

A close-up, shallow depth-of-field photograph of several shoe lasts (molds) arranged in a row. The lasts are primarily a vibrant blue color, with some showing signs of wear and discoloration, particularly towards the toe and heel areas where the color has worn away to reveal a darker, greyish-brown material. The lighting is soft, highlighting the textures and curves of the lasts. The background is blurred, showing more of the same objects in a workshop setting.

Interim Report 2024

Stella
International
Holdings
Limited

Stock Code: 1836

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CHAIRMAN'S STATEMENT

Dear shareholders,

We have entered the second year of our Three-Year Plan for growth and margin expansion, under which we aim to achieve an operating margin of 10% and a low-teens annualised growth rate on profit after tax by the end of 2025.

In the first half of 2024, we remained ahead of schedule in meeting these targets, with our operating margin for the first half of this year reaching 12.9% (before changes in fair value of financial instruments), building further on the 10.7% operating margin we achieved in the 2023 full-year, as we continued to enhance our customer mix, expand and diversify our manufacturing base, optimise management effectiveness and efficiency, and strengthen our use of working capital.

We achieved this even as our brand customers faced a mixed operating environment, which offered both opportunities and uncertainties. This was particularly apparent in recent months when several of our customers requested shipments earlier than originally planned, seeking to take advantage of a big tourist season this summer propelled by the Olympic Games in Paris and a strong US Dollar. As a result of the front-loading of these orders, we recorded higher-than-expected revenue and volume growth in the first six months of this year compared to what we originally budgeted. We were pleased to help our customers fully tap these summer sales opportunities through our unmatched speed-to-market and production flexibility.

That said, our performance expectations for the full year remain unchanged, as do our priorities. Thanks to our ongoing efforts to enhance our product category mix by adding new customers in the Luxury and high-end Fashion categories, our non-Sports manufacturing facilities have been operating at close to full utilisation since last year and should continue to do so, despite slowing momentum in some elements of the global luxury market. Our main priority in the second half of this year is to progressively expand our manufacturing capacity for higher-margin products, starting at our newest factory in Solo, Indonesia, where we intend to transition some Fashion category products to free up resources in Vietnam.

On the Sports-side of our business, the end of the destocking undertaken by some customers in 2023 will support the ongoing recovery of utilisation rates and operating leverage at our Sports factories.

Therefore, for the reasons outlined above, we are confident that we will maintain or expand on our strong margin levels in the second half of the year, even as volume growth slows over the coming months on a year-on-year basis.

In line with our long-standing 70% dividend payout ratio, the Board has resolved to declare an interim dividend of HK65 cents per ordinary share. Further, given the Group's strong cash levels, the Board announced its intention to return additional cash to shareholders up to US\$60 million per year for the next three years (2024-2026) through a combination of share repurchases and dividends, as we seek to provide more value and attractive returns to our shareholders.

We also remain firmly committed to improving our transparency and the sustainability of our business, in line with our four Sustainability Development vision goals: building green and low-carbon factories, fostering a diversified community, enhancing supply chain resilience, and achieving smart operations. Our ongoing efforts to meet these goals were recently recognised by MSCI ESG Research, which recently upgraded our MSCI ESG Rating to 'A'.

We look forward to continuing proving value our customers, business partners, employees and shareholders in the coming months and years. I thank you all for your valued support.

Chen Li-Ming, Lawrence

Chairman

Hong Kong, 22 August 2024

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 results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024.

BUSINESS STRATEGIES

Stella is widely known within the footwear industry for its unparalleled product design and commercialisation capabilities, ‘artisan level’ craftsmanship, uncompromising commitment to quality, speed-to-market, and small-batch production flexibility, supported by a broad, diverse, and proven manufacturing base located in Vietnam, China, Indonesia, Philippines and Bangladesh. Over the years, we have provided customers with an all- rounded skillset, integrated and accumulated from developing a broad product base spanning Luxury, high-end Fashion, athleisure and outdoor Sports footwear.

We have adopted a margin-accretive business model within our footwear manufacturing business by being highly responsive to growth opportunities in the footwear market, particularly those arising from the booming ‘athleisure’ trend being led by major Sports brands and into which more and more Luxury and Fashion brands are seeking to enter.

We are also seeking ways in which to apply the same business model in similar business streams that synergise well with the client base of our manufacturing business. In late 2021, we incorporated our earlier acquired handbag and accessories manufacturing business into the Company as we aim to become a total solutions provider for our premium customers.

Three-year plan (2023-2025)

As part of our long-term strategy, we have embarked on a Three-Year Plan (2023-2025) with a focus on growth and margin expansion listed below:

Enhance our category mix to better align with our unique strengths and capabilities, including:

- Further deepening our relationships with major global sports brands, leveraging our capabilities in product development for differentiated and complex products to support and grow with them as they continue to expand and lead innovation in the athleisure and luxury-priced footwear categories
- Partner with additional Luxury and high-end Fashion brands that are seeking to introduce sports and athleisure into their collections, with Stella being a close collaborator at every stage including design, commercialisation and manufacturing
- Add more well-established but fast-growing boutique Sports and Fashion footwear brands that are leading athleisure fashion trends to our customer portfolio

Expand and diversify our manufacturing to protect our cost base, including:

- Ramping up our new footwear factory in Solo, Indonesia that commenced production in 2022
- Announcing plans, together with a major brand partner, to jointly develop an exclusive Sports footwear factory in Indonesia
- Committing to increasing our production capacity in Bangladesh, starting in 2023

Optimise our management effectiveness and efficiency, including:

- Re-organising our organisational structure, centralising our account management teams to provide better customer service and refocusing our factory operational teams on day-to-day manufacturing excellence
- Combining our research and development teams to enhance our design and commercialisation capabilities, and better serve our customers
- Aligning manager incentive schemes with transparent short-term and long-term operational targets

Strengthen cost efficiency and improve working capital, including:

- Enhancing our customer portfolio to reduce our overall risk
- Improving our inventory and cash flow management
- Further strengthening cost controls across divisions

Targets for Three-Year Plan (2023-2025)

Operating margin: 10%

Profit After Tax CAGR¹: Low-Teens

¹ CAGR: Compound Annual Growth Rate

BUSINESS REVIEW

For the six months ended 30 June 2024, revenue and shipment volumes increased year-on-year, driven by Sports category orders and earlier shipments to certain customers compared to the original shipment plan. We also saw continued gross profit margin improvement resulting from an enhanced customer mix. This, together with improved operating leverage from the increased utilisation of our Sports manufacturing facilities during the period under review, also drove an expansion of our operating profit margin.

Our non-Sports manufacturing facilities operated at close to full utilisation throughout the period under review as we continued to enhance our product category mix as part of our Three-Year Plan. We prioritised the ramp-up of our new factory in Solo, Indonesia, focusing on improving worker skill levels in order to transition the production of some Fashion category products there from our factories in Vietnam. Our build-out of an additional production facility in Bangladesh proceeded on schedule.

The key financial performance indicators of the Company include revenue, gross profit and operating profit. An analysis of these indicators during the six months ended 30 June 2024 is as below:

Revenue

The Group's consolidated revenue for the six months ended 30 June 2024 increased by 7.5% to US\$770.0 million (first half of 2023: US\$716.1 million). Shipment volumes rose by 12.3% to 26.5 million pairs (first half of 2023: 23.6 million pairs), with growth mostly driven by the Sports category, as well as earlier shipments to certain customers, amounting to approximately 1 million parties, compared to the original shipment plan. The ASP of our footwear products decreased by 4.4% to US\$28.3 per pair (first half of 2023: US\$29.6 per pair), which was due to the higher proportion of Sports products that have a lower ASP.

In terms of product category, sales of our Sports category increased by 13.0% which accounted for 45.1% of total manufacturing revenue (first half of 2023: 42.9%) as some of our Sports customers started restocking after resolving their previous inventory issues. Revenue attributed to our Luxury and Fashion categories increased by 1.8% and 9.9% respectively and accounted for 8.4% and 26.2% of total manufacturing revenue respectively (first half of 2023: 8.8% and 25.7%). Revenue attributed to our Casual category declined by 3.6%, accounting for 20.3% (first half of 2023: 22.6%) of total manufacturing revenue as we continued to reallocate capacity to grow our other categories in line with our Three-Year Plan.

Geographically, North America and Europe remain our two largest markets, accounting for 46.8% and 24.6% of the total revenue of the Group during the period under review. This was followed by the People's Republic of China (the "PRC") (including Hong Kong), Asia (other than the PRC) and other geographic regions, which accounted for 16.7%, 9.0% and 2.9% respectively of the Group's total revenue.

Revenue attributed to our branding business (namely the wholesale business for our own retail footwear brand *Stella Luna* in the PRC which is in the process of being scaled down) decreased by 66.7% to US\$0.9 million during the period under review.

Gross profit

Our gross profit for the period under review increased by 20.0% to US\$198.9 million, compared to US\$165.8 million in the same period of last year. Our gross profit margin for the period under review was 25.8% (first half of 2023: 23.1%), supported by an improved product category mix and production efficiency.

Operating profit

The reported operating profit² of the Group for the period under review increased by 52.9% to US\$99.1 million, compared to US\$64.8 million in the same period of last year. This was attributable to higher shipment volumes driven by Sports category orders, the earlier shipments to certain customers, an enhanced customer mix and improved operating leverage resulting from the increased utilisation of its Sports manufacturing facilities.

The operating profit margin (before changes in fair value of financial instruments) of the Group for the period under review was 12.9%, compared to 9.0% in the same period of last year.

Net results

Due to the factors outlined above, the Group recorded a net profit of US\$91.5 million during the period under review, compared to US\$55.2 million in the same period of last year, including a marked-to-market net fair value loss of US\$1.4 million on financial instruments related to its investment in Lanvin Group Holdings Limited (“Lanvin Group”) listed on the New York Stock Exchange (first half of 2023: marked-to-market net fair value loss of US\$5.1 million).

Excluding the Group's net fair value change from its investment in Lanvin Group, the Group recorded an adjusted net profit³ of US\$92.9 million (first half of 2023: US\$60.3 million). Our adjusted net profit³ margin was 12.1%, compared to 8.4% in the same period of last year.

Strong net cash position

With our capital expenditure projects progressing slower than expected during the period under review, we remained focused on managing our working capital usage and cash flow. As of 30 June 2024, our net cash position was US\$326.1 million, compared to a net cash position of US\$162.5 million as at 30 June 2023. About US\$140 million of the cash is reserved for completing the new factory in Bangladesh and for our upcoming new sports footwear factory in Indonesia. Therefore, the Group's net gearing ratio⁴ was -29.6% as at 30 June 2024, compared to -15.9% as at 30 June 2023.

² Reported operating profit is the Group's operating profit before changes in fair value of financial instruments.

³ Adjusted net profit represents the profit for the period, excluding net fair value loss of US\$1.4 million related to the Group's investment in Lanvin Group.

⁴ Net gearing ratio = net debt/shareholder equity

RECOGNITIONS AND AWARDS

During the period under review, our sustainability and investor relations efforts were recognised by a number of distinguished external parties:

- Our MSCI ESG rating was upgraded to 'A' from 'B' by MSCI ESG Research, reflecting our ongoing efforts to adopt better sustainability and transparency practices
- We were named in the leading international financial magazine *Institutional Investor's* annual "Asia Executive Team Rankings" for the first time, earning the 'Honoured Company' designation in 2024. In the Rest of Asia section (ex Japan and mainland China), we ranked 3rd in the 'Best Company Board' category by the Sell-Side and 6th (overall) in the Consumer Discretionary sector, based on the votes of 4,943 buy-side professionals and 951 sell-side analysts.
- At the 10th Investor Relations Awards 2024 held by the *Hong Kong Investor Relations Association*, we were one of the winners of the 'Best IR Company' (small-cap) award.

OUTLOOK

For the full year 2024, we expect to maintain or expand on the same strong operating margin level we achieved in 2023 as we continue implementing the strategies and meeting the targets set out in our Three-Year Plan.

Beyond margin growth, our Three-Year Plan continues to yield other benefits. Our specialisation in product development and manufacturing is enabling us to secure a larger share of orders from certain brand customers who are concentrating on key vendors. Additionally, our efforts to diversify our manufacturing base allowed us to swiftly reorganise production in response to recent unrest in Bangladesh and growing concerns about future tariffs on Chinese exports, thereby gaining additional order share from some customers.

Our full-year ASP will likely stay at a similar level as the first half of this year due to the higher proportion of Sports orders within our product mix. On a full-year basis, we expect shipment volumes to grow moderately compared to 2023, led by our Sports category.

We expect our non-Sports manufacturing facilities to continue operating at close to full utilisation in the second half of 2024 as we further enhance our product category mix as part of our Three-Year Plan. Our manufacturing facility in Bangladesh experienced minimal disruption during the recent political unrest in July and August.

We remain fully focused on ramping up our new factory in Solo, Indonesia and improving worker skill levels in order to expand our capacity for higher-margin products and transition the production of some Fashion category products there from our factories in Vietnam. We will also proceed with the buildout of an additional production facility in Bangladesh.

Elsewhere in our business, we will continue to develop our new handbag and accessories manufacturing business into another pillar of growth by continuing to enhance its product quality and production efficiency, with the aim of introducing it to more of our high-end customer base. We will also continue to scale down the remainder of our branding business in the PRC as part of our strategic plan to focus on creating more value and higher returns for our shareholders.

CASH RETURN TO SHAREHOLDERS

As we work towards implementing our strategies, we remain committed to returning profit and providing attractive returns to our shareholders.

After considering the Group's free cash flow situation, the Board has resolved to declare an interim dividend of HK65 cents per ordinary share for the six months ended 30 June 2024 and maintain the Company's normal payout ratio of about 70% set against its adjusted net profit³ of US\$92.9 million, which excludes the US\$1.4 million fair value loss on the Lanvin Group investment.

Given our strong cash levels, the Board has also resolved to return additional cash up to US\$60 million per year for the next three years (2024-2026) to shareholders, not exceeding US\$180 million in total, through a combination of share repurchases and special dividends, on top of paying regular dividends with a payout ratio of 70% (comprising final dividends and interim dividends).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2024, the Group had cash and cash equivalents of approximately US\$334.6 million (31 December 2023: US\$294.5 million; 30 June 2023: US\$173.5 million), representing an increase of 92.9% compared to 30 June 2023.

In the six months ended 30 June 2024, net cash inflows from operations were US\$99.2 million, compared to net cash inflows of US\$28.2 million used in operations for the corresponding period of 2023.

Net cash outflows used in investing activities were US\$15.7 million during the period under review (for the six months ended 30 June 2023: US\$22.4 million), representing a decrease of 29.9%. Capital expenditure amounted to approximately US\$23.8 million during the period under review (for the six months ended 30 June 2023: US\$22.8 million).

As at 30 June 2024, the Group had current assets of approximately US\$884.8 million (31 December 2023: US\$827.5 million) and current liabilities of approximately US\$272.6 million (31 December 2023: US\$265.2 million). The current ratio (which is calculated on the basis of current assets over current liabilities) was 3.2 as at 30 June 2024 (31 December 2023: 3.1), an indication of the Group's high liquidity and healthy financial position.

BANK BORROWINGS

The Group had bank borrowings of US\$8.5 million as at 30 June 2024 (31 December 2023: US\$7.1 million), which are principally denominated in Hong Kong dollars, New Taiwan dollars and U.S. dollars, with an effective interest rate of 1.11%-5.41%.

The Group maintained a net cash position of US\$326.1 million as at 30 June 2024 (31 December 2023: US\$287.4 million; 30 June 2023: US\$162.5 million). Therefore, the Group's net gearing ratio⁴ was -29.6% as at 30 June 2024 compared to -15.9% as at 30 June 2023.

⁴ Net gearing ratio = net debt/shareholder equity

FOREIGN CURRENCY EXPOSURE

During the six months ended 30 June 2024, 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 2024, the Group had pledged US\$10.7 million of its assets (31 December 2023: US\$10.9 million).

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no contingent liabilities (31 December 2023: Nil).

MATERIAL ACQUISITION AND DISPOSAL

During the six months ended 30 June 2024, the Group had no material acquisition or disposal of subsidiaries, associates or joint ventures.

SIGNIFICANT INVESTMENT

As at 30 June 2024, the Group did not hold any significant investments with a value of 5% or more of the Group's total assets.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Directors confirmed that, as at the date of this report, there was no plan for any material investment or to acquire capital assets other than those in the Group's ordinary business.

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 consistently places 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 2024, the Group had approximately 42,100 direct employees (31 December 2023: approximately 39,900) and an overall workforce of approximately 63,510. Our overall workforce includes both direct employees of the Group and employees indirectly employed by the Group (which refers to workers supplied by contractor companies under labour supply agreements). 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 Programme" 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 attract suitable personnel for the further development of the Group, the Company has adopted a long-term incentive scheme and a share award plan.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK65 cents per ordinary share for the six months ended 30 June 2024. The interim dividend will be paid to shareholders listed on the register of members of the Company at the close of business on Tuesday, 10 September 2024. It is expected that the interim dividend will be paid on or about Friday, 20 September 2024. The register of members of the Company will be closed from Friday, 6 September 2024 to Tuesday, 10 September 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend for the six months ended 30 June 2024, all share transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 5 September 2024.

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 12 to 42, 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 2024 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

22 August 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
	Notes	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
REVENUE	4	770,011	716,086
Cost of sales		(571,128)	(550,326)
Gross profit		198,883	165,760
Other income		3,432	3,882
Other gains and losses, net		(194)	1,989
Selling and distribution expenses		(18,251)	(20,436)
Administrative expenses		(80,649)	(74,015)
Impairment losses of financial assets, net		(6,208)	(17,015)
Share of profit of a joint venture		2,039	4,624
Operating profit before changes in fair value of financial instruments		99,052	64,789
Net fair value loss on financial instruments		(1,369)	(5,100)
Operating profit after changes in fair value of financial instruments		97,683	59,689
Interest income		8,094	4,268
Interest expense		(384)	(504)
PROFIT BEFORE TAX	5	105,393	63,453
Income tax expense	6	(13,879)	(8,226)
PROFIT FOR THE PERIOD		91,514	55,227
OTHER COMPREHENSIVE LOSS			
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		(13,871)	(2,578)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		(13,871)	(2,578)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		77,643	52,649
Profit attributable to:			
Owners of the parent		91,944	55,718
Non-controlling interests		(430)	(491)
		91,514	55,227
Total comprehensive income attributable to:			
Owners of the parent		78,095	53,138
Non-controlling interests		(452)	(489)
PROFIT BEFORE TAX		77,643	52,649
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
– Basic (in US cents) (equivalent to HK cents)		11.5 89.6	7.0 55.1
– Diluted (in US cents) (equivalent to HK cents)		11.2 87.8	7.0 55.1

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	372,871	378,853
Investment properties		2,008	2,435
Right-of-use assets		77,504	80,081
Investment in a joint venture		49,440	47,401
Investments in associates		–	–
Financial assets at fair value through profit or loss	11	2,105	3,469
Pledged deposits		5,716	5,637
Deposits for acquisition of property, plant and equipment and leasehold land		10,706	14,298
Total non-current assets		520,350	532,174
CURRENT ASSETS			
Inventories		201,980	197,122
Trade receivables	10	304,419	277,820
Prepayments, deposits and other receivables		43,775	58,109
Financial assets at fair value through profit or loss	11	–	5
Cash and cash equivalents		334,585	294,471
Total current assets		884,759	827,527
CURRENT LIABILITIES			
Trade payables	12	94,059	82,756
Other payables and accruals	13	125,966	138,186
Interest-bearing bank borrowings	14	3,378	1,324
Lease liabilities		3,195	2,870
Tax payable		45,977	40,100
Total current liabilities		272,575	265,236
NET CURRENT ASSETS		612,184	562,291
TOTAL ASSETS LESS CURRENT LIABILITIES		1,132,534	1,094,465
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	14	5,122	5,786
Lease liabilities		4,478	5,264
Deferred tax liabilities		19,432	15,951
Total non-current liabilities		29,032	27,001
Net assets		1,103,502	1,067,464
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	10,410	10,171
Share premium and reserves		1,077,285	1,041,034
Non-controlling interests		1,087,695	1,051,205
		15,807	16,259
Total equity		1,103,502	1,067,464

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent											Total US\$'000 (unaudited)
	Share capital US\$'000 (unaudited)	Share premium US\$'000 (unaudited)	Merger reserve US\$'000 (unaudited)	Capital reserve US\$'000 (unaudited)	Exchange reserve US\$'000 (unaudited)	Shares held for share award scheme US\$'000 (unaudited)	Capital redemption reserve US\$'000 (unaudited)	Share option reserve US\$'000 (unaudited)	Retained profits US\$'000 (unaudited)	Sub-total US\$'000 (unaudited)	Non- controlling interests US\$'000 (unaudited)	
At 1 January 2024	10,171	157,984*	38,841*	1,146*	(21,031)*	(2,722)*	190*	12,736*	853,890*	1,051,205	16,259	1,067,464
Profit for the period	-	-	-	-	-	-	-	-	91,944	91,944	(430)	91,514
Other comprehensive loss for the period:												
Exchange differences on translation of foreign operations	-	-	-	-	(13,849)	-	-	-	-	(13,849)	(22)	(13,871)
Total comprehensive income for the period	-	-	-	-	(13,849)	-	-	-	91,944	78,095	(452)	77,643
Equity-settled share option arrangements	-	-	-	-	-	-	-	890	-	890	-	890
Issue of shares upon exercise of share options	239	24,634	-	-	-	-	-	(3,953)	-	20,920	-	20,920
Final 2023 dividend	-	-	-	-	-	-	-	-	(63,415)	(63,415)	-	(63,415)
At 30 June 2024	10,410	182,618*	38,841*	1,146*	(34,880)*	(2,722)*	190*	9,673*	882,419*	1,087,695	15,807	1,103,502

For the six months ended 30 June 2023

	Attributable to owners of the parent											Total US\$'000 (unaudited)
	Share capital US\$'000 (unaudited)	Share premium US\$'000 (unaudited)	Merger reserve US\$'000 (unaudited)	Capital reserve US\$'000 (unaudited)	Exchange reserve US\$'000 (unaudited)	Shares held for share award scheme US\$'000 (unaudited)	Capital redemption reserve US\$'000 (unaudited)	Share option reserve US\$'000 (unaudited)	Retained profits US\$'000 (unaudited)	Sub-total US\$'000 (unaudited)	Non- controlling interests US\$'000 (unaudited)	
At 1 January 2023	10,155	156,252	38,841	1,146	(15,464)	(2,722)	190	11,930	798,533	998,861	17,088	1,015,949
Profit for the period	-	-	-	-	-	-	-	-	55,718	55,718	(491)	55,227
Other comprehensive loss for the period:												
Exchange differences on translation of foreign operations	-	-	-	-	(2,580)	-	-	-	-	(2,580)	2	(2,578)
Total comprehensive income for the period	-	-	-	-	(2,580)	-	-	-	55,718	53,138	(489)	52,649
Equity-settled share option arrangements	-	-	-	-	-	-	-	2,209	-	2,209	-	2,209
Transfer of share option reserve upon the expiry of share options	-	-	-	-	-	-	-	(1,700)	1,700	-	-	-
Final 2022 dividend	-	-	-	-	-	-	-	-	(45,590)	(45,590)	-	(45,590)
At 30 June 2023	10,155	156,252	38,841	1,146	(18,044)	(2,722)	190	12,439	810,361	1,008,618	16,599	1,025,217

* These reserve accounts comprise the consolidated share premium and reserves of US\$1,077,285,000 (31 December 2023: US\$1,041,034,000) in the interim condensed consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

		Six months ended 30 June	
	Notes	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		105,393	63,453
Interest income	5	(8,094)	(4,268)
Depreciation of property, plant and equipment	5	23,668	22,483
Depreciation of investment properties	5	376	391
Depreciation of right-of-use assets	5	3,424	4,014
Impairment losses of financial assets, net	5	6,208	17,015
Other adjustments		(317)	497
Operating profit before changes in working capital		130,658	103,585
Changes in working capital		(26,996)	(72,060)
Other operating cash flows		(4,484)	(3,279)
Net cash flows from operating activities		99,178	28,246
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		8,094	4,268
Purchases of items of property, plant and equipment		(23,696)	(22,803)
Deposit paid for acquisition of items of property, plant and equipment		(146)	(40)
Proceeds from disposal of property, plant and equipment		138	205
Purchase of derivative financial instruments		–	(3,998)
Placement of pledged bank deposits		(79)	(76)
Net cash flows used in investing activities		(15,689)	(22,444)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		43,541	30,619
Repayment of bank loans		(42,035)	(26,850)
Dividends paid		(63,415)	(45,590)
Interest paid		(221)	(208)
Principal portion of lease payments		(1,599)	(2,293)
Proceeds from issue of shares upon exercise of share options		20,920	–
Net cash flows used in financing activities		(42,809)	(44,322)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		40,680	(38,520)
Cash and cash equivalents at beginning of period		294,471	213,303
Effect of foreign exchange rate changes, net		(566)	(1,264)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		334,585	173,519
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances other than time deposits		68,323	75,526
Non-pledged time deposits with original maturity of less than three months when acquired		266,262	97,993
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position		334,585	173,519

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has 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 interim condensed consolidated financial information does 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 2023.

This interim condensed consolidated financial information has 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. This unaudited interim condensed consolidated financial information is presented in the 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 adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, 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 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “2020 Amendments”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the 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 two reportable operating segments as follows:

- the manufacturing segment engages in the sale and manufacturing of footwear and handbag
- the retailing and wholesaling segment engages in the sale of products of self-developed 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 before tax except that interest income, fair value losses from the Group's financial instruments, 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 financial assets at fair value through profit or loss, pledged deposits, and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated interest-bearing bank borrowings 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 2024 (Unaudited)

	Manufacturing US\$'000	Retailing and wholesaling US\$'000	Total US\$'000
Segment revenue			
Sales to external customers	769,067	944	770,011
Intersegment sales	991	–	991
Total segment revenue	770,058	944	771,002
<i>Reconciliation:</i>			
Elimination of intersegment sales			(991)
Revenue			770,011
Segment results	102,070	(267)	101,803
<i>Reconciliation:</i>			
Corporate and other unallocated income			25
Corporate and other unallocated expenses, gains and losses			(4,815)
Share of result of a joint venture			2,039
Operating profit before changes in fair value of financial instruments			99,052
Net fair value loss on financial instruments			(1,369)
Operating profit after changes in fair value of financial instruments			97,683
Interest income			8,094
Interest expense			(384)
Profit before tax			105,393

3. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2023 (Unaudited)

	Manufacturing US\$'000	Retailing and wholesaling US\$'000	Total US\$'000
Segment revenue			
Sales to external customers	713,376	2,710	716,086
Intersegment sales	1,673	–	1,673
Total segment revenue	715,049	2,710	717,759
<i>Reconciliation:</i>			
Elimination of intersegment sales			(1,673)
Revenue			716,086
Segment results	67,962	(2,440)	65,522
<i>Reconciliation:</i>			
Corporate and other unallocated income			24
Corporate and other unallocated expenses, gains and losses			(5,381)
Share of result of a joint venture			4,624
Operating profit before changes in fair value of financial instruments			64,789
Net fair value loss on financial instruments			(5,100)
Operating profit after changes in fair value of financial instruments			59,689
Interest income			4,268
Interest expense			(504)
Profit before tax			63,453

3. OPERATING SEGMENT INFORMATION (continued)

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2024 and 31 December 2023, respectively.

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Segment assets		
Manufacturing	1,367,338	1,315,496
Retailing and wholesaling	19,968	25,576
	1,387,306	1,341,072
Corporate and other unallocated assets	17,803	18,629
	1,405,109	1,359,701
Segment liabilities		
Manufacturing	288,765	281,529
Retailing and wholesaling	2,466	1,536
	291,231	283,065
Corporate and other unallocated liabilities	10,376	9,172
	301,607	292,237

4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June 2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Revenue from contracts with customers	770,011	716,086

4. REVENUE (continued)

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2024 (Unaudited)

Segments

	Manufacturing US\$'000	Retailing and wholesaling US\$'000	Total US\$'000
Types of goods			
Sales of footwear and handbag	769,067	944	770,011
Geographical markets			
The People's Republic of China (the "PRC")	127,774	860	128,634
Asia (other than the PRC)	69,456	–	69,456
Europe	189,522	84	189,606
North America	360,241	–	360,241
Others	22,074	–	22,074
Total	769,067	944	770,011
Timing of revenue recognition			
Goods transferred at a point in time	769,067	944	770,011

For the six months ended 30 June 2023 (Unaudited)

Segments

	Manufacturing US\$'000	Retailing and wholesaling US\$'000	Total US\$'000
Types of goods			
Sales of footwear and handbag	713,376	2,710	716,086
Geographical markets			
The People's Republic of China (the "PRC")	112,755	1,881	114,636
Asia (other than the PRC)	65,987	–	65,987
Europe	195,163	829	195,992
North America	314,567	–	314,567
Others	24,904	–	24,904
Total	713,376	2,710	716,086
Timing of revenue recognition			
Goods transferred at a point in time	713,376	2,710	716,086

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024	2023
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	572,005	546,018
Depreciation of property, plant and equipment	23,668	22,483
Depreciation of investment properties	376	391
Depreciation of right-of-use assets	3,424	4,014
Net fair value loss on financial assets at fair value through profit or loss	1,369	5,100
Severance payments and other related costs	1,337	1,358
Impairment losses of financial assets, net [#]	6,208	17,015
(Write-back of provision)/provision against inventories, net	(877)	4,308
Bank interest income	(7,893)	(4,016)
Interest income from financial assets at fair value through profit or loss	(201)	(252)
(Gain)/loss on disposal of items of property, plant and equipment	(44)	671
Foreign exchange differences, net	238	(2,711)

[#] 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 2023: 25%) during the six months ended 30 June 2024.

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2023: 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 (2023: 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 2023: 12%) on the assessable profits arising in Macau during the period.

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	
	2024	2023
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Current		
Charge for the period:		
– PRC	5,899	4,867
– Macau	2,381	2,428
– Elsewhere	1,146	931
Deferred tax	9,426	8,226
	4,453	–
Total	13,879	8,226

7. DIVIDENDS

	Six months ended 30 June	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Final declared and paid – HK61 cents (six months ended 30 June 2023: HK45 cents) per ordinary share	63,415	45,590

On 22 August 2024, the board of directors (the “Board”) declared an interim dividend of HK65 cents per ordinary share, amounting to approximately US\$67,857,000.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the six months ended 30 June 2024 attributable to ordinary equity holders of the parent of US\$91,944,000 (six months ended 30 June 2023: US\$55,718,000), and the weighted average number of ordinary shares, excluding a pool of shares maintained by a trustee as disclosed in note 16, of 802,144,522 (six months ended 30 June 2023: 792,200,500) in issue during the period.

During the six months ended 30 June 2024 and 2023, 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 in issue during the period, as used in the calculation is the number of ordinary shares 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 earnings per share are based on:

	Six months ended 30 June	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	91,944	55,718

	Number of shares Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	802,144,522	792,200,500
Effect of dilution – weighted average number of ordinary shares: Share options	17,137,827	287,722
Weighted average number of ordinary shares, used in the diluted earnings per share calculation	819,282,349	792,488,222

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment of US\$27,434,000 (six months ended 30 June 2023: US\$22,803,000). In addition, the Group has disposed of and written off certain items of property, plant and equipment with an aggregate carrying amount of US\$94,000 (six months ended 30 June 2023: US\$876,000) for cash proceeds of US\$138,000 (six months ended 30 June 2023: cash proceeds of US\$205,000), resulting in an aggregate gain of US\$44,000 (six months ended 30 June 2023: loss of US\$671,000).

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 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Within 1 month	151,112	112,155
1 to 2 months	103,445	94,317
2 to 3 months	33,969	49,584
3 to 6 months	8,904	11,861
6 to 12 months	3,612	4,742
Over 1 year	3,377	5,161
Total	304,419	277,820

The Group's trading terms with its customers are mainly on credit. The standard payment terms are generally 30 days and selected customers up to 90 days.

Included in the Group's gross trade receivables are amounts due from the Group's associates of US\$38,962,000 (31 December 2023: US\$39,795,000), with provision of expected credit losses amounting to US\$31,696,000 (31 December 2023: US\$31,696,000), 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

	Notes	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Listed equity investments, at fair value	(a)	2,105	3,469
Listed debt investments, at fair value	(b)	–	5
Total		2,105	3,474
Non-current assets		2,105	3,469
Current assets		–	5
Total		2,105	3,474

Notes:

- (a) As at 30 June 2024, the Group holds 1,175,790 (31 December 2023: 1,175,790) shares of a company, which was listed on the New York Stock Exchange ("NYSE").

The investments were classified as financial assets at fair value through profit or loss and measured at fair value at initial recognition and at the end of each reporting period. During the six months ended 30 June 2024, fair value loss of US\$1,364,000 (six months ended 30 June 2023: US\$5,056,000) was recognised in profit or loss.

- (b) The above debt investments were classified as financial assets at fair value through profit or loss as they were held for trading. During the six months ended 30 June 2024, fair value loss of US\$5,000 (six months ended 30 June 2023: US\$44,000) was recognised in profit or loss.

12. TRADE PAYABLES

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

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Within 1 month	71,389	70,797
1 to 2 months	13,567	7,623
Over 2 months	9,103	4,336
Total	94,059	82,756

Included in the trade payables are trade payables of US\$36,241,000 (31 December 2023: US\$40,044,000) 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

	Note	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Other payables	(a)	54,194	52,135
Accruals		71,772	86,051
Total		125,966	138,186

Note:

(a) Other payables are non-interest-bearing and have an average credit term of 90 days.

14. INTEREST-BEARING BANK BORROWINGS

	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Effective interest rate (%)	Maturity	US\$'000	Effective interest rate (%)	Maturity	US\$'000
Current						
Bank loans – secured	1.11-5.41	2024-2025	3,378	2.05-4.10	2024	1,324
Non-current						
Bank loans – secured	1.11-5.00	2025-2028	5,122	2.05-4.10	2025-2028	5,786
			8,500			7,110

Notes:

- As at 30 June 2024, bank borrowings of US\$2,562,000 (31 December 2023: Nil) are denominated in Hong Kong dollar, US\$1,938,000 (31 December 2023: US\$2,110,000) are denominated in New Taiwan dollar and US\$4,000,000 (31 December 2023: US\$5,000,000) are denominated in US\$.
- The Group's bank borrowings are secured by mortgages over the Group's freehold land, buildings and pledged deposits, which had aggregate carrying values at the end of the reporting period of approximately US\$3,406,000, US\$1,546,000 and US\$5,716,000 (31 December 2023: US\$3,607,000, US\$1,656,000 and US\$5,637,000), respectively.

15. SHARE CAPITAL

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Authorised: 5,000,000,000 ordinary shares of HK\$0.1 each	63,975	63,975
Issued and fully paid: 813,803,000 (31 December 2023: 795,200,000) ordinary shares of HK\$0.1 each	10,410	10,171

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital US\$'000
At 1 January 2023	793,978,500	10,155
Share options exercised (<i>Note (a)</i>)	1,221,500	16
At 31 December 2023 and 1 January 2024	795,200,000	10,171
Share options exercised (<i>Note (b)</i>)	18,603,000	239
At 30 June 2024	813,803,000	10,410

Note:

- (a) During the year ended 31 December 2023, the subscription rights attaching to 1,221,500 share options were exercised at the subscription prices of HK\$9.10 to HK\$9.46 per share (note 16), resulting in the issue of 1,221,500 shares for a total cash consideration, before expenses, of US\$1,439,000. Amounts of US\$16,000 and US\$1,732,000 were transferred from the share option reserve to share capital and share premium upon the exercise of the share options.
- (b) During the six months ended 30 June 2024, the subscription rights attaching to 18,603,000 share options were exercised at the subscription prices of HK\$7.65 to HK\$9.46 per share (note 16), resulting in the issue of 18,603,000 shares for a total cash consideration, before expenses, of US\$20,920,000. Amounts of US\$239,000 and US\$24,634,000 were transferred from the share option reserve to share capital and share premium upon the exercise of the share options.

16. SHARE-BASED PAYMENTS TRANSACTIONS

Long term incentive scheme

The Company's former 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 passed on 15 June 2007 for the primary purpose of providing incentives to, among other participants, directors and eligible employees, and expired on 5 July 2017. Under the 2007 Scheme, the Board might 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 participants.

Pursuant to the terms of the 2007 Scheme, the Company appointed an independent trustee, Teeroy Limited (the "Trustee"), for the purpose of administering awards of Restricted Unit Awards under the 2007 Scheme. As at 30 June 2024, the Trustee maintained a pool of 1,778,000 (31 December 2023: 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.

On 17 March 2017, a total of 27,970,000 share options were granted under the 2007 Scheme. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

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 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 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.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the 2007 Scheme as an equity-settled plan.

16. SHARE-BASED PAYMENTS TRANSACTIONS (continued)

Long term incentive scheme (continued)

Details of the share options granted and outstanding under the 2007 Scheme during the six months ended 30 June 2024 were as follows:

	Share options	Date of grant	Exercise price HK\$	Vesting date	Exercise period	Outstanding as at 1.1.2023 (Audited)	Forfeited/ lapsed during the year (Audited)	Outstanding as at 31.12.2023 (Audited)
Directors:								
Mr. Chi Lo-Jen	2017-B	17.3.2017	11.48	22.3.2019	22.3.2019 to 16.3.2023	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)	-
	2017-E	17.3.2017	11.48	18.3.2022	18.3.2022 to 16.3.2023	683,500	(683,500)	-
Mr. Chiang Yi-Min, Harvey	2017-B	17.3.2017	11.48	22.3.2019	22.3.2019 to 16.3.2023	27,000	(27,000)	-
	2017-C	17.3.2017	11.48	20.3.2020	20.3.2020 to 16.3.2023	54,000	(54,000)	-
	2017-E	17.3.2017	11.48	18.3.2022	18.3.2022 to 16.3.2023	54,000	(54,000)	-
						1,843,750	(1,843,750)	-
Employees								
	2017-B	17.3.2017	11.48	22.3.2019	22.3.2019 to 16.3.2023	1,243,250	(1,243,250)	-
	2017-C	17.3.2017	11.48	20.3.2020	20.3.2020 to 16.3.2023	2,825,750	(2,825,750)	-
	2017-E	17.3.2017	11.48	18.3.2022	18.3.2022 to 16.3.2023	2,852,500	(2,852,500)	-
						6,921,500	(6,921,500)	-
Consultants providing consultancy services to the Group								
	2017-B	17.3.2017	11.48	22.3.2019	22.3.2019 to 16.3.2023	20,500	(20,500)	-
	2017-C	17.3.2017	11.48	20.3.2020	20.3.2020 to 16.3.2023	91,000	(91,000)	-
	2017-E	17.3.2017	11.48	18.3.2022	18.3.2022 to 16.3.2023	91,000	(91,000)	-
						202,500	(202,500)	-
Total						8,967,750	(8,967,750)	-
Exercisable at the end of the year/ period						8,967,750		-
Weighted average exercise price (HK\$ per share)*						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 options were granted under 2007 scheme since 5 July 2017, and share options issued under 2007 scheme were expired and cancelled during the year ended 31 December 2023.

16. SHARE-BASED PAYMENTS TRANSACTIONS (continued)

Long term incentive scheme (continued)

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 six months ended 30 June 2024, and up to the date of approval of these financial statements, no shares were purchased or granted under the Share Award Plan.

Share option scheme

On 19 May 2017, the Company adopted a new share option scheme (the “2017 Scheme”) pursuant to which options may be granted 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 2017 Scheme became effective immediately on 19 May 2017 and, unless otherwise terminated or amended, shall remain in force for 10 years from that date.

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.

The maximum number of shares issuable under share options to each eligible participant in the 2017 Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

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, 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 the date upon which the offer for the grant of options is accepted but not later than ten years from the date of offer of the share options or the expiry date of the 2017 Scheme, if earlier.

16. SHARE-BASED PAYMENTS TRANSACTIONS (continued)

Share option scheme (continued)

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 5 trading days immediately preceding the date of offer; and (iii) the nominal value of the shares.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the 2017 Scheme as an equity-settled plan.

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

On 15 April 2020, 26 November 2020, 19 March 2021, 3 January 2022 and 17 March 2023, a total of 2,700,000 share options (the "April 2020 share options"), a total of 17,163,000 share options (the "November 2020 share options"), a total of 19,695,000 share options (the "March 2021 share options"), a total of 19,740,000 share options (the "January 2022 share options") and a total of 19,760,000 share options (the "March 2023 share options") were granted, respectively under the 2017 Scheme.

Details of the share options granted and outstanding under the 2017 Scheme during the period were as follows:

April 2020 share options

	Share options	Date of grant	Exercise price HK\$	Vesting date	Exercise period	Outstanding as at 1.1.2023 (Audited)	Forfeited/ lapsed during the year (Audited)	Outstanding as at 31.12.2023 (Audited)	Exercised during the period (Unaudited)	Outstanding as at 30.6.2024 (Unaudited)
Employee	2020-B	15.4.2020	8.71	18.3.2022	18.3.2022 to 5.7.2027	900,000	-	900,000	(450,000)	450,000
	2020-C	15.4.2020	8.71	16.3.2023	16.3.2023 to 5.7.2027	900,000	-	900,000	-	900,000
Total						1,800,000	-	1,800,000	(450,000)	1,350,000
Exercisable at the end of the year/period						1,800,000		1,800,000		1,350,000
Weighted average exercise price (HK\$ per share)*						8.71	-	8.71	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.

During the six months ended 30 June 2024, no share option expense was recognised (six months ended 30 June 2023: US\$8,000).

During the six months ended 30 June 2024, 450,000 (six months ended 30 June 2023: Nil) share options were exercised resulting in the issue of 450,000 ordinary shares of the Company and an increase in share capital of US\$6,000 (before issue expenses), as further detailed in note 15 to the interim condensed consolidated financial statements.

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 June 2024 was HK\$13.46 per share.

Subsequent to the six months ended 30 June 2024 and up to the date of approval of these financial statements, no share option lapsed or were exercised.

16. SHARE-BASED PAYMENTS TRANSACTIONS (continued)

Share option scheme (continued)

Details of the share options granted and outstanding under the 2017 Scheme were as follows: (continued)

November 2020 share options

	Share options	Date of grant	Exercise price HK\$	Vesting date	Exercise period	Outstanding as at 1.1.2023 (Audited)	Exercised during the year (Audited)	Forfeited/ lapsed during the year (Audited)	Outstanding as at 31.12.2023 (Audited)	Exercised during the period (Unaudited)	Forfeited/ lapsed during the period (Unaudited)	Outstanding as at 30.6.2024 (Unaudited)
Directors:												
Mr. Chi Lo-Jen	2020-A	26.11.2020	9.15	26.11.2021	26.11.2021 to 25.11.2030	316,500	-	-	316,500	-	-	316,500
	2020-B	26.11.2020	9.15	26.11.2022	26.11.2022 to 25.11.2030	316,500	-	-	316,500	-	-	316,500
	2020-C	26.11.2020	9.15	26.11.2023	26.11.2023 to 25.11.2030	316,500	-	-	316,500	-	-	316,500
Mr. Chiang Yi-Min, Harvey	2020-A	26.11.2020	9.15	26.11.2021	26.11.2021 to 25.11.2030	226,500	-	-	226,500	-	-	226,500
	2020-B	26.11.2020	9.15	26.11.2022	26.11.2022 to 25.11.2030	226,500	-	-	226,500	-	-	226,500
	2020-C	26.11.2020	9.15	26.11.2023	26.11.2023 to 25.11.2030	226,500	-	-	226,500	-	-	226,500
Mr. Gillman Christopher Charles	2020-A	26.11.2020	9.15	26.11.2021	26.11.2021 to 25.11.2030	226,500	-	-	226,500	-	-	226,500
	2020-B	26.11.2020	9.15	26.11.2022	26.11.2022 to 25.11.2030	226,500	-	-	226,500	-	-	226,500
	2020-C	26.11.2020	9.15	26.11.2023	26.11.2023 to 25.11.2030	226,500	-	-	226,500	-	-	226,500
						2,308,500	-	-	2,308,500	-	-	2,308,500
Employees												
	2020-A	26.11.2020	9.15	26.11.2021	26.11.2021 to 25.11.2030	3,795,500	(304,000)	(100,500)	3,391,000	(1,841,000)	-	1,550,000
	2020-B	26.11.2020	9.15	26.11.2022	26.11.2022 to 25.11.2030	3,795,500	(304,000)	(100,500)	3,391,000	(1,469,500)	-	1,921,500
	2020-C	26.11.2020	9.15	26.11.2023	26.11.2023 to 25.11.2030	3,795,500	(33,500)	(234,500)	3,527,500	(1,523,500)	-	2,004,000
						11,386,500	(641,500)	(435,500)	10,309,500	(4,834,000)	-	5,475,500
Total						13,695,000	(641,500)	(435,500)	12,618,000	(4,834,000)	-	7,784,000
Exercisable at the end of the year/period						13,695,000			12,618,000			7,784,000
Weighted average exercise price (HK\$ per share)*						9.15	9.15	9.15	9.15	9.15	-	9.15

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

During the six months ended 30 June 2024, no share option expense was recognised (six months ended 30 June 2023: US\$221,000).

During the six months ended 30 June 2024, 4,834,000 (six months ended 30 June 2023: Nil) share options were exercised resulting in the issue of 4,834,000 ordinary shares of the Company and an increase in share capital of US\$63,000 (before issue expenses), as further detailed in note 15 to the interim condensed consolidated financial statements.

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 June 2024 was HK\$12.1 per share.

Subsequent to the six months ended 30 June 2024 and up to the date of approval of these financial statements, no share options lapsed and 100,500 share options were exercised.

16. SHARE-BASED PAYMENTS TRANSACTIONS (continued)

Share option scheme (continued)

Details of the share options granted and outstanding under the 2017 Scheme were as follows: (continued)

March 2021 share options

	Share options	Date of grant	Exercise price HK\$	Vesting date	Exercise period	Outstanding as at 1.1.2023 (Audited)	Exercised during the year (Audited)	Forfeited/ lapsed during the year (Audited)	Outstanding as at 31.12.2023 (Audited)	Exercised during the period (Unaudited)	Forfeited/ lapsed during the period (Unaudited)	Outstanding as at 30.6.2024 (Unaudited)
Directors:												
Mr. Chi Lo-Jen	2021-A	19.3.2021	9.46	19.3.2022	19.3.2022 to 18.3.2031	500,000	–	–	500,000	–	–	500,000
	2021-B	19.3.2021	9.46	19.3.2023	19.3.2023 to 18.3.2031	500,000	–	–	500,000	–	–	500,000
	2021-C	19.3.2021	9.46	19.3.2024	19.3.2024 to 18.3.2031	500,000	–	–	500,000	–	–	500,000
Mr. Chiang Yi-Min, Harvey	2021-A	19.3.2021	9.46	19.3.2022	19.3.2022 to 18.3.2031	400,000	–	–	400,000	–	–	400,000
	2021-B	19.3.2021	9.46	19.3.2023	19.3.2023 to 18.3.2031	400,000	–	–	400,000	–	–	400,000
	2021-C	19.3.2021	9.46	19.3.2024	19.3.2024 to 18.3.2031	400,000	–	–	400,000	–	–	400,000
Mr. Gillman Christopher Charles	2021-A	19.3.2021	9.46	19.3.2022	19.3.2022 to 18.3.2031	150,000	–	–	150,000	–	–	150,000
	2021-B	19.3.2021	9.46	19.3.2023	19.3.2023 to 18.3.2031	150,000	–	–	150,000	–	–	150,000
	2021-C	19.3.2021	9.46	19.3.2024	19.3.2024 to 18.3.2031	150,000	–	–	150,000	–	–	150,000
						3,150,000	–	–	3,150,000	–	–	3,150,000
Employees	2021-A	19.3.2021	9.46	19.3.2022	19.3.2022 to 18.3.2031	4,620,000	(140,000)	(40,000)	4,440,000	(1,805,000)	–	2,635,000
	2021-B	19.3.2021	9.46	19.3.2023	19.3.2023 to 18.3.2031	4,620,000	(140,000)	(40,000)	4,440,000	(1,663,000)	–	2,777,000
	2021-C	19.3.2021	9.46	19.3.2024	19.3.2024 to 18.3.2031	4,620,000	–	(60,000)	4,560,000	(1,065,500)	–	3,494,500
						13,860,000	(280,000)	(140,000)	13,440,000	(4,533,500)	–	8,906,500
Total						17,010,000	(280,000)	(140,000)	16,590,000	(4,533,500)	–	12,056,500
Exercisable at the end of the year/period						17,010,000			16,590,000			12,056,500
Weighted average exercise price (HK\$ per share)*						9.46	9.46	9.46	9.46	9.46	–	9.46

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

During the six months ended 30 June 2024, the Company recognised a share option expense of US\$113,000 (six months ended 30 June 2023: US\$425,000).

During the six months ended 30 June 2024, 4,533,500 (six months ended 30 June 2023: Nil) share options were exercised resulting in the issue of 4,533,500 ordinary shares of the Company and an increase in share capital of US\$58,000 (before issue expenses), as further detailed in note 15 to the interim condensed consolidated financial statements.

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 June 2024 was HK\$12.6 per share.

Subsequent to the six months ended 30 June 2024 and up to the date of approval of these financial statements, no share option lapsed and 60,000 share options were exercised.

16. SHARE-BASED PAYMENTS TRANSACTIONS (continued)

Share option scheme (continued)

Details of the share options granted and outstanding under the 2017 Scheme were as follows: (continued)

January 2022 share options

	Share options	Date of grant	Exercise price HK\$	Vesting date	Exercise period	Outstanding as at 1.1.2022 (Audited)	Exercised during the year (Audited)	Forfeited/ lapsed during the year (Audited)	Outstanding as at 31.12.2023 (Audited)	Exercised during the period (Unaudited)	Forfeited/ lapsed during the period (Unaudited)	Outstanding as at 30.6.2024 (Unaudited)
Directors:												
Mr. Chi Lo-Jen	2022-A	3.1.2022	9.10	3.1.2023	3.1.2023 to 2.1.2032	500,000	-	-	500,000	-	-	500,000
	2022-B	3.1.2022	9.10	3.1.2024	3.1.2024 to 2.1.2032	500,000	-	-	500,000	-	-	500,000
	2022-C	3.1.2022	9.10	3.1.2025	3.1.2025 to 2.1.2032	500,000	-	-	500,000	-	-	500,000
Mr. Chiang Yi-Min, Harvey	2022-A	3.1.2022	9.10	3.1.2023	3.1.2023 to 2.1.2032	400,000	-	-	400,000	-	-	400,000
	2022-B	3.1.2022	9.10	3.1.2024	3.1.2024 to 2.1.2032	400,000	-	-	400,000	-	-	400,000
	2022-C	3.1.2022	9.10	3.1.2025	3.1.2025 to 2.1.2032	400,000	-	-	400,000	-	-	400,000
Mr. Gillman Christopher Charles	2022-A	3.1.2022	9.10	3.1.2023	3.1.2023 to 2.1.2032	150,000	-	-	150,000	-	-	150,000
	2022-B	3.1.2022	9.10	3.1.2024	3.1.2024 to 2.1.2032	150,000	-	-	150,000	-	-	150,000
	2022-C	3.1.2022	9.10	3.1.2025	3.1.2025 to 2.1.2032	150,000	-	-	150,000	-	-	150,000
						3,150,000	-	-	3,150,000	-	-	3,150,000
Employees	2022-A	3.1.2022	9.10	3.1.2023	3.1.2023 to 2.1.2032	4,960,000	(300,000)	(60,000)	4,600,000	(1,993,000)	-	2,607,000
	2022-B	3.1.2022	9.10	3.1.2024	3.1.2024 to 2.1.2032	4,960,000	-	(100,000)	4,860,000	(1,740,000)	-	3,120,000
	2022-C	3.1.2022	9.10	3.1.2025	3.1.2025 to 2.1.2032	4,960,000	-	(100,000)	4,860,000	-	(40,000)	4,820,000
						14,880,000	(300,000)	(260,000)	14,320,000	(3,733,000)	(40,000)	10,547,000
Consultant providing consultancy services to the Group	2022-A	3.1.2022	9.10	3.1.2023	3.1.2023 to 2.1.2032	15,000	-	-	15,000	(15,000)	-	-
	2022-B	3.1.2022	9.10	3.1.2024	3.1.2024 to 2.1.2032	15,000	-	-	15,000	(15,000)	-	-
	2022-C	3.1.2022	9.10	3.1.2025	3.1.2025 to 2.1.2032	15,000	-	-	15,000	-	-	15,000
						45,000	-	-	45,000	(30,000)	-	15,000
Total						18,075,000	(300,000)	(260,000)	17,515,000	(3,763,000)	(40,000)	13,712,000
Exercisable at the end of the year/period						18,075,000			17,515,000			13,712,000
Weighted average exercise price (HK\$ per share)*						9.10	9.10	9.10	9.10	9.10	9.10	9.10

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

16. SHARE-BASED PAYMENTS TRANSACTIONS (continued)

Share option scheme (continued)

Details of the share options granted and outstanding under the 2017 Scheme were as follows: (continued)

January 2022 share options (continued)

During the six months ended 30 June 2024, the Company recognised a share option expense of US\$380,000 (six months ended 30 June 2023: US\$918,000).

During the six months ended 30 June 2024, 3,763,000 (six months ended 30 June 2023: Nil) share options were exercised resulting in the issue of 3,763,000 ordinary shares of the Company and an increase in share capital of US\$48,000 (before issue expenses), as further detailed in note 15 to the interim condensed consolidated financial statements.

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 June 2024 was HK\$12.1 per share.

Subsequent to the six months ended 30 June 2024 and up to the date of approval of these financial statements, no share option lapsed and 50,000 share options were exercised.

16. SHARE-BASED PAYMENTS TRANSACTIONS (continued)

Share option scheme (continued)

Details of the share options granted and outstanding under the 2017 Scheme were as follows: (continued)

March 2023 share options

	Share options	Date of grant	Exercise price HK\$	Vesting date	Exercise period	Outstanding as at 1.1.2023 (Audited)	Granted during the year (Audited)	Forfeited/ lapsed during the year (Audited)	Outstanding as at 31.12.2023 (Audited)	Exercised during the period (Unaudited)	Forfeited/ lapsed during the period (Unaudited)	Outstanding as at 30.6.2024 (Unaudited)
Directors:												
Mr. Chi Lo-Jen	2023-A	17.3.2023	7.65	17.3.2024	17.3.2024 to 16.3.2033	-	500,000	-	500,000	(500,000)	-	-
	2023-B	17.3.2023	7.65	17.3.2025	17.3.2025 to 16.3.2033	-	500,000	-	500,000	-	-	500,000
	2023-C	17.3.2023	7.65	17.3.2026	17.3.2026 to 16.3.2033	-	500,000	-	500,000	-	-	500,000
Mr. Chiang Yi-Min, Harvey	2023-A	17.3.2023	7.65	17.3.2024	17.3.2024 to 16.3.2033	-	400,000	-	400,000	(400,000)	-	-
	2023-B	17.3.2023	7.65	17.3.2025	17.3.2025 to 16.3.2033	-	400,000	-	400,000	-	-	400,000
	2023-C	17.3.2023	7.65	17.3.2026	17.3.2026 to 16.3.2033	-	400,000	-	400,000	-	-	400,000
Mr. Gillman Christopher Charles	2023-A	17.3.2023	7.65	17.3.2024	17.3.2024 to 16.3.2033	-	150,000	-	150,000	-	-	150,000
	2023-B	17.3.2023	7.65	17.3.2025	17.3.2025 to 16.3.2033	-	150,000	-	150,000	-	-	150,000
	2023-C	17.3.2023	7.65	17.3.2026	17.3.2026 to 16.3.2033	-	150,000	-	150,000	-	-	150,000
						-	3,150,000	-	3,150,000	(900,000)	-	2,250,000
Employees	2023-A	17.3.2023	7.65	17.3.2024	17.3.2024 to 16.3.2033	-	5,420,000	(30,000)	5,390,000	(4,122,500)	(20,000)	1,247,500
	2023-B	17.3.2023	7.65	17.3.2025	17.3.2025 to 16.3.2033	-	5,420,000	(30,000)	5,390,000	-	(75,000)	5,315,000
	2023-C	17.3.2023	7.65	17.3.2026	17.3.2026 to 16.3.2033	-	5,770,000	(40,000)	5,730,000	-	(85,000)	5,645,000
						-	16,610,000	(100,000)	16,510,000	(4,122,500)	(180,000)	12,207,500
Total						-	19,760,000	(100,000)	19,660,000	(5,022,500)	(180,000)	14,457,500
Exercisable at the end of year/period									19,660,000			14,457,500
Weighted average exercise price (HK\$ per share)*									-	7.65	7.65	7.65

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

16. SHARE-BASED PAYMENTS TRANSACTIONS (continued)

Share option scheme (continued)

Details of the share options granted and outstanding under the 2017 Scheme were as follows: (continued)

March 2023 share options (continued)

The fair value of the share options for the March 2023 share options granted during the six months ended 30 June 2023 was US\$1,873,000 (HK\$0.74 each). During the six months ended 30 June 2024, the Company recognised a share option expense of US\$397,000 (six months ended 30 June 2023: US\$637,000).

During the six months ended 30 June 2024, 5,022,500 (six months ended 30 June 2023: Nil) share options were exercised resulting in the issue of 5,022,500 ordinary shares of the Company and an increase in share capital of US\$64,000 (before issue expenses), as further detailed in note 15 to the interim condensed consolidated financial statements.

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 June 2024 was HK\$12.96 per share.

Subsequent to the six months ended 30 June 2024 and up to the date of approval of these financial statements, no share option lapsed or were exercised.

The fair value of equity-settled share options granted during the six months ended 30 June 2023 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:

	March 2023 share options
Dividend yield (%)	13.10%
Expected volatility (%)	33.89%
Risk-free interest rate (%)	3.10%
Life of options (year)	10 years
Weighted average share price (HK\$ per share)	7.65

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.

16. SHARE-BASED PAYMENTS TRANSACTIONS (continued)

Share option scheme (continued)

Details of the share options granted and outstanding under the 2017 Scheme were as follows: (continued)

The summary of outstanding share options under the 2017 Scheme was as follows:

For the six months ended 30 June 2024 (unaudited)

	Exercise price HK\$	Outstanding as at 1.1.2024	Granted during the period	Forfeited/ lapsed during the period	Exercised during the period	Outstanding as at 30.6.2024	Exercised during the period [^]	Forfeited/ lapsed during the period [^]	At the date of approval of these financial statements
2017 Scheme									
– April 2020 share options	8.71	1,800,000	–	–	(450,000)	1,350,000	–	–	1,350,000
– November 2020 share options	9.15	12,618,000	–	–	(4,834,000)	7,784,000	(100,500)	–	7,683,500
– March 2021 share options	9.46	16,590,000	–	–	(4,533,500)	12,056,500	(60,000)	–	11,996,500
– January 2022 share options	9.10	17,515,000	–	(40,000)	(3,763,000)	13,712,000	(50,000)	–	13,662,000
– March 2023 share options	7.65	19,660,000	–	(180,000)	(5,022,500)	14,457,500	–	–	14,457,500
Total		68,183,000	–	(220,000)	(18,603,000)	49,360,000	(210,500)	–	49,149,500

For the six months ended 30 June 2023 (unaudited)

	Exercise price HK\$	Outstanding as at 1.1.2023	Granted during the period	Forfeited/ lapsed during the period	Exercised during the period	Outstanding as at 30.6.2023
2017 Scheme						
– April 2020 share options	8.71	1,800,000	–	–	–	1,800,000
– November 2020 share options	9.15	13,695,000	–	(67,000)	–	13,628,000
– March 2021 share options	9.46	17,010,000	–	(20,000)	–	16,990,000
– January 2022 share options	9.10	18,075,000	–	(80,000)	–	17,995,000
– March 2023 share options	7.65	–	19,760,000	–	–	19,760,000
Total		50,580,000	19,760,000	(167,000)	–	70,173,000

[^] Period from 1 July 2024 to the date of approval of these financial statements

At the end of the reporting period, the Company had 49,360,000 share options outstanding under the 2017 Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 49,360,000 additional ordinary shares of the Company and additional share capital of US\$637,000 and share premium of US\$59,235,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 49,149,500 share options outstanding under the 2017 Scheme, which represented approximately 6% of the Company's shares in issue as at that date.

17. COMMITMENTS

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

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Plant and equipment	10,932	6,091
Leasehold land	977	1,039
Total	11,909	7,130

18. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the period:

	Notes	Six months ended 30 June 2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Associates:			
Sales of products	(i)	860	1,881
Joint venture:			
Purchases of products	(ii)	47,249	41,355

Notes:

- (i) The sales to the associate were made according to the published prices and conditions offered to the major customers of the Group, except that a longer credit period of up to 6 months is normally granted. The sales to Couture Accessories Holdings Limited, an associate, amounting to US\$1,881,000 for the six months ended 30 June 2023, also constitute continuing connected transactions, as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Regarding the sales of footwear products amounting to US\$860,000 for the six months ended 30 June 2024, it was exempted from continuing connected transactions.
- (ii) The purchases from the joint venture were made according to the published prices and conditions offered by the joint venture to their major customers.

(b) Outstanding balances with related parties

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

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

	Six months ended 30 June 2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Short term employee benefits	735	721
Equity-settled share option expense	136	345
Total compensation paid to key management personnel	871	1,066

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 2024 (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	–	304,419	304,419
Financial assets included in prepayments, deposits and other receivables	–	35,447	35,447
Financial assets at fair value through profit or loss	2,105	–	2,105
Pledged deposits	–	5,716	5,716
Cash and cash equivalents	–	334,585	334,585
Total	2,105	680,167	682,272

Financial liabilities

	Financial liabilities at amortised cost US\$'000
Trade payables	94,059
Financial liabilities included in other payables and accruals	46,168
Lease liabilities	7,673
Interest-bearing bank borrowings	8,500
Total	156,400

31 December 2023 (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	–	277,820	277,820
Financial assets included in prepayments, deposits and other receivables	–	45,368	45,368
Financial assets at fair value through profit or loss	3,474	–	3,474
Pledged deposits	–	5,637	5,637
Cash and cash equivalents	–	294,471	294,471
Total	3,474	623,296	626,770

Financial liabilities

	Financial liabilities at amortised cost US\$'000
Trade payables	82,756
Financial liabilities included in other payables and accruals	44,933
Lease liabilities	8,134
Interest-bearing bank borrowings	7,110
Total	142,933

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	31 December	30 June	31 December
	2024	2023	2024	2023
	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Financial assets				
Financial assets at fair value through profit or loss	2,105	3,474	2,105	3,474
Pledged deposits	5,716	5,637	4,987	4,841
	7,821	9,111	7,092	8,315
Financial liabilities				
Interest-bearing bank borrowings (note 14)	8,500	7,110	8,280	6,877

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer, 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 pledged deposits and 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 changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2024 was assessed to be insignificant.

The fair value of listed equity investments and listed debt investments are based on quoted market prices.

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

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

Assets measured at fair value:

	Fair value measurement using			Total US\$'000
	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
As at 30 June 2024 (Unaudited)				
Financial assets at fair value through profit or loss	2,105	–	–	2,105
As at 31 December 2023 (Audited)				
Financial assets at fair value through profit or loss	3,474	–	–	3,474

Assets for which fair values are disclosed:

	Fair value measurement using			Total US\$'000
	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
As at 30 June 2024 (Unaudited)				
Pledged deposits	–	4,987	–	4,987
As at 31 December 2023 (Audited)				
Pledged deposits	–	4,841	–	4,841

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

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

	Fair value measurement using			Total US\$'000
	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
As at 30 June 2024 (Unaudited)				
Interest-bearing bank borrowings	–	8,280	–	8,280
As at 31 December 2023 (Audited)				
Interest-bearing bank borrowings	–	6,877	–	6,877

The Group did not have any financial liabilities measured at fair value as at 30 June 2024 and 31 December 2023.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2023: Nil).

21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the Board on 22 August 2024.

DISCLOSURE OF INTERESTS

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

As at 30 June 2024, 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")), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 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	Personal Interest	Number of Shares Spouse Interest	Corporate Interest	Number of Underlying Shares	Total	Approximate Percentage of Shareholding (Note 1)
Chan Fu Keung	Beneficial owner	100,000	–	–	–	100,000	0.01%
Chen Li-Ming, Lawrence	Beneficial owner and interest of controlled corporation	777,000	–	27,992,227 (Note 2)	–	28,769,227	3.54%
Chi Lo-Jen	Beneficial owner	2,283,500	–	–	4,949,500 (Note 3)	7,233,000	0.89%
Chiang Yi-Min, Harvey	Beneficial owner and spouse interest	400,000	2,753,149	–	3,879,500 (Note 4)	7,032,649	0.86%
Gillman Christopher Charles	Beneficial owner	–	–	–	2,029,500 (Note 5)	2,029,500	0.25%

Notes:

1. The percentage represents the number of shares involved divided by the number of the Company's issued shares as at 30 June 2024 (i.e. 813,803,000 ordinary shares).
2. These interests were held by Blue Diamond Investment Corp, the entire issued share capital of which was held by Chen Li-Ming, Lawrence. 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 share options (as described under the section headed "The 2017 Scheme" in the section headed "Other Information" below), out of which 3,449,500 share options were vested but not yet exercised.
4. These interests are share options (as described under the section headed "The 2017 Scheme" in the section headed "Other Information" below), out of which 2,679,500 share options were vested but not yet exercised.
5. These interests are share options (as described under the section headed "The 2017 Scheme" in the section headed "Other Information" below), out of which 1,579,500 share options were vested but not yet exercised.

Save as disclosed above, as at 30 June 2024, 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 its associated corporation as recorded in the register required to be kept 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 2024, 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 were as follows:–

Long position in the shares of the Company

Name	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding (Note 1)
Cordwalner Bonaventure Inc.	Beneficial owner	173,508,593	21.32%
Merci Capital Limited (Note 2)	Beneficial owner	50,747,418	6.24%
Prime First Investments Limited (Note 2)	Interest of controlled corporation	50,747,418	6.24%
Chiang Jeh-Chung, Jack (Note 2 & 3)	Beneficial owner and interest of controlled corporation	51,078,918	6.28%

Notes:

1. The percentage represents the number of shares involved divided by the number of the Company's issued shares as at 30 June 2024 (i.e. 813,803,000 ordinary shares).
2. The entire issued share capital of Merci Capital Limited was held by Prime First Investments Limited, which was in turn wholly owned by Chiang Jeh-Chung, Jack.
3. Chiang Jeh-Chung, Jack was directly interested in 331,500 issued shares of the Company which were held by him personally.

Save as disclosed above, as at 30 June 2024, 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 any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

CORPORATE GOVERNANCE

Compliance with Corporate Governance Code

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 C1 to the Listing Rules throughout the six months ended 30 June 2024. Further information on the Company’s corporate governance practices is set out in the corporate governance report in the Company’s 2023 annual report, which is available on the Company’s website.

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 C3 to the Listing Rules as its code for dealing in securities of the Company by the Directors. Having made specific enquiry with all Directors, 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 2024.

OTHER INFORMATION

EVENTS AFTER THE REPORTING PERIOD

There are no events causing material impact on the Group from the end of the reporting period to the date of this interim report.

THE 2017 SCHEME

A share option scheme (the “2017 Scheme”) was approved by an ordinary resolution of the shareholders of the Company on 19 May 2017 for a period of 10 years from the adoption date. The 2017 Scheme was terminated upon adoption of a new share option scheme (the details as described under “The 2024 Scheme” below) with effect from 9 May 2024 pursuant to a resolution passed at the annual general meeting on the same date. As provided in the 2017 Scheme, upon its termination, no further share options may be offered under the 2017 Scheme, but in all other respects the provisions of the 2017 Scheme shall remain in force to the extent necessary to give effect to the exercise of any share options granted prior thereto (to the extent not already exercised) or otherwise as may be required in accordance with the provisions of the 2017 Scheme. The share options outstanding shall continue to be governed by and valid and exercisable in accordance with the provisions of the 2017 Scheme.

Under the 2017 Scheme, the following share options were granted:

Date of grant	Number of share options granted	
15 April 2020	2,700,000	the “April 2020 Share Options”
26 November 2020	17,163,000	the “November 2020 Share Options”
19 March 2021	19,695,000	the “March 2021 Share Options”
3 January 2022	19,740,000	the “January 2022 Share Options”
17 March 2023	19,760,000	the “March 2023 Share Options”

During the period under review, no share options were granted, a total of 18,603,000 share options were exercised and a total of 220,000 share options had lapsed under the 2017 Scheme. As at 30 June 2024, 49,360,000 share options were outstanding (being the number of share options granted less the number of share options that had been exercised or cancelled (if any) or that had lapsed).

As at 1 January 2024, the number of options that remained available for grant under the scheme mandate (being the number of options that might be granted under the scheme mandate (i.e. 79,437,950) less the number of options that had been granted (i.e. 79,058,000) other than those options that had lapsed in accordance with the terms of the scheme (i.e. 8,753,500)) of the 2017 Scheme was 9,133,450. As at 30 June 2024, as the 2017 Scheme had already been terminated, the number of options that remained available for grant under the scheme mandate of the 2017 Scheme was nil.

Details of the share options under the 2017 Scheme during the period were as follows:

April 2020 Share Options (date of grant: 15 April 2020) (Note 1)

Category of participants	Outstanding as at 1 January 2024	Vesting date	Exercise period	Exercise price	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 June 2024
Employee	900,000	2022 Vesting Date (Note 2)	2022 Vesting Date (Note 2) to 5 July 2027	HK\$8.71	(450,000)	–	–	450,000
	900,000	2023 Vesting Date (Note 3)	2023 Vesting Date (Note 3) to 5 July 2027	HK\$8.71	–	–	–	900,000
	<u>1,800,000</u>				<u>(450,000)</u>	<u>–</u>	<u>–</u>	<u>1,350,000</u>

Notes:

1. The closing price of the Shares on 14 April 2020, the trading day immediately before the date on which the April 2020 Share Options were granted, was HK\$8.60 per Share. The April 2020 Share Options were granted after the market closed on 15 April 2020 on which the closing price was HK\$8.71 per Share.
2. 2022 Vesting Date refers to the business day immediately following the date of results announcement of the Company for the financial year ended 31 December 2021, i.e. 18 March 2022.
3. 2023 Vesting Date refers to the business day immediately following the date of results announcement of the Company for the financial year ended 31 December 2022, i.e. 17 March 2023.
4. The average closing price of the Shares immediately before the dates on which the relevant April 2020 Share Options were exercised as set out in the table above, was HK\$14.06 per Share.

November 2020 Share Options (date of grant: 26 November 2020) (Note 5)

Category of participants	Outstanding as at 1 January 2024	Vesting date	Exercise period	Exercise price	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 June 2024
Directors								
Chi Lo-Jen	316,500	26 November 2021	26 November 2021 to 25 November 2030	HK\$9.15	–	–	–	316,500
	316,500	26 November 2022	26 November 2022 to 25 November 2030	HK\$9.15	–	–	–	316,500
	316,500	26 November 2023	26 November 2023 to 25 November 2030	HK\$9.15	–	–	–	316,500
Chiang Yi-Min, Harvey	226,500	26 November 2021	26 November 2021 to 25 November 2030	HK\$9.15	–	–	–	226,500
	226,500	26 November 2022	26 November 2022 to 25 November 2030	HK\$9.15	–	–	–	226,500
	226,500	26 November 2023	26 November 2023 to 25 November 2030	HK\$9.15	–	–	–	226,500
Gillman Christopher Charles	226,500	26 November 2021	26 November 2021 to 25 November 2030	HK\$9.15	–	–	–	226,500
	226,500	26 November 2022	26 November 2022 to 25 November 2030	HK\$9.15	–	–	–	226,500
	226,500	26 November 2023	26 November 2023 to 25 November 2030	HK\$9.15	–	–	–	226,500
	<u>2,308,500</u>				<u>–</u>	<u>–</u>	<u>–</u>	<u>2,308,500</u>
Employees								
	3,391,000	26 November 2021	26 November 2021 to 25 November 2030	HK\$9.15	(1,841,000)	–	–	1,550,000
	3,391,000	26 November 2022	26 November 2022 to 25 November 2030	HK\$9.15	(1,469,500)	–	–	1,921,500
	3,527,500	26 November 2023	26 November 2023 to 25 November 2030	HK\$9.15	(1,523,500)	–	–	2,004,000
	<u>10,309,500</u>				<u>(4,834,000)</u>	<u>–</u>	<u>–</u>	<u>5,475,500</u>
	<u>12,618,000</u>				<u>(4,834,000)</u>			<u>7,784,000</u>

Notes:

- The closing price of the Shares on 25 November 2020, the trading day immediately before the date on which the November 2020 Share Options were granted, was HK\$9.21 per Share. The November 2020 Share Options were granted after the market closed on 26 November 2020 on which the closing price was HK\$9.15 per Share.
- The weighted average closing price of the Shares immediately before the dates on which the relevant November 2020 Share Options were exercised as set out in the table above, was HK\$12.27 per Share.

March 2021 Share Options (date of grant: 19 March 2021) (Note 7)

Category of participants	Outstanding as at 1 January 2024	Vesting date	Exercise period	Exercise price	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 June 2024
Directors								
Chi Lo-Jen	500,000	19 March 2022	19 March 2022 to 18 March 2031	HK\$9.46	–	–	–	500,000
	500,000	19 March 2023	19 March 2023 to 18 March 2031	HK\$9.46	–	–	–	500,000
	500,000	19 March 2024	19 March 2024 to 18 March 2031	HK\$9.46	–	–	–	500,000
Chiang Yi-Min, Harvey	400,000	19 March 2022	19 March 2022 to 18 March 2031	HK\$9.46	–	–	–	400,000
	400,000	19 March 2023	19 March 2023 to 18 March 2031	HK\$9.46	–	–	–	400,000
	400,000	19 March 2024	19 March 2024 to 18 March 2031	HK\$9.46	–	–	–	400,000
Gillman Christopher Charles	150,000	19 March 2022	19 March 2022 to 18 March 2031	HK\$9.46	–	–	–	150,000
	150,000	19 March 2023	19 March 2023 to 18 March 2031	HK\$9.46	–	–	–	150,000
	150,000	19 March 2024	19 March 2024 to 18 March 2031	HK\$9.46	–	–	–	150,000
	3,150,000				–	–	–	3,150,000
Employees								
	4,440,000	19 March 2022	19 March 2022 to 18 March 2031	HK\$9.46	(1,805,000)	–	–	2,635,000
	4,440,000	19 March 2023	19 March 2023 to 18 March 2031	HK\$9.46	(1,663,000)	–	–	2,777,000
	4,560,000	19 March 2024	19 March 2024 to 18 March 2031	HK\$9.46	(1,065,500)	–	–	3,494,500
	13,440,000				(4,533,500)	–	–	8,906,500
	16,590,000				(4,533,500)	–	–	12,056,500

Notes:

- The closing price of the Shares on 18 March 2021, the trading day immediately before the date on which the March 2021 Share Options were granted, was HK\$9.54 per Share. The March 2021 Share Options were granted after the market closed on 19 March 2021 on which the closing price was HK\$9.46 per Share.
- The weighted average closing price of the Shares immediately before the dates on which the relevant March 2021 Share Options were exercised as set out in the table above, was HK\$12.93 per Share.

January 2022 Share Options (date of grant: 3 January 2022) (Note 9)

Category of participants	Outstanding as at 1 January 2024	Vesting date	Exercise period	Exercise price	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 June 2024
Directors								
Chi Lo-Jen	500,000	3 January 2023	3 January 2023 to 2 January 2032	HK\$9.10	–	–	–	500,000
	500,000	3 January 2024	3 January 2024 to 2 January 2032	HK\$9.10	–	–	–	500,000
	500,000	3 January 2025	3 January 2025 to 2 January 2032	HK\$9.10	–	–	–	500,000
Chiang Yi-Min, Harvey	400,000	3 January 2023	3 January 2023 to 2 January 2032	HK\$9.10	–	–	–	400,000
	400,000	3 January 2024	3 January 2024 to 2 January 2032	HK\$9.10	–	–	–	400,000
	400,000	3 January 2025	3 January 2025 to 2 January 2032	HK\$9.10	–	–	–	400,000
Gillman Christopher Charles	150,000	3 January 2023	3 January 2023 to 2 January 2032	HK\$9.10	–	–	–	150,000
	150,000	3 January 2024	3 January 2024 to 2 January 2032	HK\$9.10	–	–	–	150,000
	150,000	3 January 2025	3 January 2025 to 2 January 2032	HK\$9.10	–	–	–	150,000
	3,150,000				–	–	–	3,150,000
Employees								
	4,600,000	3 January 2023	3 January 2023 to 2 January 2032	HK\$9.10	(1,993,000)	–	–	2,607,000
	4,860,000	3 January 2024	3 January 2024 to 2 January 2032	HK\$9.10	(1,740,000)	–	–	3,120,000
	4,860,000	3 January 2025	3 January 2025 to 2 January 2032	HK\$9.10	–	–	(40,000)	4,820,000
	14,320,000				(3,733,000)		(40,000)	10,547,000
Consultant providing consultancy services to the Group (Note 10)								
	15,000	3 January 2023	3 January 2023 to 2 January 2032	HK\$9.10	(15,000)	–	–	–
	15,000	3 January 2024	3 January 2024 to 2 January 2032	HK\$9.10	(15,000)	–	–	–
	15,000	3 January 2025	3 January 2025 to 2 January 2032	HK\$9.10	–	–	–	15,000
	45,000				(30,000)	–	–	15,000
	17,515,000				(3,763,000)		(40,000)	13,712,000

Notes:

- The closing price of the Shares on 31 December 2021, the trading day immediately before the date on which the January 2022 Share Options were granted, was HK\$9.43 per Share. The January 2022 Share Options were granted after the market closed on 3 January 2022 on which the closing price was HK\$9.10 per Share.

10. This represents a consultant of the Group, who is a third party independent of the Company and its connected persons (as defined in the Listing Rules) engaged to provide logistics support consultancy services to the Group. These share options were granted to the consultant in consideration of the contribution the consultant had made to the Group's business operations. The grant of the share options to the consultant constitutes rewards for the services rendered and will furnish the consultant with a personal stake in the Company, which the Directors believe will serve to achieve retention purpose and incentivize the consultant to contribute further to the development and growth of the Group for the benefit of the Shareholders.
11. The weighted average closing price of the Shares immediately before the dates on which the relevant January 2022 Share Options were exercised as set out in the table above, was HK\$12.46 per Share.

March 2023 Share Options (date of grant: 17 March 2023) (Note 12)

Category of participants	Outstanding as at 1 January 2024	Vesting date	Exercise period	Exercise price	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 June 2024
Directors								
Chi Lo-Jen	500,000	17 March 2024	17 March 2024 to 16 March 2033	HK\$7.65	(500,000)	–	–	–
	500,000	17 March 2025	17 March 2025 to 16 March 2033	HK\$7.65	–	–	–	500,000
	500,000	17 March 2026	17 March 2026 to 16 March 2033	HK\$7.65	–	–	–	500,000
Chiang Yi-Min, Harvey	400,000	17 March 2024	17 March 2024 to 16 March 2033	HK\$7.65	(400,000)	–	–	–
	400,000	17 March 2025	17 March 2025 to 16 March 2033	HK\$7.65	–	–	–	400,000
	400,000	17 March 2026	17 March 2026 to 16 March 2033	HK\$7.65	–	–	–	400,000
Gillman Christopher Charles	150,000	17 March 2024	17 March 2024 to 16 March 2033	HK\$7.65	–	–	–	150,000
	150,000	17 March 2025	17 March 2025 to 16 March 2033	HK\$7.65	–	–	–	150,000
	150,000	17 March 2026	17 March 2026 to 16 March 2033	HK\$7.65	–	–	–	150,000
	<u>3,150,000</u>				<u>(900,000)</u>	<u>–</u>	<u>–</u>	<u>2,250,000</u>
Employees	5,390,000	17 March 2024	17 March 2024 to 16 March 2033	HK\$7.65	(4,122,500)	–	(20,000)	1,247,500
	5,390,000	17 March 2025	17 March 2025 to 16 March 2033	HK\$7.65	–	–	(75,000)	5,315,000
	5,730,000	17 March 2026	17 March 2026 to 16 March 2033	HK\$7.65	–	–	(85,000)	5,645,000
	<u>16,510,000</u>				<u>(4,122,500)</u>		<u>(180,000)</u>	<u>12,207,500</u>
	<u>19,660,000</u>				<u>(5,022,500)</u>		<u>(180,000)</u>	<u>14,457,500</u>

Notes:

12. The closing price of the Shares on 16 March 2023, the trading day immediately before the date on which the March 2023 Share Options were granted, was HK\$7.46 per Share. The March 2023 Share Options were granted after the market closed on 17 March 2023 on which the closing price was HK\$7.65 per Share.
13. The weighted average closing price of the Shares immediately before the dates on which the relevant March 2023 Share Options were exercised as set out in the table above, was HK\$13.38 per Share.

All share options

Category of participants	Outstanding as at 1 January 2024	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 June 2024
Directors						
Chi Lo-Jen	5,449,500	–	(500,000)	–	–	4,949,500
Chiang Yi-Min, Harvey	4,279,500	–	(400,000)	–	–	3,879,500
Gillman Christopher Charles	2,029,500	–	–	–	–	2,029,500
Employees	56,379,500	–	(17,673,000)	–	(220,000)	38,486,500
Consultants providing consultancy services to the Group	45,000	–	(30,000)	–	–	15,000
	68,183,000	–	(18,603,000)	–	(220,000)	49,360,000

THE 2024 SCHEME

A new share option scheme (the “2024 Scheme”) was approved by an ordinary resolution of the shareholders of the Company on 9 May 2024 for a period of 10 years from the adoption date. The terms of the 2024 Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules, where appropriate.

Purpose

The purposes of the 2024 Scheme are (i) to enable the Company to grant options to the eligible participants as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract and retain personnel to promote the sustainable development of the Group; and (iii) to align the interest of the grantees with those of the Shareholders to promote the long-term financial and business performance of the Group.

Participants

Pursuant to the terms of the 2024 Share Option Scheme, the eligible participants whom the Board may invite to take up options under the 2024 Scheme include employee participants only, i.e. employees (whether full time or part time, and including directors other than the independent non-executive Directors) of the Company or any of its subsidiaries (including persons who are granted options under the 2024 Scheme as an inducement to enter into employment contracts with these companies).

Vesting period

A grantee may exercise the options granted to him and subscribe for the Shares only, among others, on or after the vesting date. The vesting period in respect of an Option, which shall commence on the date on which the grantee accepts the offer of the Option and end on the vesting date, shall not be shorter than 12 months from the date of acceptance of the offer.

Performance targets

The Remuneration Committee (where the grantee is a Director or a Senior Manager) or the Board (where the grantee is an employee participant in any other capacity) may establish performance target(s) the attainment of which shall be a precondition for any exercise of the options granted to the grantee concerned. The Remuneration Committee (or, as the case may be, the Board) shall have the authority, after the grant of any Option which is performance-linked, to make fair and reasonable adjustments to the prescribed performance target(s) during an option period if there is any change in circumstances.

Clawback mechanism

The Board may further provide in the notice of offer that any Option prior to it being exercised may be subject to clawback or a longer vesting period if certain clawback events shall occur during the option period.

Maximum number of Shares

The maximum number of Shares which may be allotted and issued in respect of all options to be granted under the 2024 Scheme and all options and awards to be granted under other share schemes shall not exceed ten (10) per cent. of the number of Shares in issue as at the date of approval of the 2024 Scheme i.e. 81,027,500 Shares (the “Scheme Mandate Limit”).

The Company may seek approval of the Shareholders at a general meeting for refreshing the Scheme Mandate Limit under this Scheme, provided that (i) the total number of Shares which may be allotted and issued in respect of all options to be granted under the 2024 Scheme and all options and awards to be granted under any other share scheme(s) under the scheme mandate as refreshed must not exceed 10 per cent. of the Shares in issue as at the date of approval of the refreshed scheme mandate.

Maximum entitlement of each participant

Any offer of options to an eligible participant under the 2024 Scheme would result in the Shares issued and to be issued in respect of all options granted to the eligible participant under the 2024 Scheme and all options and awards granted to the eligible participant under any other share scheme(s) (excluding all options that have lapsed in accordance with the terms of the 2024 Scheme and all options and awards that have lapsed in accordance with the terms of any other share scheme(s)) in the 12-month period up to and including the offer date representing in aggregate over 1 per cent. of the total number of Shares in issue (the “1% Individual Limit”), such an offer must be separately approved by the Shareholders at a general meeting with the eligible participant and his close associates (or his associates if the eligible participant is a connected person of the Company) abstaining from voting.

Where any offer of options to an eligible participant who is a substantial shareholder of the Company or any of their respective associates under the 2024 Scheme would result in the Shares issued and to be issued in respect of all Options granted under this Scheme and all options and awards granted under any other share scheme(s) (excluding all options that have lapsed in accordance with the terms of this Scheme and all options and Awards that have lapsed in accordance with the terms of any other share scheme(s)) to such a person in the 12-month period up to and including the offer date representing in aggregate over 0.1 per cent. of the total number of Shares in issue, such an offer must be approved by the Shareholders at a general meeting. The eligible participant, his associates and all core connected persons of the Company must abstain from voting in favour of the relevant resolution(s) at the general meeting; alternatively, they may vote against the relevant resolution(s) at the general meeting provided that their intention to do so has been stated in the relevant circular to Shareholders.

Subscription price for Shares

The price per Share at which a grantee may subscribe for the Share on the exercise of an option shall be determined at the discretion of the Board, provided that it must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of a Share.

Consideration for grant

A consideration of HK\$1 shall be remitted to the Company for any grant of options and shall be received by the Company within such time as may be specified in the offer which shall not be later than 21 days from the offer date.

Since the adoption date of the 2024 Scheme and up to 30 June 2024, no option had been granted under the 2024 Scheme. As at 30 June 2024, no option was outstanding under the 2024 Scheme and the number of options that remained available for grant under the Scheme Mandate Limit was 81,027,500.

SHARE AWARD SCHEME

On 16 March 2017, the Company adopted a share award plan (the "2017 Share Award Plan") for the grant of share awards using existing Shares and/or new Shares to be issued by the Company. Pursuant to a resolution passed by the Board, with effect from the conclusion of the annual general meeting held on 9 May 2024 (the "Adoption Date"), the 2017 Share Award Plan was terminated and replaced by a new share award scheme (the 2024 Share Award Scheme").

Where any award of shares under the 2017 Share Award Plan is proposed to be satisfied by an allotment and issue of new shares, such allotment and issue should only be made upon the Company having obtained a separate shareholders' approval at general meeting. Since the adoption date of the 2017 Share Award Plan and up to the date of its termination, no such separate approval had been sought from the shareholders of the Company. Accordingly, as at 1 January 2024, no new share was available for issue and no award to be satisfied by allotment and issue of new share was available for grant under the 2017 Share Award Plan. As at 30 June 2024, as the 2017 Share Award Plan had already been terminated, no new share was available for issue and no award to be satisfied by allotment and issue of new share was available for grant under the 2017 Share Award Plan. No share award had been granted under the 2017 Share Award Plan since its adoption.

The 2024 Share Award Scheme provides for the grant by the Company of share awards using existing Shares only and is not subject to Shareholders' approval in accordance with Chapter 17 of the Listing Rules. Adoption of the 2024 Share Award Scheme will enable the Company to grant share awards to eligible participants as and when appropriate to encourage them to make continuous contribution to the Group's development.

The 2024 Share Award Scheme shall be valid and effective for a term of ten years commencing on the Adoption Date.

As at the date of this interim report, no trustee has been appointed for the purposes of the administration and implementation of the 2024 Share Award Scheme. The Company will appoint independent third party(ies) as trustee(s) to administer the 2024 Share Award Scheme as and when appropriate, and any such trustee holding unvested shares under the 2024 Shares Award Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

Since the Adoption Date and up to the date of this interim report, no share awards had been granted under the 2024 Share Award Scheme.

ENTRUSTED SHARES HELD BY A TRUSTEE

Pursuant to the terms of a long term incentive scheme approved by the Shareholders in 2007 which had expired in 2017 (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 2007 Scheme. The Engagement Agreement and the Deed were subsequently terminated with effect from 15 July 2013. As at 30 June 2024, the Trustee maintained a pool of 1,778,000 shares (the "Entrusted Shares") (31 December 2023: 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 to the Company); and (ii) account for all other incomes and sales proceeds to the Company.

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.

REVIEW OF ACCOUNTS BY AUDIT COMMITTEE

The audit committee of the Board has reviewed the interim results of the Group, including the accounting treatment adopted by the Company for the six months ended 30 June 2024, with no disagreement. The audit committee of the Board has also discussed with the Company's management regarding risk management, internal control and other related matters.

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

Hong Kong, 22 August 2024

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

CHEN Li-Ming, Lawrence, *Chairman*
CHI Lo-Jen, *Chief Executive Officer*
GILLMAN Charles Christopher
CHIANG Yi-Min, Harvey

Independent Non-Executive Directors

BOLLIGER Peter
CHAN Fu Keung, William, *BBS*
YUE Chao-Tang, Thomas
SHI Nan Sun
WAN Sin Yee, *Sindy*

AUDIT COMMITTEE

YUE Chao-Tang, Thomas, *Chairman*
CHAN Fu Keung, William, *BBS*
WAN Sin Yee, *Sindy*

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
GILLMAN Charles Christopher
CHIANG Yi-Min, Harvey

NOMINATION COMMITTEE

WAN Sin Yee, *Sindy*, *Chairman*
BOLLIGER Peter
CHAN Fu Keung, William, *BBS*
YUE Chao-Tang, Thomas
SHI Nan Sun

REMUNERATION COMMITTEE

CHAN Fu Keung, William, *BBS*, *Chairman*
YUE Chao-Tang, Thomas
WAN Sin Yee, *Sindy*

AUTHORISED REPRESENTATIVES

CHI Lo-Jen
KAN Siu Yim, Katie

CHIEF FINANCIAL OFFICER

TAM Siu Ming, Andrew

COMPANY SECRETARY

KAN Siu Yim, Katie

LEGAL ADVISER

Chiu & Partners
40th Floor, Jardine House
1 Connaught Place, Hong Kong

AUDITORS

Ernst & Young
Certified Public Accountant
Registered Public Interest Entity Auditor
27/F, One Taikoo Place,
979 King's Road,
Quarry Bay, Hong Kong

PRINCIPAL BANKERS

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The Hongkong and Shanghai Banking
Corporation Limited
Citibank Taiwan Ltd.

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Grand Cayman, KY1-1100
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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Shops 1712-1716, 17th Floor, Hopewell Centre,
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1836

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In the event of inconsistency, the English version of this interim report shall prevail over the Chinese version.



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*