晶苑國際集團有限公司*
CRYSTAL INTERNATIONAL GROUP LIMITED

(Incorporated in Bermuda with limited liability and registered by way of continuation in the Cayman Islands)
(於百慕達註冊成立的有限公司並以存續方式於開曼群島註冊)

Stock code 股份代號: 2232

2023
INTERIM REPORT
中期報告

* For identification purposes only 僅供識別

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. LO Lok Fung Kenneth *(Chairman)*
Mrs. LO CHOY Yuk Ching Yvonne *(Vice Chairman)*
Mr. LO Ching Leung Andrew *(Chief Executive Officer)*
Mr. WONG Sing Wah
Mr. LO Howard Ching Ho

Non-executive Directors

Mr. WONG Chi Fai
Mr. LEE Kean Phi Mark

Independent Non-executive Directors

Mr. CHANG George Ka Ki
Mr. MAK Wing Sum Alvin
Mr. WONG Siu Kee
Mrs. MAK TANG Pik Yee Agnes, MH, JP

BOARD COMMITTEES

Audit Committee

Mr. CHANG George Ka Ki *(Chairman)*
Mr. MAK Wing Sum Alvin
Mr. WONG Siu Kee
Mrs. MAK TANG Pik Yee Agnes

Remuneration Committee

Mr. MAK Wing Sum Alvin *(Chairman)*
Mr. CHANG George Ka Ki
Mr. WONG Siu Kee
Mr. LO Lok Fung Kenneth

Nomination Committee

Mr. LO Lok Fung Kenneth *(Chairman)*
Mr. MAK Wing Sum Alvin
Mr. WONG Siu Kee
Mrs. MAK TANG Pik Yee Agnes

Corporate Development Committee

Mr. LO Ching Leung Andrew *(Chairman)*
Mr. WONG Chi Fai
Mr. WONG Sing Wah
Mr. LO Howard Ching Ho
Mr. LEE Kean Phi Mark
Mr. CHANG George Ka Ki
Mr. MAK Wing Sum Alvin
Mr. WONG Siu Kee
Mrs. MAK TANG Pik Yee Agnes
Mr. LI Wai Kwan

Sustainability Committee

Mr. LO Ching Leung Andrew *(Chairman)*
Mr. WONG Chi Fai
Mr. LEE Kean Phi Mark

AUTHORISED REPRESENTATIVES

Mr. LO Ching Leung Andrew
Mr. NG Tsz Yeung

COMPANY SECRETARY

Mr. NG Tsz Yeung

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors
35th Floor, One Pacific Place
88 Queensway, Hong Kong

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Cayman Islands

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Cayman Islands

LEGAL ADVISERS

Simpson Thacher & Bartlett
Maples and Calder (Hong Kong) LLP

COMPANY WEBSITE

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INVESTOR RELATIONS

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STOCK CODE

2232

Financial Highlights

The financial figures are presented in United States Dollars ("**US$**").

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Key Financial Information (US$'000)		
Revenue	**1,009,191**	1,241,643
Cost of sales	**816,536**	1,012,141
Gross profit	**192,655**	229,502
Profit for the period	**74,120**	75,535
Earnings per share (US cents)		
– basic	**2.58**	2.64
Key Financial Ratios		
Gross profit margin (%)	**19.1%**	18.5%
Net profit margin (%)	**7.3%**	6.1%

	At 30 June 2023 (unaudited)	At 31 December 2022 (audited)
Key Financial Information (US$'000)		
Total assets	**1,975,718**	1,894,965
Total liabilities	**606,876**	549,666
Total equity	**1,368,842**	1,345,299
Net debt (note a)	**–**	–
Short-term bank deposit	**63,700**	–
Bank balances and cash	**472,941**	455,056
Key Financial Ratios		
Net debt to equity ratio (%) (note b)	**–**	–
Cash conversion cycle (days) (note c)	**75**	63

Notes:

(a) Net debt represents total interest-bearing bank borrowings less short-term bank deposit and bank balances and cash.

(b) Net debt to equity ratio represents total interest-bearing bank borrowings less short-term bank deposit and bank balances and cash, divided by total equity.

(c) Cash conversion cycle represents inventory turnover days plus trade and bills receivables turnover days, less trade and bills payables turnover days.

Management Discussion and Analysis

The board (the "**Board**") of directors (the "**Directors**") of Crystal International Group Limited (the "**Company**") is pleased to announce the interim results of the Company and its subsidiaries (together, the "**Group**" or "**Crystal**") for the six months ended 30 June 2023.

MARKET OVERVIEW

In the first half of 2023, the global economy continued its moderate recovery following the end of the pandemic, with major economies having low to mid-single-digit growth. However, high inflationary pressure in Europe and the United States of America ("**USA**"), and rising geopolitical friction have continued to adversely affect consumption.

According to data from the International Trade Administration, USA Department of Commerce, the amount of apparel imported by the USA decreased by 30%, compared to the same period in 2022. Ladies' apparel, a product category which the Group has large proportion of sales exposure, was witnessed an even greater decline by 34%.

In reaction to high inflation, end consumers tend to select cheaper alternatives for discretionary products. Furthermore, high inventory levels have continued to be a common challenge to our brand customers, which has suppressed the apparel industry starting in the second half of 2022. In view of the high inventory-to-sales ratio, brand customers generally adopted the strategy of streamlining inventories. This, coupled with the lack of a significant growth in sales forecasts, has led to a general slowdown in the pace of procurement. The combination of unfavorable factors described above placed serious downward pressure on the garment industry in the first half of the year.

BUSINESS REVIEW

The Group's performance was inevitably and adversely affected by the strong headwinds that are facing the whole garment industry. The Group's revenue for the six months ended 30 June 2023 decreased by 18.7% to US$1,009 million, compared to the same period last year (six months ended 30 June 2022: US$1,242 million).

On the positive front, our team actively seized the opportunities brought by the full relaxation of global travel restrictions, which has provided greater convenience for developing our business in global markets. The increase in in-person meetings and facilitated interactions have given full play to the advantages of the Group's co-creation model and diversified product matrix, laying a solid foundation for healthy business development. By jointly developing product design solutions and utilising the features of our comprehensive product lines, the Group continued to increase customer stickiness. During the period under view, revenue from the Sweater segment recorded an increase against the tide, and sales to China enhanced with the backdrop of a better demand recovery in the China market.

The Group also saw improved performance in terms of gross and net profit margins. Thanks to our long-term strategic relationship with our brand customers, the slowdown in the pace of procurement was foreseen, and the Group proactively matched production personnel to maintain highly efficient output. Furthermore, upgrading automation and streamlining the cost structure, two of the Group's major focuses in recent years, have continually contributed to better cost control. Thus, the gross margin increased to 19.1% from 18.5% in the same period last year. Net profit for the six months ended 30 June 2023 decreased by 2.6% to US$74 million (six months ended 30 June 2022: US$76 million) while the net profit margin increased to 7.3% from 6.1% in the same period in 2022.

The development of vertical integration has also achieved certain results. After the optimisation and upgrading of the equipment in the fabric factory in southern Vietnam, which was acquired in 2020, output continued to ramp up, along with readiness for a full range of synergistic practices with the adjacent garment manufacturing plant. Also, the renovation plan for the fabric factory in Bangladesh, which was acquired in 2022, proceeded on schedule.

The Group continues to uphold the practice of sharing operating results with shareholders. Despite the decline in our results of the first half of the year because of external market shocks, the Group improved its net cash position. Thus, the Board resolved to maintain the same dividend payout amount as in the same period last year and declared an interim dividend of HK5.0 cents per ordinary share.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2023 compared to the same period in 2022, by product category, each expressed as an absolute amount and as a percentage of total revenue was:

	For the six months ended 30 June			
	2023		2022	
	US$'000	%	US$'000	%
Lifestyle wear	**285,334**	**28.3%**	345,331	27.8%
Sportswear and outdoor apparel	**254,127**	**25.2%**	279,445	22.5%
Denim	**221,395**	**21.9%**	307,327	24.8%
Intimate	**176,258**	**17.5%**	249,913	20.1%
Sweater	**72,077**	**7.1%**	59,627	4.8%
Total Revenue	**1,009,191**	**100.0%**	1,241,643	100.0%

Consumer demand remained weak in the first half of 2023 amid a rising inflationary environment and an interest rate hike cycle. As such, the Group's revenue decreased by 18.7% compared to the same period last year. With accelerated consumers' focus on health and wellness, Sportswear and outdoor apparel was less impacted.

The Group's sales analysed by geographic region based on port of discharge, were:

	For the six months ended 30 June			
	2023		2022	
	US$'000	%	US$'000	%
Asia Pacific (note a)	**381,530**	**37.8%**	400,288	32.3%
USA	**359,879**	**35.7%**	538,979	43.4%
Europe (note b)	**202,739**	**20.1%**	235,054	18.9%
Other countries/regions	**65,043**	**6.4%**	67,322	5.4%
Total Revenue	**1,009,191**	**100.0%**	1,241,643	100.0%

Notes:

(a) Asia Pacific primarily includes Japan, the People's Republic of China and Vietnam.

(b) Europe mainly includes Germany, France and the United Kingdom.

Gross Profit and Gross Profit Margin

	For the six months ended 30 June			
	2023		2022	
	Gross Profit US$'000	Gross Profit Margin %	Gross Profit US$'000	Gross Profit Margin %
Lifestyle wear	**57,511**	**20.2%**	68,221	19.8%
Sportswear and outdoor apparel	**50,764**	**20.0%**	49,124	17.6%
Denim	**37,341**	**16.9%**	54,115	17.6%
Intimate	**30,547**	**17.3%**	45,707	18.3%
Sweater	**16,492**	**22.9%**	12,335	20.7%
Total Gross Profit	**192,655**	**19.1%**	229,502	18.5%

Gross profit margin of Lifestyle wear remained relatively stable in the first half of 2023. For Sportswear and outdoor apparel and Sweater, increase in gross profit margin was mainly due to improvement in production efficiency. For Denim and Intimate, decrease in gross profit margin was mainly due to lower scale of operations.

Other Expenses and Finance Costs

Selling and distribution expenses remained stable at 1.1% in the first half of 2023, compared with 1.0% in the first half of 2022.

Our administrative and research and development expenses decreased to 9.8% of revenue in the first half of 2023 compared with 10.1% in the first half of 2022.

The effective borrowing rate for the Group in the six months ended 30 June 2023 ranged from 3.27% to 6.47% compared to 1.25% to 5.00% for the same period in 2022. The Group had no fixed-rate borrowings at 30 June 2023. Finance costs amounted 0.7% of revenue in the first half of 2023 compared to 0.4% for the same period in 2022.

Net Profit

Despite the macroeconomic challenges, the Group achieved a net profit of US$74 million for the six months ended 30 June 2023. Net profit as a percentage of revenue increased from 6.1% in the first half of 2022 to 7.3% in the first half of 2023.

Capital Management

The consolidated financial position of the Group remained sound throughout the first half of 2023. The positive operating cash flow of US$141 million in the six months (US$122 million for the same period in 2022) contributed to cash balances of US$536 million at 30 June 2023, compared to US$455 million at 31 December 2022. Cash balances were mainly denominated in HK$ and US$. Bank borrowings, mainly denominated in HK$ and US$, have decreased from US$102 million at 31 December 2022 to US$73 million at 30 June 2023. All bank borrowings of US$73 million at 30 June 2023 contained a repayable on demand clause and US$73 million was repayable within one year.

The Group held a positive net cash position of US$463 million at 30 June 2023. The gearing ratio (total interest-bearing bank borrowings, less bank balances and cash, divided by total equity) at 30 June 2023 was nil (31 December 2022: nil).

Due to seasonal factors, our conversion cycle for the six months ended 30 June 2023, averaged 75 days, compared to 63 days for the whole of 2022. Turnover of trade and bills receivables averaged 43 days in the first half of 2023, compared with 39 days average turnover throughout 2022. Inventory turnover averaged 64 days in the first half of 2023, compared with 53 days throughout 2022. Trade and bills payables turnover averaged 32 days in the first half of 2023 compared to 29 days throughout 2022.

Capital expenditure incurred, in the main, for the building, equipping and upgrading of production facilities, has been carefully managed. For the six months ended 30 June 2023, capital expenditure amounted to US$33 million, compared to US$56 million for the same period in 2022. Capital commitments at 30 June 2023 were US$44 million compared to US$49 million at 31 December 2022.

Foreign currency exchange contracts are used to manage foreign currency exposure. The Group's policy is to monitor its foreign currency exposure and use foreign currency exchange contracts, as appropriate, to minimise its foreign currency risks.

Funding and Treasury Policy

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the year. The Group strives to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its current business operations as well as its future investments and expansion plans.

Use of Proceeds from Initial Public Offering

The Company's net proceeds from listing were approximately US$488 million (HK$3,809 million). At 31 December 2022, the net proceeds had been fully utilised in accordance with the allocation set out in the announcement made by the Company on 13 March 2019.

Pledge of Assets

At 30 June 2023, pledge of assets of the Group are set out in note 20 to the condensed consolidated financial statements.

Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

For the period ended 30 June 2023, the Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures.

Significant Investment Held

For the six months ended 30 June 2023, the Group held no significant investments.

Material Acquisitions and Future Plans for Major Investment

Further to the acquisition of a fabric mill in Vietnam and Bangladesh in 2021 and 2022 respectively, the Group continues to invest in vertical upstream integration. The Group did not have other future plans for major investments or acquisition for major capital assets at the date of this interim report.

Contingent Liabilities

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

Subsequent Events after the Reporting Period

At the date of this interim report, no material event has occurred after the reporting period.

EMPLOYMENT, TRAINING AND DEVELOPMENT

The Group employed about 64,000 people at 30 June 2023. Total staff costs, including administrative and management staff, for the six months ended 30 June 2023 equated to 26.6% of revenue, compared to 25.0% in the same period of 2022. The Group remunerates its staff according to their performance, qualifications and industry practices, and conducts regular reviews of its remuneration policy. Employees may receive discretionary bonuses and monetary rewards based on their ratings in annual performance appraisals. The Group also offers rewards or other incentives to motivate the personal growth and career development of employees, such as on-going opportunities for training to enhance their technical and product knowledge as well as their knowledge of industry quality standards. Each new employee of the Group is required to attend an introductory course, while there are also various types of training courses available to all employees of the Group.

SUSTAINABILITY

Vision and Strategy

Sustainability is a strategic imperative for our business. It is also the key to creating long-term environmental and social value for our stakeholders. Our sustainability framework consists of five pillars: environment, innovation, product integrity, employee care and community engagement. This serves as a guiding principle when planning our sustainability strategies.

Our sustainability framework and initiatives are aligned with the United Nations ("**UN**") Sustainable Development Goals[i] ("**SDGs**") to tackle global challenges. We also joined the UN Global Compact and support the Ten Principles on human rights, labour, the environment and anti-corruption. We are committed to making the principles part of our strategy, culture and daily operations and to engaging with industry players in various collaborative projects.

In line with the strategic direction of our operations, we are advancing collaboratively towards our commitment to net-zero emissions by 2050, which is aligned with climate science to keep global warming below 1.5℃. We also set an interim target of reducing our aggregate greenhouse gas emissions by 35% by 2030.

With the completion of the Third Global 5-year Sustainability Targets in 2022, we are establishing our new Crystal Sustainability Vision 2030, which will craft a blueprint for the Group to take sustainable fashion to the next level. The vision comprises 11 impact areas: climate, circularity and waste, water, chemicals and wastewater, biodiversity, wellness, women empowerment, equality, employee engagement, volunteering, and partnership and engagement. The vision addresses a wide spectrum of global sustainability challenges and sets out targets that we are committed to achieving by the end of the decade. In 2023, we are working to define the associated measurable targets in detail towards achieving this new vision.

i The United Nations Sustainable Development Goals are a collection of 17 global goals set by the United Nations General Assembly in 2015 for the year 2030. These goals provide a blueprint to achieve a more sustainable future and address global sustainability challenges.

Net Zero 2050 Vision and Environmental Stewardship

We completed an in-depth, holistic net-zero roadmap consultancy study to systematically deploy and implement our net zero strategy, which includes energy efficiency, onsite and offsite renewable energy, productivity enhancement, and fuel switching. Regarding energy efficiency, the roadmap tailors action plans of a 35% reduction in total greenhouse emissions for each of our factories, sets out the expected carbon reduction results, the implementation details and the investment cost estimation, leading us to our group-wide interim target of a 35% reduction in absolute emissions by 2030.

Expanding the use of renewable energy is crucial to achieving our net-zero 2050 goal. We are rolling out our group-wide solar photovoltaic ("**PV**") plan, with the eventual aim of expanding the use of solar PV across all of our factories whenever operationally viable. The Group's total rooftop solar PV capacity has increased almost threefold since late 2021 to about 10 MW at present, and more PV systems are under installation or planning. We are also studying a range of possibilities for sourcing off-site renewable energy, such as power purchasing agreements and energy attribute certificates.

At the product level, we released our new Vibrant Denim Collection, in which natural mineral powders are used to dye denim. The collection also replaces more water-consuming conventional methods with eco-friendly, water-efficient washing technologies, with waterless enzymes, laser and ozone. In our recent fabric innovation collaboration with Prosperity Textile and Advance Denim, fabric manufacturers in Vietnam, we have launched fabric collections that are biodegradable or made from 100% recycled materials.

In addition to our climate actions, we are actively building a circular economy model to redefine the way we design and manufacture our products, make efficient use of resources and manage waste. All of our factories prioritise waste minimisation in their operations, and our multi-pronged waste-management approach allows two of our factories to achieve 100% landfill diversion of their production waste. We are also a member of the Circulose Supplier Network ("**CSN**"), launched by Swedish textile recycling company Renewcell, and sustainable fashion innovation platform Fashion for Good's Strategic Supplier Initiative, joining many of our industry peers to help scale up the use of a new circular raw material and improve resource efficiency respectively.

To conserve our precious freshwater resources, we continued our holistic approach, including adopting water-efficient washing processes and advanced technologies, using recycled water, and implementing process re-engineering. Since 2022, our fabric mill in Vietnam has progressively commissioned 22 new dyeing machines that have a lower material-to-liquor rate than that of the old models, reducing water consumption by 30% to 50%.

Employee Care and Community Engagement

Women account for nearly 70% of our workforce, their status is poised to improve in many of our operating countries. We have taken steps to improve gender equality by empowering over 54,000 female employees through our self-developed CARE[ii] programme, which aims to enable our workers to achieve effectiveness and embrace breakthroughs.

As part of our commitment to creating a culture of employee engagement, Group operations facilitate social dialogue and maintain effective employee relations through Worker Voice programmes, supported with social media, and both self-developed and externally sourced mobile apps, namely CompanyIQ, WOVO and Ulula's OWL. Traditional media, such as a toll-free hotline, are also available for workers to connect with the factories on a personal level or express their views without fear of reprisal or repercussions.

Our human resources development policy provides clear guidelines to support employee development. In accordance with such policy, our factories plan and carry out training programmes to facilitate personal and career growth of our employees at different levels. We equipped our managers for success by providing a series of in-house training sessions, covering techniques such as impactful communication and selecting the right people. As for workers, our knits factory in China provided production training for 78 line leaders and workers' representatives to improve their job knowledge and soft skills.

To extend our care to the community, our team contributes their skills, time and compassion in various focus areas of our community programmes, covering community activities, education, environmental protection, health and medical care, and community resilience. For example, our lifestyle wear factory in Vietnam rallied its employees to join a self-initiated fundraising run that supported tree planting and other local environmental activities. The factory made a financial donation that was proportionate to an aggregated total of 5,500 km the participants ran. Colleagues from our Bangladesh factories met with local community members to spread energy-saving messages and distributed energy-efficient LED light bulbs to encourage their adoption of energy-saving behaviours.

OUTLOOK AND PROSPECTS

The second half of the year is traditionally the peak season for the industry. The combined effects of factors such as the return to school and festival holidays are expected to boost consumer sentiment. Most of our brand customers adopted various promotion marketing strategies over the past three quarters to reduce excess inventory. It is expected that the progressive decline in the inventory-to-sales ratio will pave the way for a rebound in procurement in second half.

Even though rebound in second half may not fully cover the sharp decline in first half. With continuing strict cost control, we aim to drive up our profit margin through sales rebound. Moreover, our brand customers are further consolidating their supply chain, which will benefit the Group in a long run.

In terms of upstream fabric development, the Group will continue to actively implement our vertical integration expansion plan. The self-developed fabric factory in northern Vietnam obtained the key wastewater emission license and will commence construction in the second half of this year.

ii The CARE is an employee well-being programme self-initiated by Crystal. It contains five levels to help employees build on their skills, promote a work-life balance, strengthen their self-respect, uplift their sense of belonging and assist them to attain self-actualisation.

Corporate Governance and Other Information

COMMUNICATION WITH SHAREHOLDERS

The Company's 2023 Annual General Meeting (the "**2023 AGM**") was held on 7 June 2023. All resolutions at the 2023 AGM were passed by way of a poll and the poll results were posted on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company on the same day.

INTERIM DIVIDEND

The Board resolved to declare an interim dividend of HK5.0 cents (approximately US0.6 cent) per ordinary share for the six months ended 30 June 2023, payable on Wednesday, 20 September 2023, to shareholders whose names appeared on the register of members of the Company on Monday, 11 September 2023.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend, the register of members of the Company was closed from Thursday, 7 September 2023 to Monday, 11 September 2023 both days inclusive, during which period no transfer of shares was registered. To qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates had to be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 6 September 2023.

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

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

BOARD OF DIRECTORS

At 30 June 2023, the composition of the Board was:

Executive Directors

Mr. LO Lok Fung Kenneth *(Chairman)* ("**Mr. Kenneth LO**")
Mrs. LO CHOY Yuk Ching Yvonne *(Vice Chairman)* ("**Mrs. Yvonne LO**")
Mr. LO Ching Leung Andrew *(Chief Executive Officer)* ("**Mr. Andrew LO**")
Mr. WONG Sing Wah ("**Mr. Dennis WONG**")
Mr. LO Howard Ching Ho ("**Mr. Howard LO**")

Non-executive Directors

Mr. WONG Chi Fai ("**Mr. Frankie WONG**") (re-designated from an executive Director to a non-executive Director with effect from 1 February 2023)
Mr. LEE Kean Phi Mark ("**Mr. Mark LEE**")

Independent Non-executive Directors

Mr. CHANG George Ka Ki
Mr. MAK Wing Sum Alvin
Mr. WONG Siu Kee ("**Mr. Kent WONG**")
Mrs. MAK TANG Pik Yee Agnes

Save as disclosed above, there has been no change in the Board composition up to the date of this report.

Updates on Directors' Information

Changes in the information of the Directors during the six months ended 30 June 2023 and up to the date of this report, which is required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), are set out below:

(1) Mr. Mark LEE, a non-executive Director was appointed a Nominated Member of Parliament of Singapore with effect from 2 August 2023. Mr. Mark LEE ceased to be board member of the Singapore Sports School (the "**SSS**") and chairman of Financial Assistance Fund of the SSS with effect from 1 September 2023.

(2) Mr. Kent WONG, an independent non-executive Director, was appointed a member of the 2023 Fair Organising Committee of the Hong Kong Trade Development Council for its Hong Kong International Jewellery Show and Hong Kong International Diamond, Gem and Pearl Show with effect from October 2022 and ceased to be a member of the Anhui Provincial Committee of the Chinese People's Political Consultative Conference with effect from January 2023.

(3) Mr. Andrew LO's 2023 annual salary (including housing) has been revised to HK$6.454 million with effect from 1 April 2023. The 2023 annual salary of Mr. Dennis WONG and Mr. Howard LO has been revised to HK$5.878 million and HK$3.362 million respectively with effect from 1 April 2023.

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

SENIOR MANAGEMENT

At 30 June 2023 and up to the date of this report, the composition of the senior management of the Company comprises Mr. LI Wai Kwan and Mr. WONG Ho. Mr. LO Wing Sing Eddie is no longer a member of the senior management of the Company after taking up of his new role in the Group with effect from 1 January 2023.

CONTINUING PROFESSIONAL DEVELOPMENT

To assist the Directors and the executives in continuing their professional development, materials on the subject of corporate governance, including the Company's master policies, are provided to the Directors and the executives from time to time to keep them abreast of latest developments.

SHARE AWARD SCHEME

Pursuant to the resolution of the Board passed on 28 December 2016, the Company has adopted a share award scheme ("**Share Award Scheme A**"). Upon the one-off transfer of awarded shares under Share Award Scheme A to eight members of our senior management team, the Share Award Scheme A has been terminated upon the vesting of these awarded shares.

On 7 April 2017, the Company passed a resolution of the Board to adopt a share award scheme ("**Share Award Scheme B**") and appointed an independent professional trustee to assist with the administration and vesting of the share awards. The Share Award Scheme B is valid and effective for a period of ten years, commencing from the date of the first grant of shares under this scheme.

The number of share awards available for grant at the beginning and at the end of the six months ended 30 June 2023 is the number of shares held by the trustee from time to time, and as at date of this report, no shares were held by the trustee. There was no unvested share award under Share Award Scheme B at the beginning and at the end of the six months ended 30 June 2023. All share awards held by the Group's employees under Share Award Scheme B were vested on 3 November 2019. No share awards were granted, vested, cancelled and lapsed under the Share Award Scheme B during the six months ended 30 June 2023.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2023, the interests or short positions of the Directors and 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 were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they had taken or were deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**")), to be notified to the Company and the Stock Exchange, were as follows:

Interest in the Company

Name of Director	Nature of Interest	Number of Shares (note a)	Approximate Percentage of Shareholding in the Company (%)
Mr. Kenneth LO (note b)	Beneficial owner	306,610,590	10.75
	Interest of spouse	308,437,090	10.81
	Interests held jointly with another person	1,569,052,100	55.00
Mrs. Yvonne LO (note c)	Beneficial owner	306,610,590	10.75
	Interest of spouse	306,610,590	10.75
	Founder of a discretionary trust who can influence how the trustee exercises his discretion	1,826,500	0.06
	Interests held jointly with another person	1,569,052,100	55.00
Mr. Andrew LO (note d)	Beneficial owner	68,074,080	2.39
Mr. Dennis WONG (note d)	Beneficial owner	7,497,360	0.26
Mr. Frankie WONG (note d)	Beneficial owner	4,806,000	0.17
Mr. Howard LO (note d)	Beneficial owner	41,345,680	1.45
Mr. Mark LEE (note e)	Beneficial owner	591,000	0.02

Notes:

(a) All positions are long positions.

(b) Under the SFO, Mr. Kenneth LO, as the spouse of Mrs. Yvonne LO, is deemed to be interested in the 308,437,090 shares in which Mrs. Yvonne LO is interested. Mr. Kenneth LO and Mrs. Yvonne LO were interested in a total of 1,569,052,100 shares jointly held by Mr. Kenneth LO and Mrs. Yvonne LO.

(c) Under the SFO, Mrs. Yvonne LO, as the spouse of Mr. Kenneth LO, is deemed to be interested in the 306,610,590 shares in which Mr. Kenneth LO is interested. Mrs. Yvonne LO and her spouse Mr. Kenneth LO were interested in a total of 1,826,500 shares held by The Incorporated Trustees of Yuk Ching Charity Trust of which Mrs. Yvonne LO is a founder and chairman. Mrs. Yvonne LO and Mr. Kenneth LO were interested in a total of 1,569,052,100 shares jointly held by Mrs. Yvonne LO and Mr. Kenneth LO.

(d) These shares were acquired pursuant to Share Award Scheme A.

(e) These shares were acquired pursuant to Share Award Scheme B.

Save as disclosed above, at 30 June 2023, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they had taken or were deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2023, the following person(s) (other than the Directors or chief executive of the Company), were directly or indirectly, interested in 5% or more of the shares or short positions in the shares and the underlying shares of the Company, which are required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name	Nature of Interest	Number of Shares (Long position)	Approximate Percentage of Shareholding in the Company (%)
FIL Limited (note)	Interest in controlled corporation	172,467,500	6.05
Pandanus Partners L.P. (note)	Interest in controlled corporation	172,467,500	6.05
Pandanus Associates Inc. (note)	Interest in controlled corporation	172,467,500	6.05

Note: According to the disclosure of interest forms, FIL Limited is controlled (as defined under the SFO) by Pandanus Partners L.P., which in turn is controlled (as defined under the SFO) by Pandanus Associates Inc.. Those 172,467,500 shares of the Company represent the same interests and are therefore duplicated among them.

Save as disclosed above, at 30 June 2023, the Directors are not aware of any other corporation or individual (other than the Directors or chief executive of the Company) who had an interest or a short position in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

PUBLIC FLOAT

At the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules and as agreed with the Stock Exchange throughout the six months ended 30 June 2023 and up to the date of this report.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with all code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted as its code of conduct regarding directors securities transactions, the Model Code as set out in Appendix 10 to the Listing Rules. Upon specific enquiry being made of all Directors, each of them has confirmed their compliance with the required standards set out in the Model Code throughout the six months ended 30 June 2023 and up to the date of this report.

AUDIT COMMITTEE

There was no change in the composition of the Audit Committee during the six months ended 30 June 2023. The primary duties of the Audit Committee continue to be to review the adequacy of the financial reporting and internal control systems of the Group, oversee the external and internal audit processes, review the Group's management of its existing and potential risks, review connected party transactions and perform other duties and responsibilities as delegated by the Board.

For the six months ended 30 June 2023, the Audit Committee met the external auditors to discuss their findings during the audit of the consolidated financial statements for the year ended 31 December 2022. Nothing of a significant nature regarding internal controls and risk management was reported. The Audit Committee reviewed the actions taken by management to address the findings and was satisfied the actions were appropriate and effective. In respect of the work of the Internal Audit in examining the application of policies and internal controls in specific locations within the Group, the Audit Committee was again satisfied with the high quality of the work undertaken. Nothing of a material nature was revealed and appropriate remedial measures to strengthen compliance further are being implemented.

The Audit Committee reviewed the quality of the work of the external auditors together with their independence and was satisfied with both. It recommended to the Board the reappointment of Messrs. Deloitte Touche Tohmatsu as the Company's auditors for the ensuing year.

The Audit Committee has reviewed, together with the management of the Group, the accounting principles and policies adopted by the Group and discussed with them the unaudited condensed consolidated financial statements and interim report of the Group for the six months ended 30 June 2023, recommending their adoption by the Board. The Audit Committee continued, during the half year, its periodic reviews of the approved connected party transactions and expenditure.

In addition, the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023 have been reviewed by the independent auditors of the Company, Messrs. Deloitte Touche Tohmatsu.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is responsible for ensuring the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board is satisfied with the effectiveness of the risk management and internal control systems in place.

The Board oversight of the Company's risk management and internal control systems, both directly and via the Audit Committee, is on-going. In this regard, the Audit Committee reviewed the progress of the Company's cyber security initiatives, their roll out within the Group and statistics of cyber attacks, their nature and location. The Audit Committee was satisfied with the defences in place and remedial actions taken. It has encouraged the testing of the cyber defences in place by a competent third party and a programme of tests are scheduled to be implemented in the fourth quarter this year. Among other important risks examined, business compliance was reviewed. Business compliance is a complex area and the Audit Committee is satisfied with the steps taken so far. In addition, a full Vietnam internal audit team is now being in place and has already started compliance review in Vietnam. The Head of Internal Audit oversees the work of such team.

As reported last year, the Group has a written risk assessment process to identify, evaluate and manage significant risks. The Audit Committee satisfied itself that the process continued to be implemented effectively.

The Board being responsible for the structure and effectiveness of both the risk management and internal control systems, the Audit Committee also satisfied itself regarding the appropriateness and strength of internal controls.

The Audit Committee continued its practice of reviewing risks pertaining to the Company as a standing item at each of its meetings inviting input from the Chief Financial Officer and the relevant management of the Company. It used the reviews as one important factor in determining the priorities of the Internal Audit programmes.

On Behalf of the Board
Crystal International Group Limited
LO Lok Fung Kenneth
Chairman

Hong Kong, 23 August 2023

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF
CRYSTAL INTERNATIONAL GROUP LIMITED
(incorporated in Bermuda with limited liability and registered by way of continuation in the Cayman Islands)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Crystal International Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 21 to 45, which comprise the condensed consolidated statement of financial position at 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain 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 International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements 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 International 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 August 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	NOTES	Six months ended 30 June 2023 US$'000 (unaudited)	2022 US$'000 (unaudited)
Revenue	3	**1,009,191**	1,241,643
Cost of sales		**(816,536)**	(1,012,141)
Gross profit		**192,655**	229,502
Other income, gains or losses		**12,702**	5,972
Impairment losses under expected credit loss model, net of reversal	11	**2,658**	(204)
Selling and distribution expenses		**(11,566)**	(12,931)
Administrative expenses		**(85,379)**	(108,321)
Research and development expenses		**(13,901)**	(17,184)
Finance costs		**(7,255)**	(4,710)
Share of results of an associate		**365**	43
Profit before tax	4	**90,279**	92,167
Income tax expense	5	**(16,159)**	(16,632)
Profit for the period		**74,120**	75,535
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(12,126)**	(27,899)
Fair value changes on trade receivables at fair value through other comprehensive income		**(1,175)**	–
		(13,301)	(27,899)
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of properties		**7,452**	4,199
Deferred tax expense arising on revaluation of properties		**(1,740)**	(1,281)
		5,712	2,918
Other comprehensive expense for the period		**(7,589)**	(24,981)
Total comprehensive income for the period		**66,531**	50,554

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

For the six months ended 30 June 2023

	NOTE	Six months ended 30 June 2023 US$'000 (unaudited)	 2022 US$'000 (unaudited)
Profit for the period attributable to:			
Owners of the Company		**73,642**	75,370
Non-controlling interests		**478**	165
		74,120	75,535
Total comprehensive income for the period attributable to:			
Owners of the Company		**66,053**	50,389
Non-controlling interests		**478**	165
		66,531	50,554
Basic earnings per share for profit attributable to the owners of the Company (US cents)	7	**2.58**	2.64

Condensed Consolidated Statement of Financial Position

At 30 June 2023

	NOTES	At 30 June 2023 US$'000 (unaudited)	At 31 December 2022 US$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	8	**562,084**	582,342
Right-of-use assets	8	**97,785**	98,316
Deposits paid for acquisition of property, plant and equipment		**34,072**	24,992
Goodwill		**74,941**	74,941
Intangible assets		**73,566**	76,025
Interest in an associate		**16,837**	16,376
Loan receivables		**88**	225
Deferred taxation assets		**856**	1,185
		860,229	874,402
Current assets			
Inventories		**288,648**	280,202
Right-of-use assets	8	**1,176**	1,495
Trade, bills and other receivables	9	**129,808**	154,467
Trade receivables at fair value through other comprehensive income	10	**158,544**	126,701
Amounts due from related companies	17	**216**	216
Loan receivables		**274**	1,062
Tax recoverable		**182**	1,364
Short-term bank deposit	12	**63,700**	–
Bank balances and cash		**472,941**	455,056
		1,115,489	1,020,563
Total assets		**1,975,718**	1,894,965

Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2023

	NOTES	At 30 June 2023 US$'000 (unaudited)	At 31 December 2022 US$'000 (audited)
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	18	**3,654**	3,654
Reserves		**1,360,893**	1,337,828
Equity attributable to owners of the Company		**1,364,547**	1,341,482
Non-controlling interests		**4,295**	3,817
Total equity		**1,368,842**	1,345,299
Non-current liabilities			
Other payables	13	**190**	318
Lease liabilities	14	**22,182**	20,515
Deferred taxation liabilities		**40,174**	38,977
		62,546	59,810
Current liabilities			
Trade and other payables	13	**372,658**	340,285
Lease liabilities	14	**8,596**	10,310
Amount due to an associate	16	**16,501**	13,717
Dividend payable		**42,988**	–
Tax liabilities		**30,385**	23,847
Bank borrowings	15	**73,202**	101,697
		544,330	489,856
Total equity and liabilities		**1,975,718**	1,894,965

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2023

	Attributable to owners of the Company									
	Share capital US$'000	Share premium US$'000	Property revaluation reserve US$'000	Exchange reserve US$'000	Capital reserve US$'000	Financial instruments revaluation reserve US$'000	Retained profits US$'000	Subtotal US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2023 (audited)	**3,654**	**505,677**	**67,573**	**(115,239)**	**9,903**	**–**	**869,914**	**1,341,482**	**3,817**	**1,345,299**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**73,642**	**73,642**	**478**	**74,120**
Exchange difference arising on translation of foreign operations	**–**	**–**	**–**	**(12,126)**	**–**	**–**	**–**	**(12,126)**	**–**	**(12,126)**
Surplus on revaluation of properties	**–**	**–**	**7,452**	**–**	**–**	**–**	**–**	**7,452**	**–**	**7,452**
Deferred tax expense arising on revaluation of properties	**–**	**–**	**(1,740)**	**–**	**–**	**–**	**–**	**(1,740)**	**–**	**(1,740)**
Fair value changes on trade receivables at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**–**	**(1,175)**	**–**	**(1,175)**	**–**	**(1,175)**
Total comprehensive income (expense) for the period	**–**	**–**	**5,712**	**(12,126)**	**–**	**(1,175)**	**73,642**	**66,053**	**478**	**66,531**
Dividend recognised as distribution (Note 6)	**–**	**–**	**–**	**–**	**–**	**–**	**(42,988)**	**(42,988)**	**–**	**(42,988)**
At 30 June 2023 (unaudited)	**3,654**	**505,677**	**73,285**	**(127,365)**	**9,903**	**(1,175)**	**900,568**	**1,364,547**	**4,295**	**1,368,842**
At 1 January 2022 (audited)	3,654	505,677	66,390	(47,414)	9,903	–	750,646	1,288,856	4,463	1,293,319
Profit for the period	–	–	–	–	–	–	75,370	75,370	165	75,535
Exchange difference arising on translation of foreign operations	–	–	–	(27,899)	–	–	–	(27,899)	–	(27,899)
Surplus on revaluation of properties	–	–	4,199	–	–	–	–	4,199	–	4,199
Deferred tax expense arising on revaluation of properties	–	–	(1,281)	–	–	–	–	(1,281)	–	(1,281)
Total comprehensive income (expense) for the period	–	–	2,918	(27,899)	–	–	75,370	50,389	165	50,554
Dividend recognised as distribution (Note 6)	–	–	–	–	–	–	(35,789)	(35,789)	–	(35,789)
At 30 June 2022 (unaudited)	3,654	505,677	69,308	(75,313)	9,903	–	790,227	1,303,456	4,628	1,308,084

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	US$'000	US$'000
	(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	**140,880**	121,651
INVESTING ACTIVITIES		
Placement of short-term bank deposit	**(63,700)**	–
Payment for property, plant and equipment	**(23,812)**	(43,336)
Payment on settlement of derivative financial instruments	**(505)**	(589)
Interest received	**6,616**	819
Loan receivables received	**922**	537
Proceeds on disposal of property, plant and equipment	**494**	632
Loan receivables advanced	**–**	(973)
NET CASH USED IN INVESTING ACTIVITIES	**(79,985)**	(42,910)
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(252,130)**	(169,411)
Interest paid	**(7,255)**	(4,710)
Repayment of lease liabilities	**(6,601)**	(7,216)
New bank borrowings raised	**224,024**	120,212
NET CASH USED IN FINANCING ACTIVITIES	**(41,962)**	(61,125)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**18,933**	17,616
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(1,048)**	(5,162)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**455,056**	401,270
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	**472,941**	413,724

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

1. GENERAL AND BASIS OF PREPARATION

Crystal International Group Limited (the "**Company**") was previously incorporated in Bermuda as an exempted company with limited liability and registered by way of continuation in the Cayman Islands as an exempted company with limited liability. The Company is directly held by its controlling shareholders, Mr. LO Lok Fung Kenneth and Mrs. LO CHOY Yuk Ching Yvonne, both executive directors of the Company. The address of the registered office of the Company is Ugland House, P.O. Box 309, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business of the Company is 5-7/F., AXA Tower, Landmark East, No. 100 How Ming Street, Kowloon, Hong Kong.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 3 November 2017.

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

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as appropriate. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Other than change in accounting policies resulting from the application of new and amendments to the International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs

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

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two model Rules

Except as described below, the application of the new and amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

2.1.1 Accounting policies

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 "Income Taxes" ("**IAS 12**") requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Continued)

2.1.2 Transition and summary of effects

As disclosed in the Group's annual financial statements for the year ended 31 December 2022, the Group previously applied the IAS 12 requirements to assets and liabilities arising from a single transaction separately and temporary differences on initial recognition on the relevant assets and liabilities were not recognised due to application of the initial recognition exemption. In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

(ii) the Group also, at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments should have no material impact on the Group's financial positions and performance and/or on the disclosures set out in these condensed consolidated financial statements.

2.2 Impacts on application of Amendments to IAS 12 Income Taxes International Tax Reform-Pillar Two model Rules

IAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "**Pillar Two legislation**"). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group has applied the temporary exception immediately upon issue of these amendments and retrospectively, i.e. applying the exception from the date the Pillar Two legislation is enacted or substantially enacted. The Group will disclose separately current tax expense/income related to Pillar Two income taxes in the Group's annual consolidated financial statements for the year ending 31 December 2023.

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group is principally engaged in the manufacturing and trading of garments. All revenue generated by the Group is recognised at the point when control of the goods has transferred to the customers, being when the goods have arrived at the specific location (delivery).

The Group sells garments directly to its customers and revenue is recognised when control of the goods has transferred, being when the goods have arrived at the specific location (delivery). Transportation and other related activities that occur before the customers obtain control of the related goods are considered as fulfilment activities. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on-selling the goods and bears the risks of obsolescence and loss in relation to the goods. The Group allows credit periods ranging from 14 to 120 days to its trade customers. The Group allows certain of its trade customers an early settlement discount when the trade customers settle the consideration before the credit period granted. The sales to these trade customers are recognised as revenue when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The Group considers the early settlement discount is a form of cash discount and, accordingly the amount of consideration is adjusted for the effect of the expected early settlement discount for each sales transaction based on the settlement pattern of the trade customers.

The contracts for sales of garments are for periods of one year or less. As permitted under IFRS 15 "Revenue from Contracts with Customers", the transaction price allocated to the unsatisfied contracts is not disclosed.

(b) Segment information

Information reported to the chief executive officer of the Group, being the chief operating decision maker (the "**CODM**"), for the purposes of resource allocation and assessment of segment performance, focuses on types of products.

(i) Lifestyle wear

(ii) Sportswear and outdoor apparel

(iii) Denim

(iv) Intimate

(v) Sweater

These operating segments also represent the Group's reportable segments. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

3. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments.

Six months ended 30 June 2023 (unaudited)

	Lifestyle wear US$'000	Sportswear and outdoor apparel US$'000	Denim US$'000	Intimate US$'000	Sweater US$'000	Total US$'000
SEGMENT REVENUE						
External sales	285,334	254,127	221,395	176,258	72,077	1,009,191
Segment profit	57,511	50,764	37,341	30,547	16,492	192,655
Other income, gains or losses						12,702
Impairment losses under expected credit loss model, net of reversal						2,658
Selling and distribution expenses						(11,566)
Administrative expenses						(85,379)
Research and development expenses						(13,901)
Finance costs						(7,255)
Share of results of an associate						365
Profit before tax						90,279

3. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

Segment revenue and results (Continued)

Six months ended 30 June 2022 (unaudited)

	Lifestyle wear US$'000	Sportswear and outdoor apparel US$'000	Denim US$'000	Intimate US$'000	Sweater US$'000	Total US$'000
SEGMENT REVENUE						
External sales	345,331	279,445	307,327	249,913	59,627	1,241,643
Segment profit	68,221	49,124	54,115	45,707	12,335	229,502
Other income, gains or losses						5,972
Impairment losses under expected credit loss model, net of reversal						(204)
Selling and distribution expenses						(12,931)
Administrative expenses						(108,321)
Research and development expenses						(17,184)
Finance costs						(4,710)
Share of results of an associate						43
Profit before tax						92,167

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of other income, gains or losses, impairment losses under expected credit loss model, net of reversal, selling and distribution expenses, administrative expenses, research and development expenses, finance costs and share of results of an associate. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

Certain amounts of depreciation of property, plant and equipment and right-of-use assets are included in the measure of segment results in each segment. No further analysis is presented for certain items included or excluded in the measure of segment results as such information is not regularly provided to the CODM.

3. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

Segment assets and liabilities

No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

Geographical information

Information about the Group's revenue is presented below by geographical location based on port of discharge.

	Six months ended 30 June	
	2023	2022
	US$'000	US$'000
	(unaudited)	(unaudited)
Asia Pacific (note a)	**381,530**	400,288
United States	**359,879**	538,979
Europe (note b)	**202,739**	235,054
Other countries/regions	**65,043**	67,322
	1,009,191	1,241,643

Notes:

(a) Asia Pacific primarily includes Japan, the People's Republic of China (the "**PRC**") and Vietnam.

(b) Europe primarily includes Germany, France and the United Kingdom (the "**U.K.**").

4. PROFIT BEFORE TAX

	Six months ended 30 June	
	2023	2022
	US$'000	US$'000
	(unaudited)	(unaudited)
Profit before tax has been arrived at after charging (crediting):		
Directors' emoluments	**1,719**	1,773
Other staff costs	**241,640**	280,454
Retirement benefit schemes' contributions for other staff	**25,346**	27,804
Total staff costs (note a)	**268,705**	310,031
Depreciation of property, plant and equipment (note a)	**34,189**	37,070
Depreciation of right-of-use assets (note a)	**6,770**	7,679
Amortisation of intangible asset (included in selling and distribution expenses)	**2,459**	2,459
Impairment loss recognised in respect of property, plant and equipment (note b)	**–**	2,574
Cost of inventories recognised as expenses (including write-down of inventories amounting to US$4,041,000 (2022: US$6,683,000)) (note a)	**816,536**	1,012,141
(Gain) loss on disposals of property, plant and equipment	**(9)**	1,208
Gain on termination of leases	**(34)**	(69)
Net loss arising from changes in fair value of derivative financial instruments	**505**	589
Interest income	**(6,616)**	(819)
Net foreign exchange loss (gain)	**3,577**	(4,285)
Finance costs:		
– interest expense on lease liabilities	**800**	817
– interest expense on bank borrowings	**2,234**	1,346
– interest expense on factoring arrangement	**4,221**	2,547

Notes:

(a) Cost of inventories recognised as expenses include staff costs, depreciation of property, plant and equipment and depreciation of right-of-use assets for production, which amounts are also included in the respective total amounts disclosed separately above.

(b) During the six months ended 30 June 2022, due to the economic crisis and the uncertainty in the political environment in Sri Lanka, the Group had performed the impairment assessment on the Group's subsidiary in Sri Lanka. As a result, an impairment loss in respect of property, plant and equipment amounting to approximately US$2,574,000 had been charged to profit or loss and is included in the "other income, gains or losses" line item.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	US$'000	US$'000
	(unaudited)	(unaudited)
The income tax expense comprises:		
Hong Kong Profits Tax		
– current period	**6,205**	10,785
– overprovision in prior years	**–**	(6)
Overseas taxation		
– current period	**10,445**	9,625
– overprovision in prior years	**(807)**	(3,184)
	15,843	17,220
Deferred taxation	**316**	(588)
	16,159	16,632

In March 2018, the Hong Kong Government introduced the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first Hong Kong dollars ("**HK$**") 2 million of profits of the qualifying group entity are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

The directors of the Company consider the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

According to the Macau Complementary Tax Law, the complementary tax rate of the Macau subsidiaries is 12% of the estimated assessable profit over Macau Pataca ("**MOP**") 600,000 for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

Certain subsidiaries incorporated in Cambodia are exempted from tax on profit in both periods while they fulfil certain requirements pursuant to the relevant laws and regulations in Cambodia.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. DIVIDENDS

	Six months ended 30 June	
	2023	2022
	US$'000	US$'000
	(unaudited)	(unaudited)
Final, declared, of HK11.8 cents per ordinary share for 2022 (2022: HK9.8 cents per ordinary share for 2021)	**42,988**	35,789

Pursuant to a resolution passed by the Board of Directors (the "**Board**") on 23 August 2023, the Board has resolved to declare an interim dividend of HK5.0 cents (six months ended 30 June 2022: HK5.0 cents) per ordinary share, totalling approximately HK$142,641,000 (equivalent to approximately US$18,201,000) (six months ended 30 June 2022: approximately HK$142,641,000 (equivalent to approximately US$18,171,000)) estimated on the number of shares in issue at 30 June 2023. This declared dividend is not reflected as a dividend payable in these condensed consolidated financial statements, but will be reflected as an appropriation of reserve for the year ending 31 December 2023.

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	US$'000	US$'000
	(unaudited)	(unaudited)
Earnings:		
Profit for the period attributable to owners of the Company for the purpose of calculating basic earnings per share	**73,642**	75,370
	'000	'000
Number of shares:		
Number of ordinary shares for the purpose of calculating basic earnings per share	**2,852,822**	2,852,822

No diluted earnings per share was presented for the six months ended 30 June 2023 and 2022 as there were no potential dilutive ordinary shares in issue during both periods.

8. PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

During the six months ended 30 June 2023, the Group incurred total expenditure of approximately US$16,089,000 (six months ended 30 June 2022: US$40,757,000) on the acquisition of property, plant and equipment.

The Group's owned properties classified as property, plant and equipment were revalued by the directors of the Company at the end of the current interim period. The resulting revaluation surplus of approximately US$7,452,000 (six months ended 30 June 2022: US$4,199,000) has been credited to the property revaluation reserve during the six months ended 30 June 2023.

During the current interim period, the Group entered into several new lease agreements with lease terms ranging from 1 month to 60 months (six months ended 30 June 2022: 1 month to 60 months) and fixed monthly payments. The Group recognised new right-of-use assets of approximately US$8,028,000 (six months ended 30 June 2022: US$13,908,000) and lease liabilities of approximately US$8,028,000 (six months ended 30 June 2022: US$13,908,000) during the current interim period.

9. TRADE, BILLS AND OTHER RECEIVABLES

	At 30 June 2023 US$'000 (unaudited)	At 31 December 2022 US$'000 (audited)
Trade receivables – contracts with customers	84,414	118,922
Less: allowance for expected credit losses	(5,267)	(7,879)
	79,147	111,043
Bills receivable	972	1,517
Temporary payments to suppliers	14,328	9,486
Other receivables, deposits and prepayments	35,361	32,421
	129,808	154,467

9. TRADE, BILLS AND OTHER RECEIVABLES (Continued)

The Group allows credit periods ranging from 14 to 120 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for expected credit losses, based on invoice dates.

	At 30 June 2023 US$'000 (unaudited)	At 31 December 2022 US$'000 (audited)
Within 60 days	**71,351**	97,330
61 to 90 days	**6,214**	10,057
91 to 120 days	**999**	2,057
Over 120 days	**583**	1,599
	79,147	111,043

10. TRADE RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As part of the Group's cash flow management, the Group factors certain trade receivables to financial institutions before the receivables are due for repayment. The factored trade receivables are derecognised on the basis that the Group has transferred substantially all the risks and rewards to the relevant counterparties. Such trade receivables, that are held for the collection of contractual cash flows and sale of financial assets, have been classified as trade receivables at fair value through other comprehensive income ("**FVTOCI**").

The following is an aged analysis of trade receivables at FVTOCI based on invoice dates.

	At 30 June 2023 US$'000 (unaudited)	At 31 December 2022 US$'000 (audited)
Within 60 days	**113,309**	82,389
61 to 90 days	**38,300**	37,795
91 to 120 days	**6,506**	4,179
over 120 days	**429**	2,338
	158,544	126,701

Details of the valuation techniques and key inputs adopted for their fair value measurements are disclosed in note 22.

11. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended 30 June	
	2023	2022
	US$'000	US$'000
	(unaudited)	(unaudited)
Impairment losses (reversed) recognised in respect of trade receivables at amortised cost	**(2,658)**	204

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

12. SHORT-TERM BANK DEPOSIT

The short-term bank deposit carried interest at fixed rate of 5.15% per annum (31 December 2022: nil).

The short-term bank deposit is a deposit placed with a bank that has more than three months to maturity when deposited. The short-term bank deposit will mature within 12 months from the end of the reporting period and is therefore classified as a current asset.

13. TRADE AND OTHER PAYABLES

	At 30 June 2023 US$'000 (unaudited)	At 31 December 2022 US$'000 (audited)
Trade payables	**158,922**	112,742
Bills payable (Note)	**8,607**	5,470
	167,529	118,212
Accrued staff cost	**91,625**	105,201
Other payables	**52,068**	56,019
Other accruals	**61,626**	61,171
Total trade and other payables	**372,848**	340,603

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement trade payables. The Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the condensed consolidated statement of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements.

13. TRADE AND OTHER PAYABLES (Continued)

The total balance is analysed for reporting purposes as:

	At 30 June 2023 US$'000 (unaudited)	At 31 December 2022 US$'000 (audited)
Current	**372,658**	340,285
Non-current	**190**	318
	372,848	340,603

At 30 June 2023, the non-current amounts are related to the purchase of property, plant and equipment and are unsecured, interest-free and repayable from 2024 to 2025 (31 December 2022: repayable from 2024 to 2025).

The credit period of trade payables is from 14 to 90 days. The following is an aged analysis of trade payables based on invoice dates.

	At 30 June 2023 US$'000 (unaudited)	At 31 December 2022 US$'000 (audited)
Within 60 days	**138,646**	107,480
61 to 90 days	**22,899**	8,542
91 to 120 days	**4,979**	332
Over 120 days	**1,005**	1,858
	167,529	118,212

14. LEASE LIABILITIES

Included in the lease liabilities is the balance of approximately US$639,000 (31 December 2022: US$1,263,000) with related companies controlled by certain directors of the Company. During the current interim period, interest expense of approximately US$27,000 (six months ended 30 June 2022: US$7,000) has been charged to profit or loss and repayment of approximately US$647,000 (six months ended 30 June 2022: US$648,000) has been made in relation to the lease liabilities and interest expense with the related companies.

Certain directors of the Company, namely Mr. Lo Lok Fung Kenneth, Mrs. Lo Choy Yuk Ching Yvonne and Mr. Lo Ching Leung Andrew, have significant influence in these companies.

15. BANK BORROWINGS

During the six months ended 30 June 2023, the Group obtained new bank borrowings of approximately US$224,024,000 (six months ended 30 June 2022: US$120,212,000) and repaid bank borrowings of approximately US$252,130,000 (six months ended 30 June 2022: US$169,411,000). The bank borrowings of the Group carry interest at market rates ranging from 3.27% to 6.47% (31 December 2022: 1.25% to 6.23%) per annum.

16. AMOUNT DUE TO AN ASSOCIATE

The amount is trade in nature, unsecured, interest-free and repayable according to the credit period of 90 days. The amount is aged within 90 days.

17. AMOUNTS DUE FROM RELATED COMPANIES

	At 30 June 2023 US$'000 (unaudited)	At 31 December 2022 US$'000 (audited)
Amounts due from related companies (note a)		
Companies controlled by certain directors of the Company (note b)	**216**	216

Notes:

(a) At 30 June 2023 and 31 December 2022, amounts due from related companies are non-trade in nature, unsecured, interest-free and repayable on demand. The maximum balances during the six months ended 30 June 2023 were approximately US$216,000 (31 December 2022: US$217,000).

(b) Certain directors of the Company, namely Mr. Lo Lok Fung Kenneth, Mrs. Lo Choy Yuk Ching Yvonne and Mr. Lo Ching Leung Andrew, have significant influence in these companies.

18. SHARE CAPITAL

	Number of shares '000	Share capital US$'000
Issued and fully paid		
At 1 January 2022, 30 June 2022, 1 January 2023 and 30 June 2023	2,852,822	3,654

19. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had capital commitments as follows:

	At 30 June 2023 US$'000 (unaudited)	At 31 December 2022 US$'000 (audited)
Contracted for but not provided for in the condensed consolidated financial statements in relation to the acquisition of property, plant and equipment	**44,457**	49,416

20. PLEDGE OF ASSETS

At the end of the reporting period, the Group had the following assets pledged to banks as security for general banking facilities granted to the Group.

	At 30 June 2023 US$'000 (unaudited)	At 31 December 2022 US$'000 (audited)
Property, plant and equipment	**1,728**	2,247
Inventories	**3,775**	3,988
	5,503	6,235

21. RELATED PARTY TRANSACTIONS

(i) Related party transactions

During the period, the Group entered into transactions with the following related parties:

Relationship	Nature of transaction	Six months ended 30 June 2023 US$'000 (unaudited)	Six months ended 30 June 2022 US$'000 (unaudited)
An associate	Purchase of materials	**(25,189)**	(17,620)
Companies controlled by certain directors of the Company (note)	Interest expense on lease liabilities	**(27)**	(7)
	Handling fee received	**26**	35

Note: Certain directors of the Company, namely Mr. Lo Lok Fung Kenneth, Mrs. Lo Choy Yuk Ching Yvonne and Mr. Lo Ching Leung Andrew, have significant influence in these companies.

At the end of the reporting period, the Group has provided a corporate guarantee to an associate of the Group to secure the banking facilities granted to an associate to the extent of US$6,500,000 (31 December 2022: US$6,500,000). The Group is required to pay immediately if the associate is unable to meet its obligation.

At 30 June 2023 and 31 December 2022, the Company has provided a corporate guarantee to its subsidiaries to fully secure the bank facilities granted to its subsidiaries. The Company is required to pay immediately if its subsidiaries are unable to meet their obligations.

At 30 June 2023 and 31 December 2022, the Company has provided a corporate guarantee to its subsidiary incorporated in the U.K. to secure its obligation and liabilities in relation to the defined benefits scheme (details disclosed in the Group's consolidated financial statements for the year ended 31 December 2022) to the extent of approximately US$10,092,000 (31 December 2022: US$9,640,000). The Company is required to pay immediately if its subsidiary incorporated in the U.K. is unable to meet its obligation.

21. RELATED PARTY TRANSACTIONS (Continued)

(ii) Emoluments of key management personnel

Emoluments of directors, who are also the key management personnel, during the period were as follows:

	Six months ended 30 June	
	2023	2022
	US$'000	US$'000
	(unaudited)	(unaudited)
Short-term benefits	**1,677**	1,727
Post-employment benefits	**42**	46
	1,719	1,773

The emoluments of directors are recommended to the Board by the Remuneration Committee of the Company having regard to the performance of each individual and comparable market statistics.

(iii) Related party balances

The Group's outstanding balances with related parties at 30 June 2023 and 31 December 2022 are set out in aggregate in these condensed consolidated statement of financial position and the corresponding notes thereto.

(iv) Licence agreement entered into with a related company

The Group entered into a licence agreement on 12 October 2022 with a related company controlled by Mr. LO Lok Fung Kenneth and Mrs. LO CHOY Yuk Ching Yvonne who are executive directors of the Company, pursuant to which the related company agreed to grant to the Group a licence to use certain trademarks and domain names in connection with its business and operations in various territories for three years commencing 1 January 2023. The consideration is HK$1.00.

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value at		Fair value	
	30.6.2023 US$'000 (unaudited)	31.12.2022 US$'000 (audited)	hierarchy	Valuation techniques and key inputs
Financial Asset				
Trade receivables at FVTOCI (note 10)	**158,544**	126,701	Level 2	A discounted cash flow method is used to assess the present value of the cash flows to be derived from the receivables using the discount rates from the factoring arrangements.

There were no transfers into or out of Level 2 during the period.

For financial assets and financial liabilities that are not measured at fair value on a recurring basis, the directors of the Company consider that the carrying amounts of these financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values.