loss) for the period:													
Exchange differences on translation of foreign operations		–	–	–	–	59	–	–	–	–	59	(66)	(7)
Share of other comprehensive gains of a joint venture and associates		–	–	–	–	222	–	–	–	–	222	–	222
Total comprehensive income/(loss) for the period		–	–	–	–	281	–	–	–	38,937	39,218	(72)	39,146
Acquisition of non-controlling interests		–	–	(6,586)	–	–	–	–	–	–	(6,586)	6,133	(453)
Equity-settled share option arrangements		1	52	–	–	–	–	–	477	–	530	–	530
Transfer of share option reserve upon the forfeiture or expiry of share options		–	–	–	–	–	–	–	(594)	594	–	–	–
Final 2018 dividend	7	–	–	–	–	–	–	–	–	(45,579)	(45,579)	–	(45,579)
At 30 June 2019 (unaudited)		10,161	154,555	38,841	1,146	(4,210)	(2,722)	190	1,034	741,939	940,934	(499)	940,435

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	US$'000	US$'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	**(3,565)**	44,777
Depreciation of property, plant and equipment	**20,924**	20,052
Depreciation of investment properties	**351**	365
Depreciation of right-of-use assets	**1,402**	1,520
Other adjustments	**4,909**	948
Operating cash inflows	**24,021**	67,662
Changes in working capital	**3,347**	(45,621)
Other operating cash flows	**(2,218)**	(4,643)
Net cash flows from operating activities	**25,150**	17,398
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**222**	552
Purchases of items of property, plant and equipment	**(23,706)**	(30,858)
Acquisition of right-of-use assets	**(244)**	(5,645)
Acquisition of non-controlling interests	**–**	(453)
Deposit paid for acquisition of items of property, plant and equipment	**(1,455)**	(534)
Proceeds from disposal of property, plant and equipment	**634**	1,233
Deposit paid for acquisition of a subsidiary	**(16,200)**	–
Decrease in derivative financial instruments	**–**	439
Net cash flows used in investing activities	**(40,749)**	(35,266)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**–**	47
New bank loans	**167,460**	338,212
Repayment of bank loans	**(118,881)**	(266,802)
Dividends paid	**(46,137)**	(45,579)
Interest paid	**(185)**	(918)
Principal portion of lease payments	**(865)**	(770)
Net cash flows from financing activities	**1,392**	24,190
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(14,207)**	6,322
Cash and cash equivalents at beginning of period	**68,061**	61,328
Effect of foreign exchange rate changes, net	**872**	240
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**54,726**	67,890
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**54,726**	54,711
Time deposits with original maturity of less than three months when acquired	**–**	13,179
Cash and cash equivalents	**54,726**	67,890

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020

1. BASIS OF PREPARATION

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

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

These condensed consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in United States dollars ("US$") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies and the basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial information are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and impact of the revised HKFRSs are described below: (continued)

(c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any rent concessions.

(d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- the men's footwear segment engages in the manufacture and sale of men's footwear
- the women's footwear segment engages in the manufacture and sale of women's footwear
- the footwear retailing and wholesaling segment engages in the sale of house brands

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, rental income, income from sales of scrap, fair value losses from the Group's financial instruments, research and development costs, depreciation of investment properties, finance costs, share of profits/(losses) of a joint venture and associates as well as unallocated corporate income, expenses, gains and losses are excluded from such measurement.

Segment assets exclude investment properties, investments in a joint venture and associates, financial assets at fair value through profit or loss, cash and cash equivalents and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2020 (Unaudited)

	Men's footwear US$'000	Women's footwear US$'000	Footwear retailing and wholesaling US$'000	Total US$'000
Segment revenue				
Sales to external customers	230,284	266,327	14,863	511,474
Intersegment sales	–	5,557	–	5,557
	230,284	271,884	14,863	517,031
Reconciliation:				
Elimination of intersegment sales				(5,557)
Revenue				511,474
Segment results	30,417	38,811	(6,322)	62,906
Reconciliation:				
Corporate and other unallocated income				11,924
Corporate and other unallocated expenses, gains and losses				(78,515)
Share of result of a joint venture				1,541
Share of results of an associate				(1,247)
Operating loss before changes in fair value of financial instruments				(3,391)
Net fair value loss on financial intruments				(84)
Operating loss after changes in fair value of financial instruments				(3,475)
Interest income				222
Interest expense				(312)
Loss before tax				(3,565)

3. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2019 (Unaudited)

	Men's footwear US$'000	Women's footwear US$'000	Footwear retailing and wholesaling US$'000	Total US$'000
Segment revenue				
Sales to external customers	294,074	439,921	16,582	750,577
Intersegment sales	–	10,149	–	10,149
	294,074	450,070	16,582	760,726
Reconciliation:				
Elimination of intersegment sales				(10,149)
Revenue				750,577
Segment results	36,864	68,736	(3,961)	101,639
Reconciliation:				
Corporate and other unallocated income				8,701
Corporate and other unallocated expenses, gains and losses				(68,554)
Share of result of a joint venture				6,040
Share of results of associates				(2,239)
Operating profit before changes in fair value of financial instruments				45,587
Net fair value loss on financial intruments				(444)
Operating profit after changes in fair value of financial instruments				45,143
Interest income				552
Interest expense				(918)
Profit before tax				44,777

3. OPERATING SEGMENT INFORMATION (continued)

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2020 and 31 December 2019, respectively.

Segment assets

	30 June 2020 US$'000 (Unaudited)	31 December 2019 US$'000 (Audited)
Men's footwear	**305,743**	469,918
Women's footwear	**218,413**	261,874
Footwear retailing and wholesaling	**44,755**	54,702
	568,911	786,494
Others	**534,527**	346,875
	1,103,438	1,133,369
Segment liabilities		
Men's footwear	**53,599**	106,907
Women's footwear	**32,830**	11,778
Footwear retailing and wholesaling	**17,013**	8,107
	103,442	126,792
Others	**95,939**	47,411
	199,381	174,203

4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2020 US$'000 (Unaudited)	2019 US$'000 (Unaudited)
Revenue from contracts with customers	**511,474**	750,577

Disaggregate revenue information for revenue from contracts with customers

For the six months ended 30 June 2020 (Unaudited)

Segments	**Men's footwear US$'000**	**Women's footwear US$'000**	**Footwear retailing and wholesaling US$'000**	**Total US$'000**
Types of goods				
Sales of footwear	**230,284**	**266,327**	**14,863**	**511,474**

4. REVENUE (continued)

Disaggregate revenue information for revenue from contracts with customers (continued)

For the six months ended 30 June 2020 (Unaudited)

Segments

	Men's footwear US$'000	Women's footwear US$'000	Footwear retailing and wholesaling US$'000	Total US$'000
Geographical markets				
Asia	**19,121**	**17,207**	**340**	**36,668**
Europe	**43,692**	**78,236**	**2,632**	**124,560**
North America	**138,893**	**116,693**	**4,753**	**260,339**
The People's Republic of China (the "PRC")	**23,699**	**47,395**	**7,129**	**78,223**
Other countries	**4,879**	**6,796**	**9**	**11,684**
Total revenue from contracts with customers	**230,284**	**266,327**	**14,863**	**511,474**
Timing of revenue recognition				
Goods transferred at a point of time	**230,284**	**266,327**	**14,863**	**511,474**

For the six months ended 30 June 2019 (Unaudited)

Segments

	Men's footwear US$'000	Women's footwear US$'000	Footwear retailing and wholesaling US$'000	Total US$'000
Types of goods				
Sales of footwear	294,074	439,921	16,582	750,577
Geographical markets				
Asia	23,126	26,820	370	50,316
Europe	73,008	147,139	5,970	226,117
North America	157,761	208,488	155	366,404
The PRC	32,087	43,080	9,777	84,944
Other countries	8,092	14,394	310	22,796
Total revenue from contracts with customers	294,074	439,921	16,582	750,577
Timing of revenue recognition				
Goods transferred at a point of time	294,074	439,921	16,582	750,577

5. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2020	2019
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**426,130**	616,640
Depreciation of property, plant and equipment	**20,924**	20,052
Depreciation of investment properties	**351**	365
Depreciation of right-of-use assets	**1,402**	1,520
Net fair value loss/(gain) on financial assets at fair value through profit or loss	**84**	(41)
Net fair value loss on derivative financial instruments	**–**	485
Severance payments and other related costs	**13,493**	5,863
Overhead costs related to factory suspensions resulting from COVID-19#	**2,767**	–
PRC government subsidies related to COVID-19*#	**(1,924)**	–
Impairment losses of financial assets##	**3,137**	183
Write-down/(write-back) of inventories, net	**595**	(1,103)
Bank interest income	**(219)**	(124)
Interest income from financial assets at fair value through profit or loss	**(3)**	(38)
Loss on disposal of items of property, plant and equipment	**1,139**	300
Foreign exchange differences, net	**1,874**	353

* PRC government subsidies represent subsidies granted to the Group by the local governmental authority in mainland China for the business support of prevention and control of the coronavirus ("COVID-19") outbreak. There are no unfulfilled conditions or contingencies relating to these grants.

These items are included in "Other gains and losses, net" in the condensed consolidated statement of profit or loss and other comprehensive income.

Impairment losses of financial assets included impairments of trade receivables and other receivables.

6. INCOME TAX

Tax on profits assessable in the PRC has been calculated at the applicable PRC corporate income tax ("CIT") rate of 25% (six months ended 30 June 2019: 25%) during the period.

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2019: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Macau Complementary tax has been provided at the rate of 12% (six months ended 30 June 2019: 12%) on the estimated assessable profits arising in Macau during the period. Pursuant to the Decree Law No. 58/99/M, Chapter 2, Article 12, dated 18 October 1999, Stella International Trading (Macao Commercial Offshore) Limited ("SIT (MCO)"), a wholly-owned subsidiary of the Group, is entitled to the exemption of Macau Complementary Tax.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2020	2019
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Current – PRC		
Charge for the period	**1,578**	9,558
Overprovision in prior years	**–**	(5,440)
Current – Elsewhere	**103**	1,728
	1,681	5,846

7. DIVIDENDS

	Six months ended 30 June	
	2020	2019
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Final declared and paid – HK45 cents (2019: HK45 cents) per ordinary share	**46,137**	45,579
Interim – Nil (2019: HK40 cents) per ordinary share	–	40,512
	46,137	86,091

During the six months ended 30 June 2020, the Board resolved not to declare any interim dividend.

On 22 August 2019, the board of directors declared an interim dividend of HK40 cents per ordinary share, amounting to approximately US$40,512,000.

8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the loss for the period attributable to ordinary equity holders of the parent of US$5,247,000 (profit for the period ended 30 June 2019: US$38,937,000), and the weighted average number of ordinary shares of 793,002,500 (six months ended 30 June 2019: 792,614,522) in issue during the period.

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2020 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

During the six months ended 30 June 2019, the calculation of the diluted earnings per share was based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation was the number of ordinary shares in issue during that period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted (loss)/ earnings per share are based on:

	Six months ended 30 June	
	2020	2019
	US$'000	US$'000
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to ordinary equity holders of the parent, used in basic and diluted (loss)/earnings per share calculation	**(5,247)**	38,937

	Six months ended 30 June	
	Number of shares	
	2020	2019
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation	**793,002,500**	792,614,522
Effect of dilution – weighted average number of ordinary shares:		
Share options	–	218,570
	793,002,500	792,833,092

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired items of property, plant and equipment of US$23,706,000 (six months ended 30 June 2019: US$30,858,000). In addition, the Group has disposed of certain items of property, plant and equipment with an aggregate carrying amount of US$1,773,000 (six months ended 30 June 2019: US$1,533,000) for cash proceeds of US$634,000 (six months ended 30 June 2019: US$1,233,000), resulting in a loss on disposal of US$1,139,000 (six months ended 30 June 2019: US$300,000).

10. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of each reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2020 US$'000 (Unaudited)	31 December 2019 US$'000 (Audited)
Within 1 month	**156,891**	181,608
1 to 2 months	**55,014**	82,846
2 to 3 months	**14,742**	27,932
Over 3 months	**51,583**	13,943
	278,230	306,329

The Group's trading terms with its customers are mainly on credit. The credit periods are ranging from 30 to 90 days.

Included in the Group's trade receivables are amounts due from the Group's associates of US$58,669,000 (31 December 2019: US$67,251,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 US$'000 (Unaudited)	31 December 2019 US$'000 (Audited)
Listed debt investments, at fair value	**105**	189

The above debt investments at 30 June 2020 were classified as financial assets at fair value through profit or loss as they were held for trading.

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the reporting period, based on the invoice date, is as follows:

	30 June 2020 US$'000 (Unaudited)	31 December 2019 US$'000 (Audited)
Within 1 months	**37,395**	47,190
1 to 2 months	**9,444**	8,701
Over 2 months	**10,415**	3,784
	57,254	59,675

Included in the trade payables are trade payables of US$8,059,000 (31 December 2019: US$12,655,000) due to a joint venture which are repayable within 90 days, and have credit terms similar to those offered by the joint venture to its major customers.

Trade payables are non-interest-bearing and are normally settled on a credit term of 60 days.

13. OTHER PAYABLES AND ACCRUALS

	Notes	**30 June 2020 US$'000 (Unaudited)**	31 December 2019 US$'000 (Audited)
Refund liabilities		**5,814**	5,867
Other payables	*(a)*	**1,723**	2,121
Accruals		**35,133**	54,749
Financial guarantee contracts	*(b)*	**395**	395
		43,065	63,132

Notes:

(a) Other payables are non-interest-bearing and have an average credit term of three months.

(b) The financial guarantee contracts represent guarantees given to banks in connection with facilities granted to an associate. The associate's banking facilities granted by the banks were US$15,000,000 (31 December 2019: US$15,000,000), of which US$10,000,000 (31 December 2019: US$10,000,000) was utilised by the associate. The Group does not hold any collateral or other credit enhancements over the guarantees.

The Group does not provide financial guarantees except for limited circumstances. All guarantees are approved by the Group's Chief Financial Officer in accordance with the authorised limits and conditions as approved by the Company's Board of Directors.

14. INTEREST-BEARING BANK BORROWINGS

	(Unaudited) 30 June 2020			(Audited) 31 December 2019		
	Effective interest rate %	**Maturity**	**US$'000**	Effective interest rate %	Maturity	US$'000
Current						
Bank loans – secured	**1.11**	**2021**	**2,908**	1.11	2020	245
Bank loans – unsecured	**LIBOR+0.6-5.30**	**2020**	**48,702**			–
			51,610			245
Non-current						
Bank loans – secured			**–**	1.11	2021	2,750
			–			2,995

Notes:

(a) The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	30 June 2020 US$'000 (Unaudited)	31 December 2019 US$'000 (Audited)
New Taiwan dollar ("TWD")	**2,908**	2,995
US$	**47,900**	–
Euro ("EUR")	**802**	–
	51,610	2,995

(b) Certain of the Group's bank borrowings are secured by mortgages over the Group's freehold land and buildings, which had aggregate carrying values at the end of the reporting period of approximately US$3,740,000 and US$1,889,000 (2019: US$3,695,000 and US$1,923,000), respectively.

15. SHARE CAPITAL

	30 June 2020 US$'000 (Unaudited)	31 December 2019 US$'000 (Audited)
Authorised:		
5,000,000,000 ordinary shares of HK$0.1 each	**63,975**	63,975
Issued and fully paid:		
794,780,500 ordinary shares of HK$0.1 each	**10,165**	10,165

16. SHARE OPTION SCHEME

Long term incentive scheme

The Company's former long term incentive scheme (the "Old Scheme") was adopted pursuant to a resolution passed on 15 June 2007 for the primary purpose of providing incentives to directors and eligible employees, and was expired on 5 July 2017. Under the Old Scheme, the board of directors of the Company may grant an award either by way of option, to subscribe shares of the Company, an award of shares or a grant of a conditional right to acquire shares, to eligible employees, including directors of the Company and its subsidiaries. Pursuant to the Old Scheme, the Company appointed a trustee, Teeroy Limited (the "Trustee"), for the purpose of administering the Scheme and holding the awarded shares before they are vested. As at 30 June 2020, the Trustee maintained a pool of 1,778,000 (31 December 2019: 1,778,000) shares (the "Entrusted Shares") on trust for the Company and it will, at the direction of the Company, transfer, assign or otherwise deal with the Entrusted Shares, provided that no Entrusted Shares may be transferred to the Company unless in compliance with the applicable laws and regulations (including the Code of Share Repurchase) and that the Trustee is not required to exercise the voting rights attaching to the Entrusted Shares.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by all the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at the date of offer or with an aggregate value (based on the price of the Company's shares at the date of offer) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one to five years and ends on a date which is not later than six years from the date of offer of the share options or the expiry date of the Old Share Option Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

For the share options granted on 17 March 2017 under the Old Scheme, the vesting of the share options on a particular vesting date is conditional upon satisfaction of certain conditions, including (1) the net profit ratio and the revenue growth ratio of the Group for the financial year immediately preceding the relevant vesting date shall meet the targets as prescribed by the board of directors for the relevant financial year; and (2) the relevant grantee shall obtain the grade prescribed in the performance appraisal to be conducted and completed by the management before the relevant vesting date in respect of the work performance of the relevant grantee in the financial year immediately preceding that vesting date.

16. SHARE OPTION SCHEME (continued)

Long term incentive scheme *(continued)*

Details of the share options granted and outstanding under the Old Scheme during the period were as follows:

	Share options	Date of grant	Exercise price HK$	Vesting date	Exercise period	Outstanding as at 1.1.2019 (Audited)	Exercised during the year (Audited)	Forfeited/ lapsed during the year (Audited)	Outstanding as at 31.12.2019 (Audited)	Forfeited/ lapsed during the period (Unaudited)	Outstanding as at 30.6.2020 (Unaudited)
Director											
Mr. Chi Lo-Jen	2017-A	17.3.2017	11.48	16.3.2018	16.3.2018 to 16.3.2023	–	–	–	–	–	–
	2017-B	17.3.2017	11.48	22.3.2019	22.3.2019 to 16.3.2023	683,500	–	(341,750)	341,750	–	341,750
	2017-C	17.3.2017	11.48	20.3.2020	20.3.2020 to 16.3.2023	683,500	–	–	683,500	–	683,500
	2017-D	17.3.2017	11.48	2021 vesting date	2021 vesting date to 16.3.2023	683,500	–	–	683,500	–	683,500
	2017-E	17.3.2017	11.48	2022 vesting date	2022 vesting date to 16.3.2023	683,500	–	–	683,500	–	683,500
						2,734,000	–	(341,750)	2,392,250	–	2,392,250
Employees and other eligible participants:											
In aggregate	2017-A	17.3.2017	11.48	16.3.2018	16.3.2018 to 16.3.2023	–	–	–	–	–	–
	2017-B	17.3.2017	11.48	22.3.2019	22.3.2019 to 16.3.2023	4,482,000	(401,000)	(2,379,750)	1,701,250	(37,750)	1,663,500
	2017-C	17.3.2017	11.48	20.3.2020	20.3.2020 to 16.3.2023	4,482,000	–	(306,500)	4,175,500	(161,000)	4,014,500
	2017-D	17.3.2017	11.48	2021 vesting date	2021 vesting date to 16.3.2023	4,482,000	–	(306,500)	4,175,500	(165,500)	4,010,000
	2017-E	17.3.2017	11.48	2022 vesting date	2022 vesting date to 16.3.2023	4,482,000	–	(306,500)	4,175,500	(165,500)	4,010,000
						17,928,000	(401,000)	(3,299,250)	14,227,750	(529,750)	13,698,000
Total						20,662,000	(401,000)	(3,641,000)	16,620,000	(529,750)	16,090,250
Exercisable at the end of the year/period									16,620,000		16,090,250
Weighted average exercise price (HK$ per share)*						11.48	11.48	11.48	11.48	11.48	11.48

* The exercise price of the share options is subject to adjustment in the case of changes in the Company's share capital.

No share option was exercised during the period. The weighted average share price at the date of exercise for share options exercised during the period ended 30 June 2019 was HK$13.69 per share.

Long term incentive scheme *(continued)*

During the six months ended 30 June 2020, no share options were granted and the Group recognised a share option expense of US$284,000 (six months ended 30 June 2019: US$477,000).

At the end of the reporting period, the Company had 16,090,250 share options outstanding under the Old Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 16,090,250 additional ordinary shares of the Company and additional share capital of US$208,000 and share premium of US$23,627,000 (before issue expenses).

Subsequent to the period ended 30 June 2020, a total of 252,750 share options were lapsed.

At the date of approval of these financial statements, the Company had 15,837,500 share options outstanding under the Old Scheme, which represented approximately 2.0% of the Company's shares in issue as at that date.

Share award plan

On 16 March 2017, the Company adopted a new share award plan (the "Share Award Plan") pursuant to which shares of the Company may be awarded to selected eligible participants, including, among others, any employee of, non-executive director of, supplier of goods or services to, customer of, person or entity providing design, research, development or other technological support to, shareholder of, holder of any security issued by, and adviser or consultant in respect of any area of business or business development of any member of the Group or any entity in which any member of the Group holds any equity interest, and any other groups or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group. The Share Award Plan became effective immediately on 16 March 2017 and, unless otherwise terminated or amended, shall remain in force for 10 years from that date.

In any given financial year of the Company, the maximum number of shares to be subscribed for and/or purchased by the trustee by utilising the funds to be allocated by the board out of the Company's resources for the purpose of the Share Award Plan shall not exceed 2.5% of the total number of issued shares as at the beginning of such financial year. Details of the Share Award Plan are set out in the announcement of the Company dated 16 March 2017.

During the period ended 30 June 2020, no shares were granted under the Share Award Plan.

Share option scheme

On 19 May 2017, the Company adopted a new share option scheme (the "New Share Option Scheme") pursuant to which shares of the Company may be awarded to selected participants, including, among others, any employee of, non-executive director of, supplier of goods or services to, customer of, person or entity providing design, research, development or other technological support to, shareholder of, holder of any security issued by, and adviser or consultant in respect of any area of business or business development of any member of the Group or any entity in which any member of the Group holds any equity interest, and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group. The New Share Option Scheme became effective immediately on 19 May 2017 and, unless otherwise terminated or amended, shall remain in force for 10 years from that date.

16. SHARE OPTION SCHEME (continued)

Share option scheme *(continued)*

Details of the share options granted and outstanding under the New Share Option Scheme during the period were as follows:

	Share options	Date of grant	Exercise price HK$	Vesting date	Exercise period	Outstanding as at 31.12.2019 (Audited)	Granted during the period (Unaudited)	Outstanding as at 30.6.2020 (Unaudited)
Employees and other eligible participants:								
In aggregate	2020-A	15.4.2020	8.71	2021 vesting date	2021 vesting date to 5.7.2027	–	900,000	900,000
	2020-B	15.4.2020	8.71	2022 vesting date	2022 vesting date to 5.7.2027	–	900,000	900,000
	2020-C	15.4.2020	8.71	2023 vesting date	2023 vesting date to 5.7.2027	–	900,000	900,000
Total						–	2,700,000	2,700,000
Exercisable at the end of the year/period						–		2,700,000
Weighted average exercise price (HK$ per share)*						–	8.71	8.71

* The exercise price of the share options is subject to adjustment in the case of changes in the Company's share capital.

No share option was exercised during the period.

The fair value of the share options granted during the period was HK$2,361,000 (HK$0.88 each) (six months ended 30 June 2019: Nil), of which the Group recognised a share option expense US$41,000 (six months ended 30 June 2019: Nil) during the period ended 30 June 2020.

The fair value of equity-settled share options granted during the period ended 30 June 2020 was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	30 June 2020
Dividend yield (%)	9.76%
Expected volatility (%)	31.67%
Risk-free interest rate (%)	0.57%
Life of options (year)	7 years
Weighted average share price (HK$ per share)	8.71

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 2,700,000 share options outstanding under the New Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 2,700,000 additional ordinary shares of the Company and additional share capital of US$35,000 and share premium of US$3,000,000 (before issue expenses).

17. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2020 US$'000 (Unaudited)	31 December 2019 US$'000 (Audited)
Contracted, but not provided for:		
Plant and equipment	**5,479**	2,270
Investment in a subsidiary	**10,800**	–

18. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

		Six months ended 30 June	
	Notes	**2020 US$'000 (Unaudited)**	2019 US$'000 (Unaudited)
Associates:			
Sales of products	(i)	**5,135**	9,748
Purchases of products	(ii)	**1,931**	21,606
Joint venture:			
Purchases of products	(ii)	**27,442**	49,326
Max Branding Group			
Sales of footwear products	(iii)	**534**	–

Notes:

(i) The sales to the associates were made according to the published prices and conditions offered to the major customers of the Group. The sales to Couture Accessories Holdings Limited, an associate, also constitute continuing connected transactions, as defined in Chapter 14A of the Listing Rules, amounting to US$5,135,000 (six months ended 30 June 2019: US$9,748,000).

(ii) The purchases from the associates and the joint venture were made according to the published prices and conditions offered by the associates and the joint venture to their major customers.

(iii) The sales constitute continuing connected transactions, as defined in Chapter 14A of the Listing Rules.

(b) Other transactions with related parties

The Group has guaranteed banking facilities granted to an associate amounting to US$15,000,000 (31 December 2019: US$15,000,000) as at the end of the reporting period.

(c) Outstanding balances with related parties:

Details of the Group's trade balances with its joint ventures and associates as at the end of the reporting period are disclosed in notes 10 and 12 to the financial statements.

(d) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2020 US$'000 (Unaudited)	2019 US$'000 (Unaudited)
Short term employee benefits	**583**	614
Equity-settled share option expense	**35**	58
Total compensation paid to key management personnel	**618**	672

19. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

30 June 2020 (Unaudited)

Financial assets

	Financial assets at fair value through profit or loss US$'000	Financial assets at amortised cost US$'000	Total US$'000
Trade receivables	–	278,230	278,230
Financial assets included in prepayment, deposits and other receivables	–	88,462	88,462
Financial assets at fair value through profit or loss	105	–	105
Cash and cash equivalents	–	54,726	54,726
	105	421,418	421,523

Financial liabilities

	Financial liabilities at amortised cost US$'000
Trade payables	57,254
Financial liabilities included in other payables and accruals	1,723
Lease liabilities	5,894
Interest-bearing bank borrowings	51,610
	116,481

31 December 2019 (Audited)

Financial assets

	Financial assets at fair value through profit or loss US$'000	Financial assets at amortised cost US$'000	Total US$'000
Trade receivables	–	306,329	306,329
Financial assets included in prepayments, deposits and other receivables	–	108,057	108,057
Financial assets at fair value through profit or loss	189	–	189
Cash and cash equivalents	–	68,061	68,061
	189	482,447	482,636

Financial liabilities

	Financial liabilities at amortised cost US$'000
Trade payables	59,675
Financial liabilities included in other payables and accruals	2,121
Lease liabilities	6,572
Interest-bearing bank borrowings	2,995
	71,363

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2020 US$'000 (Unaudited)	31 December 2019 US$'000 (Audited)	**30 June 2020 US$'000 (Unaudited)**	31 December 2019 US$'000 (Audited)
Financial assets				
Financial assets at fair value through profit or loss	**105**	189	**105**	189
Financial liabilities				
Interest-bearing bank borrowings *(note 14)*	**51,610**	2,995	**51,331**	2,895

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the executive directors and the Audit Committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the Chief Financial Officer. The valuation process and results are discussed with the Audit Committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2020 was assessed to be insignificant.

The fair values of listed debt investments are based on quoted market prices.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2020 (Unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	**Significant observable inputs (Level 2) US$'000**	**Significant unobservable inputs (Level 3) US$'000**	**Total US$'000**
Financial assets at fair value through profit or loss	**105**	**–**	**–**	**105**

As at 31 December 2019 (Audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Financial assets at fair value through profit or loss	189	–	–	189

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

As at 30 June 2020 (Unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	**Significant observable inputs (Level 2) US$'000**	**Significant unobservable inputs (Level 3) US$'000**	**Total US$'000**
Interest-bearing bank borrowings	**–**	**51,331**	**–**	**51,331**

As at 31 December 2019 (Audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Interest-bearing bank borrowings	–	2,895	–	2,895

21. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation.

22. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 20 August 2020.

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2020, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which had been 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 in which they were deemed or taken to have under such provisions of the SFO), or was required to be recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Aggregate long positions in shares and underlying shares of the Company

Director	Capacity/Nature of Interests	Number of Shares Personal Interest	Number of Shares Corporate Interest	Number of Underlying Shares	Total	Approximate Percentage of Shareholding *(Notes 5)*
Bolliger Peter	Beneficial owner	150,000	–	–	150,000	0.02%
Chan Fu Keung	Beneficial owner	50,000	–	–	50,000	0.01%
Chao Ming-Cheng, Eric	Beneficial owner and interest of controlled corporation	238,500	30,364,612 *(Note 1)*	–	30,603,112	3.85%
Chen Li-Ming, Lawrence	Beneficial owner and interest of controlled corporation	777,000	27,692,227 *(Note 2)*	–	28,469,227	3.58%
Chi Lo-Jen	Beneficial owner	1,783,500	–	2,392,250 *(Note 3)*	4,175,750	0.53%
Chiang Jeh-Chung, Jack	Beneficial owner and interest of controlled corporation	331,500	41,725,918 *(Note 4)*	–	42,057,418	5.29%

Notes:

1. These interests were held by a company, the entire issued share capital of which was held by Mr. Chao Ming-Cheng, Eric. Mr. Chao Ming-Cheng, Eric was deemed to be interested in the shares of the Company in which that company was interested by virtue of the SFO.

2. These interests were held by a company, the entire issued share capital of which was held by Mr. Chen Li-Ming, Lawrence. Mr. Chen Li-Ming, Lawrence was deemed to be interested in the shares of the Company in which that company was interested by virtue of the SFO.

3. These interests are Options (as defined in the paragraphs headed "The 2007 Scheme" in the section headed "Other Information" below) granted under the 2007 Scheme (as defined in the paragraphs headed "The 2007 Scheme" in the section headed "Other Information" below, out of which 1,025,250 Options were vested but not yet exercised).

4. These interests were held by a company, the entire issued share capital of which was held by Mr. Chiang Jeh-Chung, Jack. Mr. Chiang Jeh-Chung, Jack was deemed to be interested in the shares of the Company in which that company was interested by virtue of the SFO.

5. The percentage represents the number of shares involved divided by the number of the Company's issued shares as at 30 June 2020.

Save as disclosed above, as at 30 June 2020, none of the Directors or chief executive of the Company had an interest or short position in the shares, underlying shares and debentures of the Company or its associated corporation which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or was required to be recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2020, the interests and short positions of the then shareholders of the Company (other than a Director or chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:–

Long position in the shares of the Company

Name	**Capacity/Nature of Interest**	**Number of Shares**	**Approximate Percentage of Shareholding** *(Note)*
Cordwalner Bonaventure Inc.	Beneficial owner	262,112,214	33.00%
Invesco Hong Kong Limited	Investment manager	40,005,000	5.04%

Note:

The percentage represents the number of shares involved divided by the number of the Company's issued shares as at 30 June 2020.

Save as disclosed above, as at 30 June 2020, no person (other than a Director or chief executive of the Company whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" above), had an interest or short position in the shares and underlying shares of the Company that were required to be recorded in the register required to be kept by the Company under section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

CORPORATE GOVERNANCE

The Board and management of the Group are committed to achieving high standards of corporate governance through increasing transparency, accountability and better risk assessment and mitigation. We believe that high standard of corporate governance practices will translate into long-term returns to the shareholders of the Company (the "Shareholders"). The Company has applied the principles and complied with all code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2020, except for code provision B.1.5 of the CG Code. The Company had not disclosed the details of remuneration payable to members of senior management by band in the annual report of 2019 for observing competitive market practices and respecting individual privacy.

Governance Model

The Company advocates a governance model which combines both corporate governance and business governance in order to build long-term interests for the Group. Corporate governance emphasises on conformance to relevant laws and regulations while business governance focuses on business performance. We believe the combination of both will enhance accountability and assurance to the Shareholders which are the key drivers for value creation for the Group.

Model Code for Securities Transactions by Directors (the "Model Code")

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code for dealing in securities of the Company by the Directors. On terms no less exacting than the required standard set out in the Model Code. The Company has made specific enquiry of all its Directors regarding any non-compliance with the Model Code. All the Directors confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2020.

Board Practices

The Board assumes the responsibility for leadership and control of the Company, and is collectively responsible for the success of the Company by directing and supervising the Company's affairs. The respective responsibility of the Board and the management of the Company have been formalised and set out in writing.

There is a clear division of responsibilities between the chairman of the Board and the chief executive officer of the Group, which have been formalised and set out in writing.

To ensure that the Board has a balance of skills and experience appropriate for the requirements of the business of the Group, the policy of selection and nomination of Directors has been established and set out in writing. Directors are selected and nominated based on their experience, competencies, skills, geographical network capabilities and cross-border experiences in pursuit of maintaining a Board of diversified background and competencies, in order to contribute to more effective Board deliberations and business directions of the Group.

Every Director is required to keep abreast of his responsibilities as a Director of the Company and of the conduct, business activities and development of the Company. Directors have been provided with monthly updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable them to make an informed decision and to discharge their duties and responsibilities as Directors.

Risk Management and Internal Control

The effectiveness of the risk management and internal control systems and the progress of internal audit are reviewed, and their respective aspects that can be strengthened are identified, at the regular Audit Committee (as defined below) meetings. The findings at such meetings are reported subsequently at Board meetings. This enables the Directors to assess the effectiveness of the risk management and internal control systems of the Group, which helps managing enterprise risks and improving its risk mitigation. The internal control functions are vested in the internal audit team which reports directly to the Audit Committee and the chief executive officer of the Company.

Audit Committee

Pursuant to the requirements of the CG Code and Rule 3.21 of the Listing Rules, the Company has established an audit committee (the "Audit Committee") comprising four independent non-executive Directors, Mr. Yue Chao-Tang, Thomas, Mr. Chen Johnny, Mr. Chan Fu Keung, William, *BBS* and Mr. Lian Jie. The chairman of the Audit Committee is Mr. Yue Chao-Tang, Thomas. The principal duties of the Audit Committee include the review of the relationship with the Company's external auditor, review of the financial information of the Company, oversight of the Company's financial reporting system, internal control and risk management procedures, and the review of the Company's compliance with any applicable laws and regulations. The Audit Committee has reviewed the Group's interim report for the six months ended 30 June 2020.

Remuneration Committee

The Company has established a remuneration committee (the "Remuneration Committee") pursuant to the requirements of the Listing Rules. The Remuneration Committee has three members comprising three independent non-executive Directors, Mr. Chan Fu Keung, William, *BBS*, Mr. Chen Johnny and Mr. Yue Chao-Tang, Thomas. The chairman of the Remuneration Committee is Mr. Chan Fu Keung, William, *BBS*. The principal duties of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration, reviewing and making recommendations to the Board and the management's remuneration proposals for Directors and reviewing the Group's overall human resources strategy.

Nomination Committee

The Company has established a nomination committee (the "Nomination Committee") in compliance with the CG Code. The Nomination Committee has six members comprising all independent non-executive Directors, Mr. Chen Johnny, Mr. Bolliger Peter, Mr. Chan Fu Keung, William, *BBS*, Mr. Yue Chao-Tang, Thomas, Mr. Lian Jie and Ms. Shi Nan Shun. The chairman of the Nomination Committee is Mr. Chen Johnny. The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorship, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors.

Corporate Governance Committee

To facilitate more effective implementation of corporate governance practices, the Company has established a corporate governance committee (the "Corporate Governance Committee"). The Corporate Governance Committee has three members comprising three independent non-executive Directors, Mr. Bolliger Peter, Mr. Chan Fu Keung, William, *BBS* and Mr. Yue Chao-Tang, Thomas. The chairman of the Corporate Governance Committee is Mr. Bolliger Peter. The principal duties of the Corporate Governance Committee include developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, reviewing the Company's compliance with the CG Code and the relevant disclosure in the Company's annual and interim reports, reviewing and monitoring the Company's communication policy and practices with its Shareholders and investor communities and reviewing and monitoring the training and continuous professional development of Directors and senior management. The Corporate Governance Committee advocates upholding the principles of "4Rs" – regulatory compliance, risk management, investor relations and corporate social responsibility, believing that the fulfillment of which will translate into long-term returns to the Shareholders.

Executive Committee

To facilitate more efficient day-to-day operations of the Group and to handle such matters as delegated by the Board from time to time, the Company has established an executive committee (the "Executive Committee") in July 2015. The Executive Committee has two members comprising all executive Directors, Mr. Chen Li-Ming, Lawrence and Mr. Chi Lo-Jen. The chairman of the Executive Committee is Mr. Chi Lo-Jen. The principal duties of the Executive Committee include monitoring and reviewing the implementation of business plans or projects approved by and policies laid down by the Board, discussing and making decisions on matters relating to the management and operations of the Group including but not limited to corporate matters, financial/treasury planning and business and operating strategies and considering and making recommendations to the Board on acquisition, disposals or investments in business or any other projects.

OTHER INFORMATION

UPDATE ON DIRECTORS' INFORMATION

CHAN Fu Keung, William, BBS, aged 71, is an independent non-executive Director of the Company, and the chairman of the Remuneration Committee and a member of the Audit Committee, the Corporate Governance Committee and the Nomination Committee of the Board. Mr. Chan was a member of the Executive Directorate and the Human Resources Director of the MTR Corporation Limited (Stock Code: 66) (the "MTR Corporation"), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited since 1996 and 1998 respectively until July 2012 when he retired from the MTR Corporation after 23 years of service. As Human Resources Director of the MTR Corporation, he was responsible for overseeing human resources management, succession planning, organisation development, operations and management training, administration and security management of the MTR Corporation. Prior to joining the MTR Corporation, Mr. Chan held senior management positions in the commercial, utility and public sectors in Hong Kong, including the Hong Kong Government, the Hong Kong Productivity Council, Hutchison Whampoa Limited and Hong Kong Telecommunications Limited. He is a member of the Remuneration Committee of the West Kowloon Cultural District Authority and a member of Human Resources and Remuneration Committee of Urban Renewal Authority. He was a member of the Hospital Authority Board from December 2012 to November 2018. Currently he is a director of CU Medical Centre Limited and a member of the Hospital Governing Committee of the Grantham Hospital. Since August 2015, Mr. Chan has been appointed as an independent non-executive director of Analogue Holdings Ltd (Stock Code: 1977), which is a company listed on the Main Board of The Stock Exchange of Hong Kong Limited since July 2019. Mr. Chan received a Bachelor of Social Science degree from the University of Hong Kong in 1971. Mr. Chan has been appointed as an independent non-executive Director of the Company since September 2012.

THE 2007 SCHEME

A long term incentive scheme (the "2007 Scheme") was conditionally approved by a written resolution of the Shareholders passed on 15 June 2007 and was adopted by a resolution of the Board on 15 June 2007 and as amended by a resolution of the duly authorised committee of the Board on 18 June 2007 and further amended by a resolution of the Shareholders passed on 6 May 2011. The 2007 Scheme had expired on 5 July 2017.

The purpose of the 2007 Scheme is to attract and retain the best available personnel, to provide additional incentive to employees, directors, shareholders of any member of the Group or any holder of any securities issued by any member of the Group, and to reward any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group who are potential contributors to the success, development and/or growth of the Group.

The eligible participants under the 2007 Scheme include employees, directors, shareholders of any member of the Group or holders of any securities issued by any member of the Group and advisers (professional or otherwise) or consultants to any area of business development of any member of the Group. The Board may, at its discretion and on such terms as it may think fit, grant to any eligible participant an award, either in the form of or a combination of (1) an option ("Option(s)") to subscribe for shares of the Company ("Shares"), (2) an award of Shares held in the name of or for the benefit of a grantee in accordance with the restricted share award agreement to be entered into by such grantee and the Company or (3) a grant of a conditional right to acquire Shares ("Restricted Unit Award(s)") as the Board may determine in accordance with the terms of the Scheme.

On 17 March 2017 (the "Date of Grant"), a total of 27,970,000 Options were granted to a total of 107 eligible participants (each of the eligible participants, the "Grantee"). Details are set out as below:

Subscription price of Options granted

HK$11.48 to subscribe for one Share

Closing price of the Shares immediately before the Date of Grant

HK$11.48 per Share

Vesting date and validity period of Options

The Options shall be valid for a term of six years from the Date of Grant, which shall be vested on the following date and shall be exercisable as follows:

(a) subject to the vesting condition as mentioned below being fully or partly satisfied, up to 5,594,000 Options will be vested on the business day immediately following the date of results announcement of the Company for the financial year ended 31 December 2017 ("2018 Vesting Date"), which will be exercisable during the period commencing on the 2018 Vesting Date and expiring on 16 March 2023;

(b) subject to the vesting condition as mentioned below being fully or partly satisfied, up to 5,594,000 Options will be vested on the business day immediately following the date of results announcement of the Company for the financial year ended 31 December 2018 ("2019 Vesting Date"), which will be exercisable during the period commencing on the 2019 Vesting Date and expiring on 16 March 2023;

(c) subject to the vesting condition as mentioned below being fully or partly satisfied, up to 5,594,000 Options shall be vested on the business day immediately following the date of results announcement of the Company for the financial year ended 31 December 2019 ("2020 Vesting Date"), which is exercisable during the period commencing on the 2020 Vesting Date and expiring on 16 March 2023;

(d) subject to the vesting condition as mentioned below being fully or partly satisfied, up to 5,594,000 Options shall be vested on the business day immediately following the date of results announcement of the Company for the financial year ended 31 December 2020 ("2021 Vesting Date"), which is exercisable during the period commencing on the 2021 Vesting Date and expiring on 16 March 2023; and

(e) subject to the vesting condition as mentioned below being fully or partly satisfied, up to 5,594,000 Options shall be vested on the business day immediately following the date of results announcement of the Company for the financial year ended 31 December 2021 ("2022 Vesting Date"), which is exercisable during the period commencing on the 2022 Vesting Date and expiring on 16 March 2023.

Vesting of the Options on a particular vesting date is conditional upon both of the following conditions being satisfied:

(1) Both the net profit ratio and the revenue growth ratio of the Group for the financial year immediately preceding the relevant vesting date shall meet the targets as prescribed by the Board for the relevant financial year. If either the net profit ratio or the revenue growth ratio of the Company for the relevant financial year fails to meet the prescribed target, 50% of the Options granted which are expected to vest in the relevant Grantee(s) on the relevant vesting date shall become vested in the relevant Grantee(s) on that date. If both the net profit ratio and the revenue growth ratio of the Company for the relevant financial year meet the prescribed targets, 100% of the Options granted which are expected to vest in the relevant Grantee(s) on the relevant vesting date shall become vested accordingly. However, if both the net profit ratio and the revenue growth ratio of the Company for the relevant financial year fall below the prescribed targets, all the Options granted which are expected to vest in the relevant Grantee(s) on the relevant vesting date shall automatically lapse on that date.

(2) The relevant Grantee(s) shall obtain grade C or above in the appraisal conducted and completed by the management of the Company before the relevant vesting date in respect of the work performance of the relevant Grantee(s) in the financial year immediately preceding that vesting date. If the relevant Grantee(s) fails to achieve the results as described, all the Options granted which are expected to vest in the relevant Grantee(s) on the relevant vesting date shall automatically lapse on that date.

Out of these 27,970,000 Options, 3,417,500 Options were granted to Chi Lo-Jen, an executive director of the Company, and an aggregate of 24,552,500 Options were granted to the employees and other eligible participants of the Group. Details are set out as below:

As at 1 January 2020, 16,620,000 Options were outstanding. During the period under review, a total of 529,750 Options were lapsed. As at 30 June 2020, 16,090,250 Options were outstanding, Details are set out as below:

Category of participants	Outstanding as at 1 January 2020	Date of grant	Number of Options granted	Exercise period	Exercise price	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 June 2020
Director									
Chi Lo-Jen	–	17 March 2017	–	2018 Vesting Date to 16 March 2023	HK$11.48	–	–	–	–
	341,750	17 March 2017	–	2019 Vesting Date to 16 March 2023	HK$11.48	–	–	–	341,750
	683,500	17 March 2017	–	2020 Vesting Date to 16 March 2023	HK$11.48	–	–	–	683,500
	683,500	17 March 2017	–	2021 Vesting Date to 16 March 2023	HK$11.48	–	–	–	683,500
	683,500	17 March 2017	–	2022 Vesting Date to 16 March 2023	HK$11.48	–	–	–	683,500
Employees	–	17 March 2017	–	2018 Vesting Date to 16 March 2023	HK$11.48	–	–	–	–
	1,620,500	17 March 2017	–	2019 Vesting Date to 16 March 2023	HK$11.48	–	–	(37,750)	1,582,750
	3,964,000	17 March 2017	–	2020 Vesting Date to 16 March 2023	HK$11.48	–	–	(161,000)	3,803,000
	3,964,000	17 March 2017	–	2021 Vesting Date to 16 March 2023	HK$11.48	–	–	(165,500)	3,798,500
	3,964,000	17 March 2017	–	2022 Vesting Date to 16 March 2023	HK$11.48	–	–	(165,500)	3,798,500
Other eligible participants	–	17 March 2017	–	2018 Vesting Date to 16 March 2023	HK$11.48	–	–	–	–
	80,750	17 March 2017	–	2019 Vesting Date to 16 March 2023	HK$11.48	–	–	–	80,750
	211,500	17 March 2017	–	2020 Vesting Date to 16 March 2023	HK$11.48	–	–	–	211,500
	211,500	17 March 2017	–	2021 Vesting Date to 16 March 2023	HK$11.48	–	–	–	211,500
	211,500	17 March 2017	–	2022 Vesting Date to 16 March 2023	HK$11.48	–	–	–	211,500

Pursuant to the terms of the 2007 Scheme, the Company has entered into an engagement agreement (the "Engagement Agreement") and a deed of settlement (the "Deed") dated 2 June 2008 and 27 August 2008 respectively with a trustee (the "Trustee") for the administration by the Trustee of the awards of Restricted Unit Awards under the Scheme. The Engagement Agreement and the Deed were subsequently terminated with effect from 15 July 2013.

As at 30 June 2020, the Trustee maintained a pool of 1,778,000 shares (the "Entrusted Shares") (31 December 2019: 1,778,000 shares) on trust for the Company and it will, at the direction of the Company, (i) transfer, assign or otherwise deal with the Entrusted Shares (other than the Company); and (ii) account for all other incomes and sales proceeds to the Company.

THE 2017 SCHEME

A new share option scheme (the "2017 Scheme") was approved by an ordinary resolution of the shareholders of the Company on 19 May 2017. The terms of the 2017 Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules, where appropriate.

Purpose

The purpose of the 2017 Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the New Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

Participants

The Directors (which expression shall, for the purpose of this paragraph, include a duly authorised committee thereof) may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares: (a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest ("Eligible Employee"); (b) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of any member of the Group or any Invested Entity; (e) any person or entity that provides design, research, development or other technological support to any member of the Group or any Invested Entity; (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (g) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group, and, for the purposes of the 2017 Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants. The eligibility of any of the above class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of the Group.

Maximum number of Shares

The maximum number of Shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2007 Scheme, the 2017 Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the Shares in issue from time to time (i.e. 238,434,150 Shares as at the date of this interim report) (the "Overriding Limit").

The total number of Shares which may be issued upon exercise of all options to be granted under the 2017 Scheme and any other share option scheme of the Group must not in aggregate exceed 79,437,950 Shares, representing 10% of the Shares in issue as at the effective date of the 2017 Scheme ("General Scheme Limit").

Subject to the Overriding Limit, the Company may issue a circular to its shareholders and seek approval of its shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the 2017 Scheme and any other share option scheme of the Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit.

Subject to the Overriding Limit, the Company may also seek separate shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to above to participants specifically identified by the Company before such approval is sought.

The maximum number of Shares which may fall to be issued upon exercise of the options to be granted under the 2017 Scheme and the options granted under any other share option scheme of the Group (including both exercised and outstanding options) to be granted by the Company or any other member of the Group in any given financial year of the Company shall not exceed 2.5% of the Shares in issue as at the beginning of such financial year.

Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the 2017 Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the Shares in issue for the time being ("Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to separate Shareholders' approval in general meeting of the Company with such participant and his close associates (or his associates if the participant is a connected person of the Company) abstaining from voting.

Grant of options to connected persons

Any grant of options under the 2017 Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive Directors of the Company (excluding any independent non-executive Director who or whose associate is the proposed grantee of the options). Where any grant of options to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million; such further grant of options must be approved by the Shareholders in general meeting. The Company must send a circular to the Shareholders. The proposed grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting, except that any such person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates must be approved by the Shareholders in general meeting.

Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the 2017 Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is accepted but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the New Share Option Scheme for the holding of an option before it can be exercised.

Subscription price for Shares and consideration for the option

The subscription price for Shares under the 2017 Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares. A nominal consideration of HK$1 is payable on acceptance of the grant of an option and shall be received by the Company within such time as may be specified in the offer of grant of the option, which shall not be later than 21 days from the offer date.

Period

The 2017 Scheme will remain in force for a period of 10 years commencing on 19 May 2017.

During the period under review, 2,700,000 options were granted to an employee of the Group, Details are set out as below:–

Category of participants	Outstanding as at 1 January 2020	Date of grant	Number of Options granted	Exercise period	Exercise price	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 June 2020
Employee	–	15 April 2020	900,000	2021 Vesting Date to 5 July 2027	HK$8.71	–	–	–	900,000
	–	15 April 2020	900,000	2022 Vesting Date to 5 July 2027	HK$8.71	–	–	–	900,000
	–	15 April 2020	900,000	2023 Vesting Date to 5 July 2027	HK$8.71	–	–	–	900,000

SHARE AWARD PLAN

On 16 March 2017, the Company adopted a share award plan (the "Plan") pursuant to which shares of the Company (each a "Share") may be awarded to selected participants, including, among others, any employee of, non-executive director of, supplier of goods or services to, customer of, person or entity providing design, research, development or other technological support to, shareholder of, holder of any security issued by, and adviser or consultant in respect of any area of business or business development of any member of the Group or any entity in which any member of the Group holds any equity interest, and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group (collectively, the "Eligible Participants"). The Plan became effective on 16 March 2017 and, unless otherwise terminated or amended, shall remain in force for 10 years from that date.

A trustee (the "Trustee") shall from time to time be appointed by the Company for the purpose of implementation of the Plan pursuant to and in accordance with the terms of the trust deed entered into between the Company as settler and the Trustee as trustee. In order to satisfy any award of Shares to be granted under the Plan from time to time, the Trustee shall maintain a pool of Shares (the "Shares Pool") which shall comprise the following: (a) such Shares as may be purchased by the Trustee on the Stock Exchange or off the market by utilising the funds allocated by the Board out of the Company's resources; (b) such Shares as may be subscribed for by the Trustee by utilising the funds allocated by the Board out of the Company's resources, subject to the Company having obtained the requisite Shareholders' approval for the allotment and issue of new Shares, the grant of listing of and permission to deal in such Shares by the Stock Exchange, and compliance with the applicable requirements under the Listing Rules; (c) such Shares as may be (i) transferred to the Trustee from any person (other than the Group) by way of gift, or (ii) purchased by the Trustee on the Stock Exchange or off the market by utilising the funds received by the Trustee from any person (other than the Group) by way of gift; and (d) such Shares which remain unvested and revert to the Trustee due to the lapse of any award of Shares under the Plan. In any given financial year of the Company, the maximum number of Shares to be subscribed for and/or purchased by the Trustee by utilising the funds to be allocated by the Board out of the Company's resources for the purpose of the Plan shall not exceed 2.5% of the total number of issued Shares as at the beginning of such financial year. The Board shall not instruct the Trustee to subscribe for and/or purchase any Shares for the purpose of the Plan when such purchase and/or subscription will result in such threshold being exceeded.

The Board will make award of Shares only to the extent that there are unallocated Shares available in the Shares Pool. The Board shall notify the Trustee in writing upon the making of an award under the Plan by giving the Trustee an award notice. The Trustee shall then set aside such number of Shares awarded from the Shares Pool and hold the same on trust pending the vesting of the same to the Eligible Participant to whom Shares have been awarded in accordance with the Plan (the "Selected Participant"). The Board may from time to time, at its discretion, determine (i) the earliest date (the "Vesting Date") on which the legal and beneficial ownership of any awarded Shares are to be transferred to and vested in any Selected Participant, and (ii) any condition(s) or performance target(s) to be attained by the relevant Selected Participant subject to and upon which the awarded Shares held by the Trustee on trust referable to a Selected Participant shall vest in that Selected Participant.

During the period under review, no award of shares had been made under the Plan.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the reporting period.

By the order of the Board
Stella International Holdings Limited
Chen Li-Ming, Lawrence
Chairman

Hong Kong, 20 August 2020

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
CHEN Li-Ming, Lawrence, *Chairman*
CHI Lo-Jen, *Chief Executive Officer*

Non-executive Directors
CHIANG Jeh-Chung, *Jack*
CHAO Ming-Cheng, *Eric*

Independent Non-Executive Directors
CHEN Johnny
BOLLIGER Peter
CHAN Fu Keung, William, *BBS*
YUE Chao-Tang, Thomas
LIAN Jie
SHI Nan Sun

AUDIT COMMITTEE

YUE Chao-Tang, Thomas, *Chairman*
CHEN Johnny
CHAN Fu Keung, William, *BBS*
LIAN Jie

CORPORATE GOVERNANCE COMMITTEE

BOLLIGER Peter, *Chairman*
CHAN Fu Keung, William, *BBS*
YUE Chao-Tang, Thomas

EXECUTIVE COMMITTEE

CHI Lo-Jen, *Chairman*
CHEN Li-Ming, Lawrence

NOMINATION COMMITTEE

CHEN Johnny, *Chairman*
BOLLIGER Peter
CHAN Fu Keung, William, *BBS*
YUE Chao-Tang, Thomas
LIAN Jie
SHI Nan Sun

REMUNERATION COMMITTEE

CHAN Fu Keung, William, *BBS, Chairman*
CHEN Johnny
YUE Chao-Tang, Thomas

AUTHORISED REPRESENTATIVES

CHI Lo-Jen
KAN Siu Yim, Katie

CHIEF FINANCIAL OFFICER

TAM Siu Ming, Andrew

COMPANY SECRETARY

KAN Siu Yim, Katie

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Corporation Limited
Citibank Taiwan Ltd.

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HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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Stella International Holdings Limited
九興控股有限公司*
Incorporated in the Cayman Islands with limited liability
於開曼群島註冊成立之有限公司

** for identification purpose only*