



Samson Holding Ltd.

順誠控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 531.hk)



2023 INTERIM REPORT



UNIVERSAL
EXPLORE HOME™

LEGACY
CLASSIC | MODERN

CRAFTMASTER
FURNITURE

MIRANDA KERR
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LEGACY
KIDS | TEENS

Baker
McGUIRE



* for identification purpose only

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Corporate Profile

Since its establishment in 1995, Samson Group, including Samson Holding Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”), 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 own 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 and Universal Furniture China, 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:

6th 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, 10th 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

Principal Bankers

CTBC Bank
UBP Bank
Taishin International Bank
DBS Bank
SINOPAC Bank
Fubon Bank

Share Registrars and Transfer Offices

Principal:

Royal Bank of Canada Trust Company (Cayman) Limited
4th 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 2023 US\$'000	Six months ended 30 June 2022 US\$'000	Six months ended 30 June 2023 HK\$'000*	Six months ended 30 June 2022 HK\$'000*
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Operating results

Revenue	215,630	278,995	1,681,914	2,176,161
Earnings before interest and tax	4,520	12,845	35,256	100,191
(Loss)/profit for the period	(1,123)	8,473	(8,759)	66,089
(Loss)/earnings per share attributable to ordinary equity holders of the parent (US/HK cent)	(0.04)	0.28	(0.31)	2.18

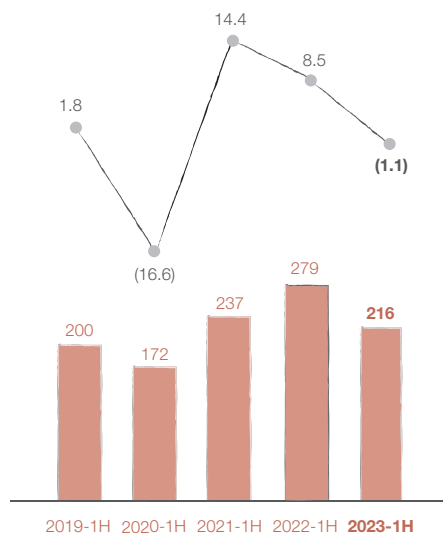
	As at 30 June 2023 US\$'000	As at 31 December 2022 US\$'000	As at 30 June 2023 HK\$'000*	As at 31 December 2022 HK\$'000*
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Financial position

Total assets	569,247	616,376	4,440,127	4,807,733
Net current assets	145,600	162,768	1,135,680	1,269,590
Shareholders' equity	310,790	315,367	2,424,162	2,459,863

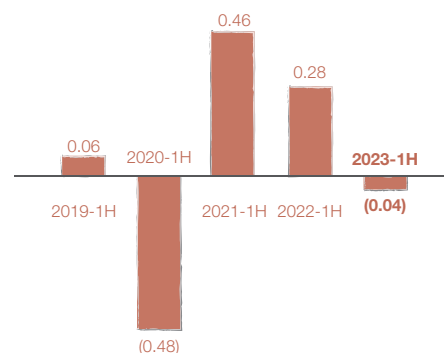
* Exchange rate: US\$1 to HK\$7.8 (for reference only)

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



■ Revenue
● (Loss)/profit for the period

(Loss)/earnings per share attributable to ordinary equity holders of the parent (US cent)



Management Discussion and Analysis

Business Review

During the first half of 2023, with the effect of the COVID-19 further mitigated, the furniture industry in the U.S. has been transitioning from a phase of high demand to one focusing on market share gains. Discretionary spending returned with market dynamics evolve and demand for durable goods like furniture softened due to tightened monetary policies and inflationary pressures, slowdown in real estate market and employment uncertainty. Following over two years of surging orders and backlogs, the sluggish demand has led to excess stock levels across the market. Samson is committed to building sustainable business and creating long-term values for customers and the shareholders of the Company, the Group has been proactively addressing industry-wide demand challenges brought by economic environment and exhibited resilience and flexibility in navigating the headwinds in the first half of 2023. While the timeline for significant improvement in current sales environment is uncertain, the Group is confident in its ability to drive a positive turnaround, sustain steady growth, enhance shareholder returns and see increased momentum through our diversified strategic initiatives underway and multiple distribution channels.

The Group incurred a net loss for the six months ended 30 June 2023 ("Period") due to decrease of demand and a consequential decline in revenue. At the same time, Samson has demonstrated resilience and achieved stable progress in the first half of 2023 with an aim to reaffirm its position in the market. Notwithstanding the furniture industry in the U.S. grappling with persistent economic headwinds, the Group successfully opened new dealers with promising orders during the Period. With prioritizing effective inventory management as a paramount focus during the Period, we have further expanded our efforts to control inventory and costs. The volume of inventory dropped over 23% from the previous year-end, with working capital, liabilities and liquidity ratios remain at a healthy level, providing foundation for sustained growth and stability. A comprehensive range of cost-reduction initiatives have also been implemented to bolster our resilience amid market challenges and maintain our competitive edge. The above measures facilitated the Group in facing the dynamic market challenging during the Period.

Over the years, Samson's diversified approach has been pivotal in navigating market uncertainties and sustaining growth, firmly establishing the Group's position as a resilient market leader in the furniture wholesaling and manufacturing industry. Following the continuous recovery in tourism sectors and business travels, our hospitality segment recorded stable growth during the Period. Additionally, our casegoods and upholstery businesses also maintained consistent performance attributable to the overall resilience of our operations. Meanwhile, freight rates are gradually returning to pre-pandemic levels and continued to show signs of stabilization. Looking ahead, Samson believes its prudent adjustment to procurement and inventory policies together with its managing production capabilities in an agile manner, the Group will continue to work inventory down to appropriate levels while pursuing profitability. Meanwhile, Samson will unwaveringly stay committed to the efficiency and cost management and stick to the multi-brand, multi-channel strategy to leverage synergies across our diversified product lines and merchant channels. We are committed to fostering continuous product innovation, venturing into new customer segments, broadening our market presence and achieving sustainable, organic growth.

Management Discussion and Analysis (cont'd)

Financial Review

Net sales for the Period was US\$215.6 million as compared to US\$279.0 million for the corresponding period in 2022, representing a decrease of US\$63.4 million or 22.7%. Decrease in net sales was mainly attributable to the decrease in demand of sizable home furniture in the U.S. due to continuous decline in housing market in 2023.

Gross profit margin for the Period of 24.4% was recorded as compared to 28.7% for the corresponding period in 2022. Decreased in gross profit margin was mainly attributable to the decrease in sales and more promotion discounts offered to customers.

Total operating expenses for the Period decreased to US\$60.6 million from US\$70.6 million for the corresponding period in 2022. The decrease in operating expenses was mainly attributable to decreased variable expenses in sales and marketing and administrative as well as personnel cost and cost control measures with the decrease in sales.

Compared with a profit of US\$8.5 million for the corresponding period in 2022, the Group recorded a loss of US\$1.1 million for the Period. The decrease in profit was mainly in line with the decrease of sales.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2023, the Group's cash and cash equivalents increased by US\$9.3 million to US\$68.0 million from US\$58.7 million as at 31 December 2022. Total interest-bearing bank borrowings decreased by US\$27.7 million to US\$172.0 million from US\$199.7 million as at 31 December 2022. The corresponding gearing ratio (total bank borrowings/shareholders' equity) decreased to 55.3% from 63.3% as at 31 December 2022. 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 2023, short term bank borrowings of US\$151.9 million (31 December 2022: US\$161.8 million) bore interest at either the floating rates or fixed rate ranging from 3.9% to 6.7% respectively and long term bank borrowings of US\$20.1 million (31 December 2022: US\$37.9 million) bore interest at either the floating rates or fixed rate ranging from 1.0% to 6.4% respectively.

Sources of liquidity include cash and cash equivalents, cash from operations and general banking facilities granted to the 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 decreased by 10.9% to US\$365.1 million from US\$409.9 million as at 31 December 2022 and the Group's current liabilities decreased by 11.2% to US\$219.5 million from US\$247.2 million as at 31 December 2022. The current ratio (current assets/current liabilities) is 1.7 times (31 December 2022: 1.7 times).

Management Discussion and Analysis (cont'd)

Pledge of Assets

As at 30 June 2023, certain of the Group's property, plant and equipment and investment properties with an aggregate carrying amount of US\$18.7 million (31 December 2022: certain of the Group's property, plant and equipment, investment properties, inventories and trade and other receivables with aggregate amount of US\$84.7 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\$6.3 million as compared to US\$3.3 million for the corresponding period in 2022. Capital expenditure was mainly incurred for the purpose of upgrading and renovation of plant and machinery in the 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

Looking ahead in the second half of 2023, the market remains challenged by tightened monetary policies, and the risk of recession may continue to impact consumer confidence. Meanwhile, we have also witnessed a stabilization of global supply chain dynamics and have also been seeing promise in the recovery of the U.S. real estate industry. Samson has been constantly striving to react appropriately, focusing on restoring profitability and improving margins through efficient cost control measures, further digestion of existing inventory, and by driving operational efficiencies across the Group. Our dedication to launching new products and exploring more customers through diverse channels will be reflected in our continuous improvement of product quality and customer-centric approach. Despite the uncertainties, Samson remains optimistic about our growth prospects, underpinned by our steadfast commitment to the long-term strategy.

Leveraging our experienced management team and strategic advantages, Samson has been committed to enhancing and expanding innovative channels that flexibly cater to evolving market demands. Our diversified brand portfolio will be instrumental in enhancing core competitiveness and reaching a broader customer base. By continually improving our core strengths and efficiencies, we are confident in maintaining our competitive edge and pursuing growth opportunities throughout the second half of 2023 and years to come.

Employees and Emolument Policy

As at 30 June 2023, the Group employed approximately 5,100 (30 June 2022: 7,600) full-time employees in Vietnam, the U.S., Bangladesh, the PRC, Indonesia and Taiwan.

For the Period, the total remuneration of employees (including the remuneration of the Company's directors) was approximately US\$57.8 million (six months ended 30 June 2022: US\$66.3 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 achieve 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 resolved not to declare any interim dividend for the Period (six months ended 30 June 2022: HK\$0.01 per share).

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 Manufacturing 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 2022 dated 22 March 2023.

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.

Purchase, Sale or Redemption of the Company’s Listed Securities

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

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 2022: Nil).

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

Other Information (cont'd)

Directors' Interests in Shares and Underlying Shares

As at 30 June 2023, the interests and short positions of the directors or chief executive in the shares and underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of Part XV 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	Interest of corporation controlled by you (<i>Note</i>)	2,146,346,773	70.93%
Ms. Yi-Mei LIU	Interest of corporation controlled by you (<i>Note</i>)	2,146,346,773	70.93%
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 2023.

Substantial Shareholders' Interests in Shares

As at 30 June 2023, the interests and short positions 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 Part XV 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	Interest of corporation controlled by you (<i>Note</i>)	2,146,346,773	70.93%
Advent Group Limited ("Advent")	Beneficial owner	2,146,346,773	70.93%

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
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
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 10 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 2023 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

23 August 2023

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

		For the six months ended 30 June	
	Notes	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
REVENUE	4	215,630	278,995
Cost of sales		(163,010)	(198,997)
Gross profit		52,620	79,998
Other income, gains, losses and expenses		12,503	3,222
Distribution costs		(7,081)	(6,753)
Sales and marketing expenses		(29,725)	(35,167)
Administrative expenses		(23,814)	(28,658)
Share of profit of an associate		17	203
Finance costs		(5,873)	(2,267)
(LOSS)/PROFIT BEFORE TAX	5	(1,353)	10,578
Income tax credit/(expense)	6	230	(2,105)
(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		(1,123)	8,473
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic (in US cent)	8	(0.037)	0.276
– Diluted (in US cent)		(0.037)	0.276

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	(1,123)	8,473
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	419	(2,961)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY OWNERS OF THE PARENT	(704)	5,512

Interim Condensed Consolidated Statement of Financial Position

At 30 June 2023

		30 June 2023 US\$'000 (Unaudited)	31 December 2022 US\$'000 (Audited)
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	9	80,411	79,513
Investment properties		13,181	14,445
Right-of-use assets		66,713	69,538
Goodwill		25,793	25,793
Other intangible assets		4,400	4,400
Investment in an associate		1,304	1,287
Deferred tax assets		12,357	5,912
Long-term bank deposits		–	5,567
Total non-current assets		204,159	206,455
CURRENT ASSETS			
Inventories		123,695	161,793
Trade and other receivables	10	90,842	104,829
Held-for-trading investments	11	81,719	81,633
Tax recoverable		875	2,992
Cash and cash equivalents	12	67,957	58,674
Total current assets		365,088	409,921
CURRENT LIABILITIES			
Trade and other payables	13	45,982	64,465
Interest-bearing bank borrowings	14	151,910	161,813
Lease liabilities		4,497	5,612
Tax payable		17,099	15,263
Total current liabilities		219,488	247,153
NET CURRENT ASSETS		145,600	162,768
TOTAL ASSETS LESS CURRENT LIABILITIES		349,759	369,223

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

At 30 June 2023

	Notes	30 June 2023 US\$'000 (Unaudited)	31 December 2022 US\$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	14	20,129	37,899
Lease liabilities		10,921	12,352
Deferred tax liabilities		7,919	3,605
Total non-current liabilities		38,969	53,856
Net assets		310,790	315,367
EQUITY			
Issued capital	15	151,291	151,291
Reserves		159,499	164,076
Total equity		310,790	315,367

Shan Huei KUO
Director

Yi-Mei LIU
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

		Issued capital US\$'000	Share premium US\$'000	Capital redemption reserve US\$'000	Merger reserve US\$'000	Other reserve US\$'000	Exchange reserve US\$'000	Retained profits US\$'000	Total equity US\$'000
	Notes								
At 1 January 2023 (audited)		151,291	106,050	1,012	1,581	(6,787)	(15,665)	77,885	315,367
Loss for the period		-	-	-	-	-	-	(1,123)	(1,123)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations		-	-	-	-	-	419	-	419
Total comprehensive loss for the period		-	-	-	-	-	419	(1,123)	(704)
Final 2022 dividend	7	-	-	-	-	-	-	(3,873)	(3,873)
At 30 June 2023 (unaudited)		151,291	106,050*	1,012*	1,581*	(6,787)*	(15,246)*	72,889*	310,790
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

* These reserve accounts comprise the consolidated reserves of US\$159,499,000 (31 December 2022: US\$164,076,000) in the interim condensed consolidated statement of financial position as at 30 June 2023.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

		For the six months ended 30 June	
	Note	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Net cash flows from/(used in) operating activities		43,251	(54,061)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,875	1,368
Purchases of items of property, plant and equipment		(6,250)	(3,330)
Proceeds from disposal of items of property, plant and equipment		3,511	37
Purchase of held-for-trading investments		(719)	(408)
Redemption on maturity of held-for-trading investments		683	232
Decrease/(increase) in bank deposits with original maturity of more than three months when acquired		204	(17,934)
Net cash flows from/(used in) investing activities		304	(20,035)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		102,204	125,797
Repayment of bank loans		(129,352)	(51,988)
Principal portion of lease payments		(2,562)	(3,428)
Shares repurchased		–	(3,450)
Dividend paid		(3,873)	(7,792)
Interest paid		(5,490)	(1,738)
Net cash flows (used in)/from financing activities		(39,073)	57,401
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,482	(16,695)
Cash and cash equivalents at the beginning of period		42,895	65,009
Effect of foreign exchange rate changes, net		(562)	103
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		46,815	48,417
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	12	67,957	66,351
Bank deposits with original maturity of more than three months when acquired		(21,142)	(17,934)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows		46,815	48,417

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 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 2022.

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 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below: (continued)

- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any impact on the financial position or performance of the Group.
- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

The Group's revenue arises principally from the manufacturing and sale of furniture.

For the purposes of resources allocation and performance assessment, the Group's 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\$15,431,000 (six months ended 30 June 2022: US\$37,549,000) represents the loss/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 2023

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Sale of furniture	215,474	278,841
<i>Revenue from other sources</i>		
Service fee income	156	154
	215,630	278,995

Revenue from contracts with customers

Disaggregated revenue information

Segment – Furniture

	For the six months ended 30 June	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Types of goods		
Sale of furniture and total revenue from contracts with customers	215,474	278,841
Geographical markets		
The People's Republic of China, including Hong Kong	2,767	4,105
The United States of America (the "U.S.")	203,703	269,413
Others	9,004	5,323
Total revenue from contracts with customers	215,474	278,841
Timing of revenue recognition		
Goods transferred at a point in time and total revenue from contracts with customers	215,474	278,841

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

30 June 2023

4. REVENUE (continued)

Revenue from contracts with customers (continued)

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	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Revenue from contracts with customers		
External customers and total revenue from contracts with customers	215,474	278,841

5. (LOSS)/PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Cost of inventories sold	164,078	197,417
(Reversal of write-down)/write-down of inventories to net realisable value	(1,068)	1,580
Depreciation of investment properties	1,420	1,503
Depreciation of property, plant and equipment	4,660	4,547
Depreciation of right-of-use assets	3,163	3,936
(Reversal of impairment)/impairment of trade receivables, net	(1,286)	1,202
Net (gain)/loss on held-for-trading investments	(2,085)	4,484
(Gain)/loss on disposal of items of property, plant and equipment	(2,856)	20
Bank interest income	(780)	(875)
Foreign exchange differences, net	577	1,197

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

30 June 2023

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 2022: 21%).

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2023 as the Company did not generate any assessable profits arising in Hong Kong during the period. Hong Kong profits tax had been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2022, except for one subsidiary of the Group which was a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary were taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Taiwan income tax is calculated at 20% (six months ended 30 June 2022: 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.

	For the six months ended 30 June	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Current tax:		
The U.S.	54	351
Taiwan	1,813	365
Hong Kong	–	106
Elsewhere	34	48
Deferred tax	(2,131)	1,235
Total tax (credit)/charge for the period	(230)	2,105

7. DIVIDENDS

During the six months ended 30 June 2023, a final dividend of HK\$0.01 per share (six months ended 30 June 2022: HK\$0.02 per share), amounting to approximately HK\$30.3 million (approximately US\$3.9 million) in aggregate, for the year ended 31 December 2022 (six months ended 30 June 2022: 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.

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2023. The Board declared an interim dividend of HK\$0.01 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.

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

30 June 2023

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

The calculation of the basic and diluted (loss)/earnings per share for the period are based on:

	For the six months ended 30 June	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
(Loss)/profit for the period attributable to ordinary equity holders of the parent for the purpose of basic and diluted (loss)/earnings per share calculations	(1,123)	8,473

	For the six months ended 30 June	
	2023 Number of shares	2022 Number of shares
Weighted average number of ordinary shares in issue during the period used in basic and diluted (loss)/earnings per share calculations	3,025,814,773	3,066,086,889

The weighted average number of ordinary shares of 3,066,086,889 in issue during the six months ended 30 June 2022 was adjusted to exclude the shares repurchased during the prior period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired items of property, plant and equipment of US\$6,250,000 (six months ended 30 June 2022: US\$3,330,000). In addition, the Group disposed of certain items of property, plant and equipment with an aggregate carrying amount of US\$655,000 (six months ended 30 June 2022: US\$57,000) for cash proceeds of US\$3,511,000 (six months ended 30 June 2022: US\$37,000), resulting in a gain on disposal of US\$2,856,000 (six months ended 30 June 2022: loss on disposal of US\$20,000).

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

30 June 2023

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:

	30 June 2023 US\$'000 (Unaudited)	31 December 2022 US\$'000 (Audited)
Trade receivables:		
Within 1 month	36,603	24,035
1 to 2 months	13,893	15,612
Over 2 months	8,363	29,573
	58,859	69,220
Other receivables and prepayments	31,983	35,609
	90,842	104,829

11. HELD-FOR-TRADING INVESTMENTS

	30 June 2023 US\$'000 (Unaudited)	31 December 2022 US\$'000 (Audited)
Debt securities, at fair value:		
Listed in Hong Kong with average yield rate of 3.41% to 3.42% and maturity from March 2025 to January 2028	1,084	1,234
Listed in Singapore with average yield rate of 3.53% to 3.71% and maturity from July 2023 to August 2030	3,026	3,251
Listed in other jurisdictions with average yield rate of 3.04% to 3.74% and maturity from January 2024 to September 2080	2,807	2,244
Investment fund portfolio A, at fair value (<i>Note</i>)	74,182	74,287
Investment fund portfolio B, at fair value (<i>Note</i>)	215	212
Investment fund portfolio C, at fair value (<i>Note</i>)	171	171
Investment fund portfolio D, at fair value (<i>Note</i>)	234	234
	81,719	81,633

The above investments as at 30 June 2023 and 31 December 2022 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 2023

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 2023, the Group received dividend of US\$1,959,000 (six months ended 30 June 2022: US\$385,000) 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 2023, the Group holds 80,500 units (31 December 2022: 80,500 units) of investment fund portfolio A which accounted for approximately 13.0% (31 December 2022: 12.1%) of the total assets of the Group, and the unrealised loss of investment fund portfolio A amounted to US\$105,000 was charged to statement of profit or loss during the six months ended 30 June 2023 (six months ended 30 June 2022: unrealised loss of US\$4,164,000). 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

	30 June 2023 US\$'000 (Unaudited)	31 December 2022 US\$'000 (Audited)
Cash and bank balances	46,815	42,895
Time deposits	21,142	21,346
	67,957	64,241
Less: long-term bank deposits	—	(5,567)
Cash and cash equivalents	67,957	58,674

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:

	30 June 2023 US\$'000 (Unaudited)	31 December 2022 US\$'000 (Audited)
Trade payables:		
Within 1 month	8,527	8,559
1 to 2 months	1,411	1,950
Over 2 months	4,719	5,206
	14,657	15,715
Other payables and accruals	31,325	48,750
	45,982	64,465

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

30 June 2023

14. INTEREST-BEARING BANK BORROWINGS

	30 June 2023			31 December 2022		
	Effective interest rate (%)	Maturity	US\$'000 (Unaudited)	Effective interest rate (%)	Maturity	US\$'000 (Audited)
Current						
Bank loans – unsecured	3.90 – 6.40	2024	121,910	2.30 – 5.80	2023	136,855
Bank loans – secured	6.65	2024	30,000	6.75	2023	24,958
			<u>151,910</u>			<u>161,813</u>
Non-current						
Bank loans – unsecured	1.00 – 6.40	2024 – 2025	20,129	1.00 – 5.80	2024 – 2025	37,899
			<u>172,039</u>			<u>199,712</u>

15. SHARE CAPITAL

	Number of shares	Nominal value US\$'000
Ordinary shares of US\$0.05 each		
Authorised:		
At 31 December 2022 and 30 June 2023	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 2022,				
1 January 2023 and 30 June 2023	3,025,814,773	151,291	106,050	257,341

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

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 new 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 2022, 1 January 2023 and 30 June 2023.

During the six months ended 30 June 2023, there was no share options granted (six months ended 30 June 2022: Nil), and the Group did not recognise any share option expense (six months ended 30 June 2022: Nil).

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

30 June 2023

17. CONTINGENT LIABILITY

As at 30 June 2023, the Group has contingent liability arising from the recall arrangement (the "Recall Arrangement") in relation to a product recall in the U.S. in 2022, 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:

	30 June 2023 US\$'000 (Unaudited)	31 December 2022 US\$'000 (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted, but not provided for, in the unaudited interim condensed consolidated financial information	2,591	3,480

19. RELATED PARTY TRANSACTIONS

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

Name of related company	Nature of transaction	For the six months ended 30 June	
		2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Samson Global Co., Ltd.	Rental paid	20	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.

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

30 June 2023

19. RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

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

	For the six months ended 30 June	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Short-term benefits	472	472

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.

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 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	Held for trading US\$'000 (Unaudited)	US\$'000 (Unaudited)	US\$'000 (Unaudited)
Trade receivables	–	58,859	58,859
Financial assets included in other receivables and prepayments	–	23,315	23,315
Held-for-trading investments	81,719	–	81,719
Cash and cash equivalents	–	67,957	67,957
	81,719	150,131	231,850

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

30 June 2023

20. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

As at 30 June 2023 (continued)

Financial liabilities

	Financial liabilities at amortised cost US\$'000 (Unaudited)
Trade payables	14,657
Financial liabilities included in other payables and accruals	14,430
Interest-bearing bank borrowings	172,039
Lease liabilities	15,418
	216,544

As at 31 December 2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	Held for trading US\$'000 (Audited)	cost US\$'000 (Audited)	Total US\$'000 (Audited)
Long-term bank deposits	–	5,567	5,567
Trade receivables	–	69,220	69,220
Financial assets included in other receivables and prepayments	–	26,229	26,229
Held-for-trading investments	81,633	–	81,633
Cash and cash equivalents	–	58,674	58,674
	81,633	159,690	241,323

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

30 June 2023

20. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

As at 31 December 2022 (continued)

Financial liabilities

	Financial liabilities at amortised cost US\$'000 (Audited)
Trade payables	15,715
Financial liabilities included in other payables and accruals	16,761
Interest-bearing bank borrowings	199,712
Lease liabilities	17,964
	<hr/>
	250,152

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 2023 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.

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

30 June 2023

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

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	
As at 30 June 2023			
Held-for-trading investments	6,917	74,802	81,719
As at 31 December 2022			
Held-for-trading investments	6,729	74,904	81,633

The Group did not have any financial liabilities measured at fair value as at 30 June 2023 and 31 December 2022.

During the six months ended 30 June 2023, 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 2022: 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 23 August 2023.