



# Samson Holding Ltd. 順誠控股有限公司\*

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 531.hk)

\* for identification purpose only



## 2022 / Interim Report



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# Corporate Profile

Since its establishment in 1995, Samson Group, including Samson Holding Ltd. (the “Company”) and its subsidiaries (the “Group” or “Samson”), has now become a fully vertically-integrated furniture company and ranks as one of top 10 furniture wholesalers in the United States of America (the “U.S.”). We currently market a wide range of our furniture products through a portfolio of brand names including Universal Furniture, Legacy Classic Furniture, Legacy Classic Kids, Craftmaster Furniture, Baker, Milling Road, McGuire, LacquerCraft Hospitality, Universal Furniture China and Athome, and licensed with Paula Deen, Rachael Ray, Miranda Kerr, Nina Magon and Coastal Living in the U.S..

In May 2016, we have successfully acquired Grand Manor Furniture Inc., a Lenoir North Carolina U.S. based manufacturer established in 1960s which specialises in hospitality seating design and manufacturing. Its major customers include but not limited to Marriott, Hilton, Grand Hyatt and Western hotel chains. In February 2017, we have successfully acquired Baker Interiors Group, LTD. (*formerly known as Kohler Interiors Group, LTD.*) and its subsidiaries (collectively referred to as “BIG”), which owns three global luxury furniture brands, namely, “Baker”, “Milling Road” and “McGuire”, each with a history of leading design, quality and craftsmanship. BIG sells its products through showrooms in North America, England, and France, and furniture dealer locations across the U.S., Europe, Asia and the Middle East. BIG maintains relationships with interior designers who recommend the products to consumers worldwide.

Our team of experienced executives, employees and sales force, comprising the U.S. market expertise, combining with Vietnam and the People’s Republic of China (the “PRC” or “China”) manufacturing know-how, creates a globally-integrated products and services logistics platform that brings forth effective means of business operations by which we strive to maximise ultimate benefits to our customers and shareholders.



# Corporate Information

## Executive Directors

Mr. Shan Huei KUO (*Chairman*)  
Ms. Yi-Mei LIU (*Deputy Chairman*)  
Mr. Mohamad AMINOZZAKERI

## Non-Executive Director

Mr. Sheng Hsiung PAN

## Independent Non-Executive Directors

Mr. Ming-Jian KUO  
Mr. Siu Ki LAU  
Mr. Sui-Yu WU

## Audit Committee

Mr. Siu Ki LAU (*Chairman*)  
Mr. Sheng Hsiung PAN  
Mr. Sui-Yu WU

## Remuneration Committee

Mr. Ming-Jian KUO (*Chairman*)  
Mr. Sheng Hsiung PAN  
Mr. Sui-Yu WU

## Nomination Committee

Mr. Shan Huei KUO (*Chairman*)  
Mr. Ming-Jian KUO  
Mr. Sui-Yu WU

## Company Secretary

Mr. Kwong Cho SHEUNG

## Authorized Representatives

Ms. Yi-Mei LIU  
Mr. Kwong Cho SHEUNG

## Registered Office

Grand Pavilion  
Hibiscus Way  
802 West Bay Road  
P.O. Box 31119, KY1-1205  
Cayman Islands

## Stock Code

The Stock Exchange of Hong Kong Limited: 531

## Websites

<http://www.samsonholding.com/>  
<http://www.universalfurniture.com/>  
<http://www.legacyclassic.com/>  
<http://www.legacyclassickids.com/>  
<http://www.cmfurniture.com/>  
<http://www.lacquercrafthospitality.com/>  
<https://www.bakerfurniture.com/>

## Principal Places of Business

### Vietnam:

6<sup>th</sup> Road Tam Phuoc Industrial Zone,  
Bien Hoa City, Dong Nai Province Vietnam

### China:

China Timber Industry City Development Area  
No. 2 Taicheng Road  
Jia Shan County  
Zhejiang Province  
China, 314100

Unit 1007, 10<sup>th</sup> Floor, Haleson Building  
1 Jubilee Street, Central,  
Hong Kong

### United States of America:

2575 Penny Road  
High Point, NC 27265  
U.S.A.

221 Craftmaster Road  
Hiddenite, NC 28636  
U.S.A.

1 Baker Way  
Connelly Springs, NC 28612  
U.S.A.

## Auditor

Ernst & Young  
Certified Public Accountants  
Registered Public Interest Entity Auditor

## Legal Adviser

TW Partners

## Principal Bankers

CTBC Bank  
UBP Bank  
DBS Bank  
Taishin International Bank  
MEGA Bank  
SINOPAC Bank  
East West Bank

## Share Registrars and Transfer Offices

### Principal:

Royal Bank of Canada Trust Company (Cayman) Limited  
4<sup>th</sup> Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman KY1-1110  
Cayman Islands

### Hong Kong Branch:

Computershare Hong Kong Investor Services Limited  
Shops 1712-16, 17/F  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

# Financial Highlights

	Six months ended 30 June 2022 US\$'000	Six months ended 30 June 2021 US\$'000	Six months ended 30 June 2022 HK\$'000*	Six months ended 30 June 2021 HK\$'000*
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## Operating results

Revenue	<b>278,995</b>	237,342	<b>2,176,161</b>	1,851,268
Earnings before interest and tax	<b>12,845</b>	17,702	<b>100,191</b>	138,076
Profit for the period	<b>8,473</b>	14,353	<b>66,089</b>	111,953
Earnings per share attributable to ordinary equity holders of the parent (US/HK cent)	<b>0.28</b>	0.46	<b>2.18</b>	3.59

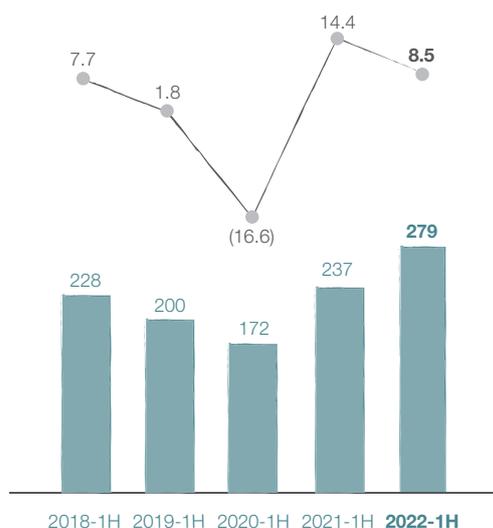
	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000	As at 30 June 2022 HK\$'000*	As at 31 December 2021 HK\$'000*
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## Financial position

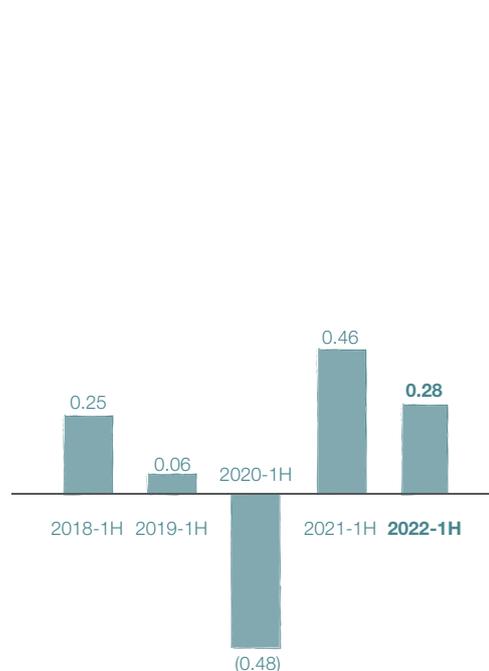
Total assets	<b>685,423</b>	600,535	<b>5,346,299</b>	4,684,173
Net current assets	<b>218,991</b>	148,706	<b>1,708,130</b>	1,159,907
Shareholders' equity	<b>317,894</b>	323,624	<b>2,479,573</b>	2,524,267

\* Exchange rate: US\$1 to HK\$7.8 (for reference only)

Revenue & profit/(loss) for the period  
(US\$ MN)



Earnings/(loss) per share attributable to ordinary equity holders of the parent  
(US cent)



■ Revenue  
● Profit/(loss) for the period

# Management Discussion and Analysis

## Business Review

Over the past decade, Samson has successfully transformed from an original equipment manufacturer to a leading furniture wholesaler with a strong brand-led business. Through our strategic acquisition of a luxury furnishing brand BIG in 2017, the Group has further enhanced the diversified brand portfolio covering mid to high-end markets. The Group has continued to expand production capacities by globalizing the supply chain from China to Vietnam, Bangladesh, Indonesia and the U.S.. Based on the effective strategies, Samson was able to record growing sales and margin for the six months ended 30 June 2022 (the "Period").

During the Period, as the effect of the COVID-19 was mitigated, the macroeconomy has recovered gradually from the pandemic. However, the bounce back in demand has stressed supply chains and caused inflation to rise. On demand front, the Federal Reserve Board ("FED") continued to follow tightened policy and has raised interest rate since March 2022, adding pressures to the market demand. Meanwhile, consumer price index has soared over the past year, leading to a tight grip on the U.S. economy outlook. On the supply side, as the logistic costs showed an upward trend resulting from an increased delivery expense, Samson has partnered with several shipping service providers to ensure container availability and cost reductions.

Despite the economy headwinds, the Company was able to capture the opportunity for further market penetration through its diverse product offerings and multi-distribution channels and recorded growth. Samson has been striving to expand by forming partnership with online retailers to enhance sales on e-commerce channel. For the traditional channel, High Point Market, the home furnishings trade show in the U.S. was postponed to June 2022, and the number of participants had increased comparing to last year, showing a stable demand for orders. Moreover, our mass merchant channels had been performing well throughout the Period, and it is expected to continue in the second half of 2022.

With a globalized supply chain, Samson has built up stronger production capabilities to cope with geopolitical instabilities and to improve cost controls. Samson's capacity across the Asia region including Vietnam and Bangladesh has enhanced through factory investment and acquisitions in the last three years. Samson is confident in continuing to improve manufacturing efficiency of its factories across Asia to further enhance the operation and management efficiency across the brands.

As Samson adopts a unique multi-brand strategy based on the successful transformation from a China-centric manufacturing base to a globally production base, it is able to leverage the synergies across diversified business lines to drive organic growth, with the business of BIG turning from operating loss to operating profit, and our business in casegoods, upholstery as well as hospitality recording double-digit growth in sales during the Period. In the future, Samson will focus on improving overall profitability based on higher cost efficiency and operating system optimization. The Group looks forward to unlocking the growth opportunities in the second half of 2022.

## Financial Review

Net sales for the Period was US\$279.0 million as compared to US\$237.3 million for the corresponding period in 2021, representing an increase of US\$41.7 million or 17.6%. Increase in net sales was mainly attributable to the pent-up demand from pandemic and the mitigation of supply chain disruptions.

Gross profit margin for the Period of 28.7% was recorded as compared to 27.8% for the corresponding period in 2021. Increased gross profit margin was mainly attributable to the growth in sales and improving manufacturing efficiency.

Total operating expenses for the Period increased to US\$70.6 million from US\$57.4 million for the corresponding period in 2021. The increase in operating expenses was mainly attributable to increased variable expenses in distribution, sales and marketing as well as personnel cost increased with the growth of sales.

Profit for the Period decreased to US\$8.5 million from US\$14.4 million for the corresponding period in 2021. Net profit margin decreased to 3.0% from 6.0% for the corresponding period in 2021. The decrease in profit was mainly due to the increasing operating expenses and an one time non-cash reversal of impairment of approximately US\$4.6 million as the result of the increase of the recoverable amount due to the change of use of the Group's premises in the PRC from self-occupied to rental properties in the prior year but the Group did not have such reversal of impairment for the Period, while the depreciation expenses of such properties increased for the Period after the reversal in 2021.

## Liquidity, Financial Resources and Capital Structure

As at 30 June 2022, the Group's cash and cash equivalents increased by US\$1.4 million to US\$66.4 million from US\$65.0 million as at 31 December 2021. Total interest-bearing bank borrowings increased by US\$73.8 million to US\$231.6 million from US\$157.8 million as at 31 December 2021. The corresponding gearing ratio (total bank borrowings/shareholders' equity) increased to 72.8% from 48.7% as at 31 December 2021. The Group's financial position remains solid and possesses sufficient available banking facilities to meet working capital requirements and to expand its business.

Cash and cash equivalents held by the Group are mainly denominated in the U.S. Dollars ("US\$"), Renminbi, British Pound Sterling, Vietnamese Dong, New Taiwan Dollars, Indonesian Rupiah and Hong Kong Dollars. The interest-bearing bank borrowings are mainly denominated in U.S. Dollars and Vietnamese Dong. As at 30 June 2022, short term bank borrowings of US\$142.2 million (31 December 2021: US\$138.9 million) bore interest at either the floating rates or fixed rate ranging from 1.7% to 3.0% respectively and long term bank borrowings of US\$89.4 million (31 December 2021: US\$18.8 million) bore interest at either the floating rates or fixed rate ranging from 1.0% to 4.0% respectively.

Sources of liquidity include cash and cash equivalents, cash from operations and general banking facilities granted to Samson, allowing the Group to maintain strong and prudent liquidity for day-to-day operations and business development.

With an international operation, Samson is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Vietnamese Dong. Although the majority of the total revenue is denominated in the U.S. Dollars, a substantial portion of cost of sales is paid in Vietnamese Dong. The exchange rates of Vietnamese Dong to the U.S. Dollars have fluctuated substantially in recent years and may continue to fluctuate in the foreseeable future.

The Group's current assets increased by 24.1% to US\$479.2 million from US\$386.0 million as at 31 December 2021 and the Group's current liabilities increased by 9.6% to US\$260.2 million from US\$237.3 million as at 31 December 2021. The current ratio (current assets/current liabilities) is 1.8 times (31 December 2021: 1.6 times).

# Management Discussion and Analysis (cont'd)

## Pledge of Assets

As at 30 June 2022, certain of the Group's property, plant and equipment, investment properties, inventories and trade and other receivables with an aggregate carrying amount of US\$108.2 million (31 December 2021: US\$67.2 million) have been pledged to a bank to secure the general banking facility granted to the Group.

## Capital Expenditure

Capital expenditure for the Period amounted to US\$3.3 million as compared to US\$2.8 million for the corresponding period in 2021. Capital expenditure was mainly incurred for the purpose of upgrading and renovation of plant and machinery in the U.S. and Vietnam.

## Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures by the Group during the Period.

## Outlook

On the demand front, surging inflation and interest rates may affect consumer demand, but our sales growth is anticipated to sustain as we adopt the multi-brand strategy across product lines and sales channels. As the tourism industry has recovered quickly, Samson's hospitality orders doubled in the first half of 2022 compared with the corresponding period in 2021. Samson's outdoor furniture business continues to grow during the Period, and we will further enhance the business line to target the mid-to-high end market. Meanwhile, our high-end furniture business, BIG is experiencing strong growth from increasing customer base, further enhancing our market positioning and overall profitability. Taking into account the aforementioned, the Group remains optimistic in our growth prospects in the second half of 2022 based on our long-term strategy.

On the supply front, recovery of the supply chain and the Group's production capacity will further enhance the overall manufacturing and delivery efficiency. Samson will continue to strengthen the partnerships with shipping service providers to ensure smooth delivery and counter the risks of container shortage in the future.

With a global manufacturing base, experienced management team, improving efficiencies and core competitiveness, Samson is expected to keep increasing its capacity and profitability. Combining its supply chain improvement and diversified brands, Samson is poised to maintain its competitive edges and expand its market share in the U.S., bringing fruitful results for 2022.

## Employees and Emolument Policy

As at 30 June 2022, the Group employed approximately 7,600 (30 June 2021: 7,100) full-time employees in Vietnam, the U.S., the PRC, Bangladesh, Indonesia and Taiwan.

For the Period, the total remuneration of employees (including the remuneration of the Company's directors) was approximately US\$66.3 million (six months ended 30 June 2021: US\$54.2 million).

The Company believes that the ability to grow as a successful business depends on the quality of our management and employees. The Company is committed to recruiting, training and retaining skilled and experienced employees throughout our operations globally to better serve our customers. The Company intends to do this through our remuneration packages, including discretionary bonuses and share option scheme, as well as an emphasis on employee training. The emolument of the employees of the Group is determined on the basis of their merit, qualifications and competence. The emoluments of the directors and senior management of the Company are decided by the Company's board of directors (the "Board") with the recommendation of the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

### Dividend

The Board has resolved the payment of an interim dividend of HK\$0.01 per share for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil) amounting to approximately HK\$30.4 million (six months ended 30 June 2021: Nil), to the shareholders of the Company whose names appeared on the Company's register of members on 13 September 2022. The interim dividend will be paid on 23 September 2022.

### Closure of Register of Members

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Friday, 9 September 2022 to Tuesday, 13 September 2022, both days inclusive, during which period no transfers of shares will be registered. In order to qualify for the entitlement to the interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 8 September 2022.

### Corporate Governance

The Board is committed to maintaining high standard of corporate governance. The Company confirms that it has complied with all code provisions of the Corporate Governance Code (the "CG Code") contained in the Part 2 of Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the Period, save as mentioned below.

Pursuant to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Shan Huei KUO ("Mr. KUO") is the chairman of the Board and also the chief executive officer of Lacquer Craft Mfg. Co., Ltd. (Zhejiang). The Group does not intend to separate these two functions as both the Board and senior management of the Group have significantly benefited from the leadership, support and experience of Mr. KUO in his management of the Board and the business of the Company.

### Changes in Directors' Biographical Details

There has been no change of the Directors' information pursuant to Rule 13.51.B of the Listing Rules since the disclosure made in the Company's annual report 2021 dated 24 March 2022.

### Code for Directors' Securities Transactions

The Company has adopted its own "Code for Securities Transactions by Directors and Employees" (the "Company's Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules to govern the securities transactions of the directors and relevant employees.

Having made specific enquiry, all directors have confirmed that they have complied with the Model Code and the Company's Code throughout the Period.

## Other Information (cont'd)

### Purchase, Sale or Redemption of the Company's Listed Securities

During the Period, 68,957,000 ordinary shares of the Company ("Shares") were repurchased by the Company ("Repurchased Shares") for a total consideration of US\$3,450,000 (equivalent to HK\$26,950,000) of which 39,100,000 Shares and 29,857,000 Shares were subsequently cancelled on 4 April and 30 June 2022, respectively.

Month of repurchase	Number of Shares	Price per share		Aggregate consideration paid <i>HK\$'000</i>
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>	
January 2022	25,776,000	0.335	0.270	8,232
February 2022	13,324,000	0.415	0.350	5,105
April 2022	10,094,000	0.460	0.360	4,338
May 2022	14,593,000	0.485	0.440	6,879
June 2022	5,170,000	0.480	0.435	2,396
	<u>68,957,000</u>			<u>26,950</u>

The Repurchased Shares were cancelled through the cancellation of relevant share certificates. The nominal value of the cancelled Repurchased Shares during the Period was approximately US\$3,448,000.

Other than as disclosed above, there were no purchase, sale or redemption of the Company's listed securities by the Company nor any of its subsidiaries during the Period.

### Share Option Scheme

The Company has adopted a share option scheme on 18 May 2016 (the "2016 Share Option Scheme") to attract and incentivise skilled and experienced personnel. The 2016 Share Option Scheme shall be valid and effective for a period of 10 years until 18 May 2026.

During the Period, no share options were cancelled, lapsed or exercised (six months ended 30 June 2021: Nil).

During the Period, no share options were granted (six months ended 30 June 2021: Nil), and no share option expense was incurred (six months ended 30 June 2021: Nil).

## Directors' Interests in Shares and Underlying Shares

As at 30 June 2022, the interests of the directors or chief executive in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Name of directors	Capacity	Number of issued ordinary shares held (Long positions)	Percentage of the issued share capital of the Company
Mr. Shan Huei KUO	Held by controlled corporations ( <i>Note</i> )	2,146,346,773	70.64%
Ms. Yi-Mei LIU	Held by controlled corporations ( <i>Note</i> )	2,146,346,773	70.64%
Mr. Mohamad AMINOZZAKERI	Beneficial owner	10,000,000	0.33%

*Note:* The 2,146,346,773 shares were held by Advent Group Limited ("Advent").

Mr. Shan Huei KUO and Ms. Yi-Mei LIU each holds 50% of the equity interest in Magnificent Capital Holding Limited which owns 70% of the issued share capital of Advent. Mr. Shan Huei KUO and Ms. Yi-Mei LIU are husband and wife. Therefore, Mr. Shan Huei KUO and Ms. Yi-Mei LIU are deemed to be interested in the shares of the Company which are owned by Advent.

Other than as disclosed above, none of the directors or chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2022.

## Substantial Shareholders' Interests in Shares

As at 30 June 2022, the interests of the substantial shareholders and other persons, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Name of substantial shareholders	Capacity	Number of issued ordinary shares held (Long positions)	Percentage of the issued share capital of the Company
Magnificent Capital Holding Limited	Held by a controlled corporation	2,146,346,773	70.64%
Advent Group Limited ("Advent")	Beneficial owner	2,146,346,773	70.64%

*Note:* Mr. Shan Huei KUO and Ms. Yi-Mei LIU each holds 50% of the equity interest in Magnificent Capital Holding Limited which owns 70% of the issued share capital of Advent. Mr. Shan Huei KUO and Ms. Yi-Mei LIU are husband and wife. Therefore, Mr. Shan Huei KUO and Ms. Yi-Mei LIU are deemed to be interested in the shares of the Company which are owned by Advent. Mr. Shan Huei KUO and Ms. Yi-Mei LIU are also the directors of Advent and Magnificent Capital Holding Limited.

## Independent Auditors and Audit Committee Review

The unaudited interim condensed consolidated financial information of the Group for the Period has been reviewed by Ernst & Young, the independent auditor of the Company, of which the review report is included in the interim report to be despatched to the shareholders of the Company and the audit committee of the board (the "Audit Committee"). There was no disagreement by the Audit Committee with the accounting treatment adopted by the Company for the preparation of unaudited interim results and interim report for the Period.

# Independent Review Report



Ernst & Young  
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979 King's Road  
Quarry Bay, Hong Kong

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香港鰂魚涌英皇道 979 號  
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## To the board of directors of Samson Holding Ltd.

*(Incorporated in the Cayman Islands with limited liability)*

## Introduction

We have reviewed the interim financial information set out on pages 11 to 30, which comprises the condensed consolidated statement of financial position of Samson Holding Ltd. (the "Company") and its subsidiaries (the "Group") as at 30 June 2022 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and 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

25 August 2022

# Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
REVENUE	4	278,995	237,342
Cost of sales		(198,997)	(171,326)
Gross profit		79,998	66,016
Other income, gains, losses and expenses		3,222	8,904
Distribution costs		(6,753)	(5,670)
Sales and marketing expenses		(35,167)	(31,078)
Administrative expenses		(28,658)	(20,603)
Share of profit of an associate		203	133
Finance costs		(2,267)	(1,720)
PROFIT BEFORE TAX	5	10,578	15,982
Income tax expense	6	(2,105)	(1,629)
PROFIT FOR THE PERIOD		8,473	14,353
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
– Basic (in US cent)		0.276	0.462
– Diluted (in US cent)		0.276	0.462

# Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
PROFIT FOR THE PERIOD	8,473	14,353
OTHER COMPREHENSIVE (LOSS)/INCOME		
<i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(2,961)	560
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,512	14,913

# Interim Condensed Consolidated Statement of Financial Position

At 30 June 2022

	<i>Notes</i>	<b>30 June 2022 US\$'000 (Unaudited)</b>	31 December 2021 US\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	79,461	81,588
Investment properties		16,350	18,172
Right-of-use assets		74,289	78,771
Goodwill		25,793	25,793
Other intangible assets		4,400	4,400
Investment in an associate		1,418	1,215
Deferred tax assets		4,526	4,550
		<b>206,237</b>	214,489
<b>CURRENT ASSETS</b>			
Inventories		193,994	139,938
Trade and other receivables	10	132,810	89,507
Held-for-trading investments	11	83,567	88,362
Tax recoverable		2,464	3,230
Cash and cash equivalents	12	66,351	65,009
		<b>479,186</b>	386,046
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	100,449	81,169
Interest-bearing bank borrowings	14	142,158	138,911
Lease liabilities		6,181	6,309
Tax payable		11,407	10,951
		<b>260,195</b>	237,340
<b>NET CURRENT ASSETS</b>		<b>218,991</b>	148,706
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>425,228</b>	363,195

# Interim Condensed Consolidated Statement of Financial Position (cont'd)

At 30 June 2022

	<i>Notes</i>	<b>30 June 2022 US\$'000 (Unaudited)</b>	31 December 2021 US\$'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	14	<b>89,425</b>	18,848
Lease liabilities		<b>14,201</b>	18,229
Deferred tax liabilities		<b>3,708</b>	2,494
Total non-current liabilities		<b>107,334</b>	39,571
<b>Net assets</b>		<b>317,894</b>	323,624
<b>EQUITY</b>			
Issued capital	15	<b>151,926</b>	155,374
Reserves		<b>165,968</b>	168,250
<b>Total equity</b>		<b>317,894</b>	323,624

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Notes	Issued capital US\$'000	Share premium US\$'000	Capital redemption reserve US\$'000	Share option reserve US\$'000	Merger reserve US\$'000	Other reserve US\$'000	Exchange reserve US\$'000	Retained profits US\$'000	Total equity US\$'000
At 1 January 2022 (audited)		155,374	105,972	1,012	-	1,581	(6,787)	(7,937)	74,409	323,624
Profit for the period		-	-	-	-	-	-	-	8,473	8,473
Other comprehensive loss for the period:										
Exchange differences on translation of foreign operations		-	-	-	-	-	-	(2,961)	-	(2,961)
Total comprehensive income for the period		-	-	-	-	-	-	(2,961)	8,473	5,512
Shares repurchased and cancelled	15	(3,448)	(2)	-	-	-	-	-	-	(3,450)
Final 2021 dividend	7	-	-	-	-	-	-	-	(7,792)	(7,792)
At 30 June 2022 (unaudited)		151,926	105,970*	1,012*	-*	1,581*	(6,787)*	(10,898)*	75,090*	317,894
At 1 January 2021 (audited)		155,374	105,972	1,012	256	1,581	(6,787)	(9,398)	46,995	295,005
Profit for the period		-	-	-	-	-	-	-	14,353	14,353
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations		-	-	-	-	-	-	560	-	560
Total comprehensive income for the period		-	-	-	-	-	-	560	14,353	14,913
At 30 June 2021 (unaudited)		155,374	105,972	1,012	256	1,581	(6,787)	(8,838)	61,348	309,918

\* These reserve accounts comprise the consolidated reserves of US\$165,968,000 (31 December 2021: US\$168,250,000) in the interim condensed consolidated statement of financial position as at 30 June 2022.

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Note	For the six months ended 30 June	
		2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Net cash flows (used in)/from operating activities		(54,061)	3,107
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		1,368	102
Purchases of items of property, plant and equipment		(3,330)	(2,823)
Proceeds from disposal of items of property, plant and equipment		37	552
Purchase of held-for-trading investments		(408)	–
Redemption on maturity of held-for-trading investments		232	–
Increase in bank deposits with original maturity of more than three months when acquired		(17,934)	(2,003)
Decrease in pledged bank deposits		–	10,308
Net cash flows (used in)/from investing activities		(20,035)	6,136
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank loans		125,797	91,291
Repayment of bank loans		(51,988)	(66,609)
Principal portion of lease payments		(3,428)	(3,043)
Shares repurchased		(3,450)	–
Dividend paid		(7,792)	–
Interest paid		(1,738)	(1,055)
Net cash flows from financing activities		57,401	20,584
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at the beginning of period		65,009	26,047
Effect of foreign exchange rate changes, net		103	(97)
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>		<b>48,417</b>	<b>55,777</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	12	66,351	55,777
Bank deposits with original maturity of more than three months when acquired		(17,934)	–
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows		48,417	55,777

# Notes to Interim Condensed Consolidated Financial Information

30 June 2022

## 1. Basis of Preparation

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. 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 2021.

## 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 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

# Notes to Interim Condensed Consolidated Financial Information (cont'd)

30 June 2022

## 2. Changes in Accounting Policies and Disclosures (continued)

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

- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
  - HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

## 3. Operating Segment Information

For the purposes of resource allocation and performance assessment, the executive directors review the operating results and financial information on a brand by brand basis. They focus on the operating results of each brand. Each brand constitutes an operating segment of the Group. As the brands share similar economic characteristics, have similar products, are produced under similar production processes and have a similar target group of customers, the Group's operating segments are aggregated into a single reportable segment and accordingly no separate segment information is prepared.

Segment profit before tax of US\$37,549,000 (six months ended 30 June 2021: US\$28,603,000) represents the profit before tax earned by the single reportable segment excluding administrative expenses, other income, gains, losses and expenses, non-lease-related finance costs and share of profit of an associate.

# Notes to Interim Condensed Consolidated Financial Information (cont'd)

30 June 2022

## 4. Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Sale of furniture	278,841	237,187
<i>Revenue from other sources</i>		
Service fee income	154	155
	<b>278,995</b>	<b>237,342</b>

### Revenue from contracts with customers

#### (i) Disaggregated revenue information

*Segment – Furniture*

	For the six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
<b>Types of goods</b>		
Sale of furniture and total revenue from contracts with customers	278,841	237,187
<b>Geographical markets</b>		
The People's Republic of China, including Hong Kong	4,105	4,126
The United States of America (the "U.S.")	269,413	227,502
Others	5,323	5,559
Total revenue from contracts with customers	<b>278,841</b>	<b>237,187</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time and total revenue from contracts with customers	<b>278,841</b>	<b>237,187</b>

# Notes to Interim Condensed Consolidated Financial Information (cont'd)

30 June 2022

## 4. Revenue (continued)

### Revenue from contracts with customers (continued)

#### (i) Disaggregated revenue information (continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

*Segment – Furniture*

	For the six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
<b>Revenue from contracts with customers</b>		
External customers and total revenue from contracts with customers	<b>278,841</b>	237,187

## 5. Profit Before Tax

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

	For the six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Cost of inventories sold	<b>197,417</b>	173,949
Write-down of inventories to net realisable value	<b>6,734</b>	1,091
Reversal of write-down of inventories to net realisable value	<b>(5,154)</b>	(3,714)
Reversal of impairment of property, plant and equipment	<b>–</b>	(4,556)
Depreciation of investment properties	<b>1,503</b>	135
Depreciation of property, plant and equipment	<b>4,547</b>	4,653
Depreciation of right-of-use assets	<b>3,936</b>	3,586
Impairment of trade receivables	<b>1,202</b>	118
Net loss on held-for-trading investments	<b>4,484</b>	150
Loss/(gain) on disposal of items of property, plant and equipment	<b>20</b>	(510)
Bank interest income	<b>(875)</b>	(102)
Foreign exchange differences, net	<b>1,197</b>	156

## 6. Income Tax

For the Group's subsidiaries established in the U.S., income tax is calculated at the rate of 21% (six months ended 30 June 2021: 21%).

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2021: 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 (six months ended 30 June 2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (six months ended 30 June 2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 June 2021: 16.5%).

Taiwan income tax is calculated at 20% (six months ended 30 June 2021: 20%) of certain subsidiaries' assessable profits.

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

	<b>For the six months ended 30 June</b>	
	<b>2022 US\$'000 (Unaudited)</b>	<b>2021 US\$'000 (Unaudited)</b>
Current tax:		
The U.S.	<b>351</b>	16
Taiwan	<b>365</b>	433
Hong Kong	<b>106</b>	53
Elsewhere	<b>48</b>	1,118
Deferred tax	<b>1,235</b>	9
Total tax charge for the period	<b>2,105</b>	1,629

## 7. Dividends

During the six months ended 30 June 2022, a final dividend of HK\$0.02 per share, amounting to approximately HK\$60.9 million (approximately US\$7.8 million) in aggregate, for the year ended 31 December 2021 was paid to the shareholders of the Company (six months ended 30 June 2021: Nil).

The Board has resolved that an interim dividend of HK\$0.01 (six months ended 30 June 2021: Nil) per share amounting to approximately HK\$30.4 million in aggregate, equivalent to approximately US\$3.9 million in aggregate for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil) be paid to the shareholders of the Company whose names appeared on the register of members on 13 September 2022.

# Notes to Interim Condensed Consolidated Financial Information (cont'd)

30 June 2022

## 8. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent

The calculations of the basic and diluted earnings per share for the period are based on:

	For the six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Profit for the period attributable to ordinary equity holders of the parent for the purpose of basic and diluted earnings per share calculations	8,473	14,353

	For the six months ended 30 June	
	2022 Number of shares	2021 Number of shares
Weighted average number of ordinary shares in issue during the period used in basic and diluted earnings per share calculations	3,066,086,889	3,107,473,773

The weighted average number of ordinary shares of 3,066,086,889 (six months ended 30 June 2021: 3,107,473,773) in issue during the period was adjusted to exclude the shares repurchased during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2022. For the six months ended 30 June 2021, the Company's share options had no dilutive effect as the exercise price of the share options was higher than the average market price of the Company's shares.

## 9. Property, Plant and Equipment

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment of US\$3,330,000 (six months ended 30 June 2021: US\$2,823,000). In addition, the Group disposed of certain items of property, plant and equipment with an aggregate carrying amount of US\$57,000 (six months ended 30 June 2021: US\$42,000) for cash proceeds of US\$37,000 (six months ended 30 June 2021: cash proceeds of US\$552,000), resulting in a loss on disposal of US\$20,000 (six months ended 30 June 2021: gain of US\$510,000).

During the six months ended 30 June 2021, the Group transferred certain property, plant and equipment with an aggregate carrying amount of US\$4,556,000 to investment properties.

# Notes to Interim Condensed Consolidated Financial Information (cont'd)

30 June 2022

## 10. Trade and Other Receivables

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

	<b>30 June 2022 US\$'000 (Unaudited)</b>	31 December 2021 US\$'000 (Audited)
Trade receivables:		
Within 1 month	<b>62,536</b>	34,211
1 to 2 months	<b>14,654</b>	13,258
Over 2 months	<b>15,145</b>	10,178
	<b>92,335</b>	57,647
Other receivables and prepayments	<b>40,475</b>	31,860
	<b>132,810</b>	89,507

## 11. Held-For-Trading Investments

	<b>30 June 2022 US\$'000 (Unaudited)</b>	31 December 2021 US\$'000 (Audited)
Debt securities, at fair value:		
Listed in Hong Kong with average yield rate of 3.17% to 3.33% and maturity from October 2023 to January 2028	<b>2,247</b>	2,669
Listed in Singapore with average yield rate of 2.93% to 3.22% and maturity from May 2024 to August 2030	<b>2,592</b>	2,878
Listed in other jurisdictions with average yield rate of 2.87% to 3.18% and maturity from January 2024 to September 2080	<b>2,282</b>	2,133
Investment fund portfolio A, at fair value ( <i>Note</i> )	<b>75,826</b>	79,990
Investment fund portfolio B, at fair value ( <i>Note</i> )	<b>205</b>	218
Investment fund portfolio C, at fair value ( <i>Note</i> )	<b>169</b>	197
Investment fund portfolio D, at fair value ( <i>Note</i> )	<b>246</b>	277
	<b>83,567</b>	88,362

The above investments as at 30 June 2022 and 31 December 2021 were classified as financial assets at fair value through profit or loss as they are held for trading.

# Notes to Interim Condensed Consolidated Financial Information (cont'd)

30 June 2022

## 11. Held-For-Trading Investments (continued)

*Note:* The investment fund portfolios A, B, C and D were mandatorily classified as financial assets at fair value through profit or loss, as their contractual cash flows were not solely payments of principal and interest. Investment fund portfolio A was a wealth management product issued by Union Banicare Privée in Luxembourg. The Group acquired investment fund portfolio A at an investment cost of US\$80,500,000. During the six months ended 30 June 2022, the Group received dividends of US\$385,000 (six months ended 30 June 2021: US\$815,000) from investment fund portfolio A and the Group did not acquire or dispose of investment fund portfolio A during the period. As at 30 June 2022, the Group holds 80,500 units (31 December 2021: 80,500 units) of investment fund portfolio A which accounted for approximately 11.1% (31 December 2021: 13.3%) of the total assets of the Group, and the unrealised loss of investment fund portfolio A amounted to US\$4,164,000 was charged to statement of profit or loss during the six months ended 30 June 2022 (six months ended 30 June 2021: unrealised loss of US\$984,000). The Group holds the investment fund portfolio A for capital appreciation and has been closely monitoring the performance from time to time.

## 12. Cash and Cash Equivalents

	<b>30 June 2022 US\$'000 (Unaudited)</b>	31 December 2021 US\$'000 (Audited)
Cash and bank balances	48,417	65,009
Short term bank deposits	17,934	–
Cash and cash equivalents	<b>66,351</b>	65,009

## 13. Trade and Other Payables

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

	<b>30 June 2022 US\$'000 (Unaudited)</b>	31 December 2021 US\$'000 (Audited)
Trade payables:		
Within 1 month	20,382	14,423
1 to 2 months	4,790	3,221
Over 2 months	6,143	4,746
Other payables and accruals	<b>31,315</b>	22,390
	<b>69,134</b>	58,779
	<b>100,449</b>	81,169

## 14. Interest-Bearing Bank Borrowings

	30 June 2022			31 December 2021		
	Effective interest rate (%)	Maturity	US\$'000 (Unaudited)	Effective interest rate (%)	Maturity	US\$'000 (Audited)
<b>Current</b>						
Bank loans – unsecured	1.70 – 2.97	2022	142,158	0.69 – 1.33	2022	138,911
<b>Non-current</b>						
Bank loans – unsecured	1.00 – 2.96	2025	64,467	1.00	2025	3,890
Bank loans – secured	4.00	2023	24,958	2.50	2023	14,958
			89,425			18,848
			231,583			157,759

## 15. Share Capital

	Number of shares	Nominal value US\$'000
Ordinary shares of US\$0.05 each		
Authorised:		
At 31 December 2021 and 30 June 2022	6,000,000,000	300,000

A summary of movements in the Group's share capital and share premium account is as follows:

	Number of shares in issue	Issued share capital US\$'000	Share premium account US\$'000	Total US\$'000
Issued and fully paid:				
At 31 December 2021 and 1 January 2022	3,107,473,773	155,374	105,972	261,346
Shares repurchased and cancelled	(68,957,000)	(3,448)	(2)	(3,450)
At 30 June 2022	3,038,516,773	151,926	105,970	257,896

During the six months ended 30 June 2022, 68,957,000 ordinary shares were repurchased for a total consideration of US\$3,450,000 and were cancelled during the period.

# Notes to Interim Condensed Consolidated Financial Information (cont'd)

30 June 2022

## 16. Share Option Scheme

The Company operates share option scheme (the “Share Option Scheme”) to attract skilled and experienced personnel, to incentivise them to remain with the Group to give effect to the Group’s customer-focused corporate culture, and to motivate them to strive for the future development and expansion of the Group, by providing them with the opportunity to acquire equity interests in the Company. Eligible participants of the Share Option Scheme include any employee, any management member or director of the Group and third party service providers.

On 18 May 2016, a share option scheme (the “2016 Share Option Scheme”) was approved by a resolution of the shareholders and adopted by a resolution of the board of directors of the Company.

The maximum number of shares to be issued in respect of which options may be granted under the 2016 Share Option Scheme, upon their exercise, shall not exceed 10% of the issued share capital of the Company on 18 May 2016, i.e. 304,360,977 shares.

The maximum number of shares issuable under share options to each eligible participant in the 2016 Share Option Scheme within any 12-month period is limited to 1% of the issued share capital of the Company 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 to be granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective close associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options to be granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective close associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company’s shares at the date of grant) 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 14 days from the date of offer, upon payment of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and stated in the offer letter of the grant of options.

Subject to early termination of the 2016 Share Option Scheme in accordance with the scheme rules, the 2016 Share Option Scheme will expire on 18 May 2026.

The exercise price of share options is determinable by the directors and shall be the highest of: (i) the Stock Exchange closing price of the Company’s shares on the date of grant; (ii) the average Stock Exchange closing price of the Company’s shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the shares.

There were no outstanding share options as at 31 December 2021, 1 January 2022 and 30 June 2022. 26,700,000 shares options were lapsed during the year ended 31 December 2021 and no share options were cancelled during the year ended 31 December 2021.

During the six months ended 30 June 2022, no share options were granted (six months ended 30 June 2021: Nil), and no share option expense was incurred (six months ended 30 June 2021: Nil).

# Notes to Interim Condensed Consolidated Financial Information (cont'd)

30 June 2022

## 17. Contingent Liability

In 2022, the Group initiated a product recall in the U.S. relating to a product of the Group, of which the accumulated quantity sold was approximately 5,100 units. According to the recall arrangement, consumers who purchased that product can return for a full refund, and the maximum amount of refunds estimated by the Group's management is approximately US\$3.6 million. The Group's management assessed that the estimated total refund amount is not significant based on the number of the products returned as of the date of the unaudited interim condensed financial information.

## 18. Commitments

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

	<b>30 June 2022 US\$'000 (Unaudited)</b>	31 December 2021 US\$'000 (Audited)
Contracted, but not provided for: Plant and equipment	<b>5,041</b>	6,621

## 19. Related Party Transactions

During the period, the Group had the following transaction with a related party:

Name of related company	Nature of transaction	<b>For the six months ended 30 June</b>	
		<b>2022 US\$'000 (Unaudited)</b>	2021 US\$'000 (Unaudited)
Samson Global Co., Ltd.	Rental paid	<b>21</b>	21

Samson Global Co., Ltd is beneficially owned and jointly controlled by Mr. Shan Huei KUO and Ms. Yi-Mei LIU, both being directors and ultimate controlling shareholders of the Company.

### Compensation of key management personnel

The remuneration of members of key management personnel during the period was as follows:

	<b>For the six months ended 30 June</b>	
	<b>2022 US\$'000 (Unaudited)</b>	2021 US\$'000 (Unaudited)
Short-term benefits	<b>472</b>	453

The remuneration of directors and key executives is determined by the Remuneration Committee of the Company having regard to the performance of the individuals and market trends.

# Notes to Interim Condensed Consolidated Financial Information (cont'd)

30 June 2022

## 20. 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:

**As at 30 June 2022**

### *Financial assets*

	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at amortised cost</b>	<b>Total</b>
	<b>Held for trading</b>	<b>cost</b>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Trade receivables	–	92,335	92,335
Financial assets included in other receivables and prepayments	–	25,883	25,883
Held-for-trading investments	83,567	–	83,567
Cash and cash equivalents	–	66,351	66,351
	<b>83,567</b>	<b>184,569</b>	<b>268,136</b>

### *Financial liabilities*

	<b>Financial liabilities at amortised cost</b>
	<b>US\$'000</b>
	<b>(Unaudited)</b>
Trade payables	31,315
Financial liabilities included in other payables and accruals	36,602
Interest-bearing bank borrowings	231,583
Lease liabilities	20,382
	<b>319,882</b>

# Notes to Interim Condensed Consolidated Financial Information (cont'd)

30 June 2022

## 20. Financial Instruments by Category (continued)

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

### As at 31 December 2021

#### Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	Held for trading		
	US\$'000	US\$'000	US\$'000
	(Audited)	(Audited)	(Audited)
Trade receivables	–	57,647	57,647
Financial assets included in other receivables and prepayments	–	22,645	22,645
Held-for-trading investments	88,362	–	88,362
Cash and cash equivalents	–	65,009	65,009
	88,362	145,301	233,663

#### Financial liabilities

	Financial liabilities at amortised cost
	US\$'000
	(Audited)
Trade payables	22,390
Financial liabilities included in other payables and accruals	16,747
Interest-bearing bank borrowings	157,759
Lease liabilities	24,538
	221,434

# Notes to Interim Condensed Consolidated Financial Information (cont'd)

30 June 2022

## 21. Fair Value and Fair Value Hierarchy of Financial Instruments

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in other receivables and prepayments, financial liabilities included in other payables and accruals, and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2022 was assessed to be insignificant.

The Level 1 and Level 2 fair values of the held-for-trading investments are based on quoted market prices and quotes from financial institutions, respectively.

### Fair value hierarchy

The following tables illustrate 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	
<b>As at 30 June 2022</b>			
Held-for-trading investments	7,121	76,446	83,567
<b>As at 31 December 2021</b>			
Held-for-trading investments	7,680	80,682	88,362

The Group did not have any financial liabilities measured at fair value as at 30 June 2022 and 31 December 2021.

During the six months ended 30 June 2022, 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 (31 December 2021: Nil).

## 22. Approval of the Interim Condensed Consolidated Financial Information

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 25 August 2022.