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Lever Style Corporation

利華控股集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1346)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Lever Style Corporation (the “**Company**”) would like to announce the audited consolidated financial results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2021.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>NOTES</i>	2022 <i>US\$</i>	2021 <i>US\$</i>
Revenue	3	217,209,081	143,687,303
Cost of sales		(155,633,800)	(104,013,139)
		<hr/>	<hr/>
Gross profit		61,575,281	39,674,164
Other income		563,549	435,980
Other gains and losses		(41,755)	(120,805)
Impairment loss on trade receivables under expected credit loss model, net of reversal		(1,752,560)	(36,473)
Impairment loss on intangible asset		(2,846,406)	–
Fair value change on contingent consideration		1,590,734	–
Selling and distribution expenses		(22,307,915)	(19,968,812)
Administrative expenses		(17,915,251)	(14,082,580)
Finance costs		(1,280,139)	(605,064)
		<hr/>	<hr/>
Profit before tax	5	17,585,538	5,296,410
Income tax charge	4	(3,072,199)	(978,533)
		<hr/>	<hr/>
Profit for the year		14,513,339	4,317,877
		<hr/>	<hr/>
Other comprehensive (expenses)/income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(550,950)	117,341
		<hr/>	<hr/>
Total comprehensive income for the year		13,962,389	4,435,218
		<hr/> <hr/>	<hr/> <hr/>

	<i>NOTES</i>	2022 <i>US\$</i>	2021 <i>US\$</i>
Profit (loss) for the year attributable to:			
Owners of the company		14,517,391	4,317,877
Non-controlling interests		(4,052)	–
		<u>14,513,339</u>	<u>4,317,877</u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		13,966,315	4,435,218
Non-controlling interests		(3,926)	–
		<u>13,962,389</u>	<u>4,435,218</u>
Earnings per share (<i>US cents</i>)	6		
– basic		<u>2.28</u>	<u>0.68</u>
– diluted		<u>2.28</u>	<u>0.68</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2022

		2022	2021
	<i>NOTES</i>	<i>US\$</i>	<i>US\$</i>
Non-current assets			
Plant and equipment		1,862,520	2,165,596
Right-of-use assets		2,091,250	3,211,860
Intangible assets		1,830,273	5,119,030
Deposit paid for plant and equipment		22,827	21,675
Deposit paid for investments		277,466	–
Other receivables		1,108,734	–
Deferred tax assets		135,847	156,080
		<u>7,328,917</u>	<u>10,674,241</u>
Current assets			
Inventories		14,464,428	20,474,856
Trade and bills receivables	8	25,046,126	11,866,641
Trade receivables at fair value through other comprehensive income		1,036,043	6,369,640
Deposits, prepayments and other receivables		19,631,739	17,249,049
Derivative financial instruments		–	54,682
Tax recoverable		–	44,982
Bank balances and cash		23,523,515	19,866,056
		<u>83,701,851</u>	<u>75,925,906</u>
Current liabilities			
Trade and bills payables	9	18,398,121	16,230,329
Other payables and accruals		6,292,726	3,336,590
Contract liabilities		2,991,529	1,811,234
Lease liabilities		857,544	838,084
Tax payable		2,483,393	711,442
Derivative financial instruments		42,051	–
Bank borrowings		10,727,160	24,599,562
		<u>41,792,524</u>	<u>47,527,241</u>
Net current assets		<u>41,909,327</u>	<u>28,398,665</u>
Total assets less current liabilities		<u>49,238,244</u>	<u>39,072,906</u>

	2022 <i>US\$</i>	2021 <i>US\$</i>
Non-current liabilities		
Lease liabilities	1,469,439	2,644,250
Other payables	–	482,000
Deferred tax liabilities	<u>9,870</u>	<u>103,186</u>
	<u>1,479,309</u>	<u>3,229,436</u>
	<u>47,758,935</u>	<u>35,843,470</u>
Capital and reserves		
Share capital	820,640	820,640
Reserves	46,899,146	35,022,830
Equity attributable to owners of the Company	47,719,786	35,843,470
Non-controlling interests	<u>39,149</u>	<u>–</u>
	<u>47,758,935</u>	<u>35,843,470</u>

NOTES:

1. GENERAL INFORMATION

Lever Style Corporation (the “**Company**”) is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The addresses of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is Room 76, Flat A, 7/F., Wing Tai Centre, 12 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong.

Its immediate and ultimate holding company are Lever Style Holdings Limited and Imaginative Company Limited respectively. The ultimate controlling shareholder of the Group is Mr. SZETO Chi Yan Stanley (“**Mr. SZETO**”) who has been the controlling shareholder of the Group (the “**Controlling Shareholder**”).

The Company is an investment holding company.

The consolidated financial statements are presented in United States dollars (“**US\$**”), which is the same as the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the trading of garment. The Group's revenue represents the amounts received and receivable from the sales of garment to external customers. All revenue is recognised at a point in time when the customers obtain control of goods delivered.

The Group sells garment products to notable digitally native and conventional customers. Revenue is recognised when control of goods has transferred, that is, when the goods have been shipped to the customers' specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The contracts for sales of garment products are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

Information reported to Mr. SZETO, being the chief operating decision maker of the Company, in order to allocate resources and to assess performance, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is reviewed. Accordingly, no operating segment information is presented and only entity-wide disclosures as below are presented.

Types of goods

Set out below is the breakdown of revenue by apparel categories during the year:

	2022 US\$	2021 US\$
Bottoms	66,008,529	34,181,353
Outerwear	48,158,386	42,252,183
Shirts	45,101,211	32,085,009
Suit	19,477,968	7,018,762
Soft Woven	13,316,807	6,481,911
Knit	9,314,911	9,780,348
Sweater	6,796,924	6,350,385
Others	9,034,345	5,537,352
Total	<u>217,209,081</u>	<u>143,687,303</u>

Geographical information

Information about the Group's revenue from external customers is presented based on the home country (location of customers' headquarters) of customer's brands.

	2022 US\$	2021 US\$
United States of America	136,417,763	78,819,295
Europe	41,610,985	30,185,876
Oceania	16,665,860	8,960,548
Greater China [#]	8,705,122	14,236,666
Others	13,809,351	11,484,918
Total	<u>217,209,081</u>	<u>143,687,303</u>

[#] Greater China primarily includes the PRC, Hong Kong, Macau and Taiwan.

All of the Group's identifiable non-current assets are located in the PRC and Hong Kong.

Information about major customers

All of the Group's revenue are made directly with the customers and the contracts with the Group's customers are mainly short-term and at fixed price.

Revenue from individual customer contributing over 10% of the total revenue of the Group is as follows:

	2022 US\$	2021 US\$
Customer A	41,886,067	19,633,124
Customer B	N/A [#]	14,931,530

[#] The corresponding revenue did not contribute over 10% of the total revenue for the respective year.

4. INCOME TAX CHARGE

	2022 US\$	2021 US\$
Hong Kong Profits Tax:		
– Current tax	3,039,800	766,688
– Over provision in prior years	(47,032)	(21,062)
	<u>2,992,768</u>	<u>745,626</u>
PRC Enterprise Income Tax (“EIT”)		
– Current tax	147,074	111,276
– Under provision in prior years	5,440	15,220
	<u>152,514</u>	<u>126,496</u>
Deferred tax	<u>(73,083)</u>	<u>106,411</u>
	<u><u>3,072,199</u></u>	<u><u>978,533</u></u>

Hong Kong Profits Tax for both periods is calculated at 16.5% of the estimated assessable profits for the period, except for one subsidiary of the Group of Lever Style Limited which is a qualifying corporation under the two-tiered profits tax rates regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Under the Law of the PRC on Enterprise Income tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. The Group's subsidiary, 利華服飾智造(深圳)有限公司 is qualified as Small Low-profit Enterprises with annual taxable income less than Renminbi (“RMB”) 3 million. The portion of annual taxable income amount of a small low-profit enterprise which does not exceed RMB1 million shall be computed at a reduced rate of 12.5% of taxable income amount and be subject to enterprise income tax at 20% tax rate; the portion of annual taxable income amount which exceeds RMB1 million but does not exceed RMB3 million shall be computed at a reduced rate of 25% of taxable income amount, and be subject to enterprise income tax at 20% tax rate. 利華設計院(深圳)有限公司 is eligible for income tax rate at 15% under the corporate income tax policy, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Enterprise Income Tax Preferential Catalogue (2021 Edition) for both years.

Save as disclosed above, the Group is not subject to taxation in any other jurisdictions for both years.

5. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging and crediting:

	2022 US\$	2021 US\$
Directors' remuneration	1,873,295	1,231,448
Other staff costs		
– Salaries and other allowances	14,388,486	10,733,098
– Share based payment expense	117,340	35,865
– Redundancy cost	299,368	57,875
– Retirement benefit scheme contributions	1,777,783	1,653,621
	<u>18,456,272</u>	<u>13,711,907</u>
Total staff costs		
Auditor's remuneration	308,092	321,049
Cost of inventories charged to profit or loss including net reversal of allowance for obsolete inventories of nil (2021: US\$59,086)	155,633,800	104,013,139
Impairment loss on intangible assets	2,846,406	–
Fair value change on contingent consideration	(1,590,734)	–
Depreciation of plant and equipment	528,460	591,045
Depreciation of right-of-use assets	876,881	900,626
Amortization of intangible assets (included in selling and distribution expenses)	442,351	115,172
Expense relating to short-term leases	217,544	175,388
	<u><u>18,456,272</u></u>	<u><u>13,711,907</u></u>

6. EARNINGS PER SHARE

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

	2022 US\$	2021 US\$
Earnings:		
Profit for the year for the purposes of calculating basic and diluted earnings per share	<u>14,517,391</u>	<u>4,317,877</u>
	2022	2021
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	636,389,271	639,100,000
Effect of dilutive potential ordinary shares: Share Award Scheme	<u>994,466</u>	<u>–</u>
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	<u>637,383,737</u>	<u>639,100,000</u>

Shares purchased under the share-award scheme are deducted from the total number of shares in issue for the purpose of calculating earnings per share.

Computation of diluted earnings per share for the year ended 31 December 2022 and 2021 did not assume the exercise of the Company's share option because the exercise price of those option was higher than the average market price for shares from the date of grant.

7. DIVIDENDS

	2022 US\$	2021 US\$
Final, paid HK2.5 cents per ordinary share for 2021 (2021: 2020 final nil)	<u>2,036,316</u>	<u>–</u>

Subsequent to the end of the Reporting Period, a final dividend of HK8.5 cents per ordinary share was proposed by the directors of the Company for the year ended 31 December 2022.

8. TRADE AND BILLS RECEIVABLES

	2022 US\$	2021 US\$
Trade receivables – contracts with customers	26,909,046	11,942,123
Less: allowance for expected credit losses	<u>(1,862,920)</u>	<u>(177,490)</u>
	25,046,126	11,764,633
Bills receivables	<u>–</u>	<u>102,008</u>
	<u>25,046,126</u>	<u>11,866,641</u>

The Group allows credit period of 30 to 60 days to its customers.

The following is an aged analysis of trade receivables presented based on the invoice dates at the end of each reporting period.

	2022 US\$	2021 US\$
0 to 30 days	17,871,336	8,312,586
31 to 60 days	4,676,576	2,144,141
Over 60 days	<u>2,498,214</u>	<u>1,307,906</u>
	<u>25,046,126</u>	<u>11,764,633</u>

9. TRADE AND BILLS PAYABLES

	2022 <i>US\$</i>	2021 <i>US\$</i>
Trade payables	18,398,121	15,917,895
Bills payables	—	312,434
	<u>18,398,121</u>	<u>16,230,329</u>

The credit period on trade payables was up to 60 days. All bills payables are with a maturity period of less than one year.

The following is an aged analysis of trade payables presented based on the invoice dates at the end of each reporting period.

	2022 <i>US\$</i>	2021 <i>US\$</i>
0 to 30 days	18,007,390	15,535,180
31 to 60 days	43,055	260,114
Over 60 days	347,676	122,601
	<u>18,398,121</u>	<u>15,917,895</u>

REVIEW AND FUTURE PROSPECTS

Record results

Revenue of the Group increased approximately 51.2% as compared to the last year to a record high of approximately US\$217.2 million for the Reporting Period. The profit for the year for the Reporting Period was approximately 3.4 times of last year's, reaching a record high of approximately US\$14.5 million for the Reporting Period. Our balance sheet has a net cash position for the first time, with book value reaching approximately US\$47.8 million. This occurred even when most economies in our key markets slowed in the second half of the Reporting Period.

Since the COVID-avaged year in 2020, our revenues have grown approximately 147.6% over the past two years. While the post-COVID rebound in consumer demand certainly helped, it was our inherent competitive advantages that propelled us.

Tech-enabled supply chain

We are evolving into a leading tech-enabled apparel supply chain platform. Our rapidly-expanding client base and business volume in key product categories such as pants have attracted an increasing number of factory partners with complementary capabilities onto our platform. We currently support more than 100 brands, backed up by around 100 factory partners.

Coupled with being tech-enabled, our asset-light business model allowed us to accommodate much higher demand growth during the Reporting Period yielding exceptional results. In China, as production fled in 2022 due to COVID lockdowns and geopolitical tensions (e.g. Xinjiang cotton), we were able to almost double our Vietnam production volume in just one year from 2021 to 2022. This would not be possible if we were constrained by our own factories' capacities.

As the world becomes increasingly unpredictable and disruptive from fluctuating economic conditions, changing consumer demand and the impact of warring nations, the agility advantage of our supply chain model is becoming even more apparent to our customers.

One-stop-shop

With the five acquisitions made in 2020–21 fully integrated, we now have the capability to produce most apparel products, across different product categories. Our one-stop-shop offering to customers who are lifestyle or activewear brands that sell many apparel product categories helps our customers reduce their supply chain complexity.

Digitalization investments

As we continue to expand our supply chain platform, our focus will be to continue to digitalize all aspects of our platform to be faster, more responsive and more agile for our customers.

We believe bringing in talent to drive and execute our digital transformation strategy is key. William Tan and Junfeng Liang, senior executives with digital transformation experience from multiple digital platform companies, are joining us to anchor our tech leadership team.

Digital talent and infrastructure require investments which we are committed to make. With strong growth and profitability in the core business, we believe now is the right time to accelerate this investment, even if the increased overhead will affect our earnings in the short term.

2023 slowdown

As consumer demand rebounded while the supply chain broke down through the first half of 2022, brands and retailers ordered goods early and in high quantities, based on their projections that post-COVID rebound would continue. With post-COVID rebound tapering off in around mid-2022, goods arriving in retailers' warehouses since that time have exceptionally exceeded demand, causing significant inventory pile up.

Industry-wide, there is a glut of inventory causing brands and retailers to curtail their buying in recent months; to the extent that major economies may fall into recession with consumer demand further decreased, the drop in orders for new goods may be even more severe.

Although we have had a track record of outperforming the industry in recent years, we anticipate we will not be immune from the industry-wide demand drop-off, and accordingly our organic growth in 2023 will be most likely be substantially more modest.

This inventory glut is also tying up working capital and creating cashflow issues for many brands and retailers. To stave off bad debt problems, we have further tightened already conservative credit risk controls. Our unwillingness to extend payment terms to uninsured customers has been increasingly resulting in the loss of orders or even customers, further limiting our organic growth potential.

M&A Outlook

With 2023 shaping up to be an exceptionally difficult year for the entire industry, more apparel company owners will see the benefit of partnering their businesses with stronger companies, and seeking buyers.

With a strong balance sheet, a net cash position, and ample debt capacity, and with lessons learned from the previous 5 acquisitions made during COVID, we are in an ideal position to take advantage of mergers and acquisitions opportunities to further scale our business.

Conclusion

We are proud of what we achieved in 2022, and we are excited to be building a premier tech-enabled apparel supply chain platform. While many others in the apparel industry see headaches in 2023, we see opportunity.

We hope to grow organically and through mergers and acquisitions to accelerate our impact, strengthen our one-stop-shop offering and drive our digital transformation in earnest.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by approximately 51.2% from approximately US\$143.7 million in 2021 to approximately US\$217.2 million in 2022. The increase was primarily attributable to: (1) the continuation of the post-COVID rebound in the West's apparel demand; (2) our success at winning new customers; and (3) our market share growth in our customers' procurement mix, which is due to our industry-leading product range and our ability to cater to new retail's needs for flexibility in speed, order quantities and country of origin. Revenue was derived from the supply of multi-category apparel products to our customers with product development through production management to distribution logistics.

Cost of sales

Our cost of sales mainly comprises material costs and subcontracting fees. Cost of sales increased by approximately 49.6% from approximately US\$104.0 million in 2021 to approximately US\$155.6 million in 2022. Cost of sales as a percentage of total revenue decreased from approximately 72.4% in 2021 to approximately 71.7% in 2022.

Gross profit and gross profit margin

Our gross profit increased from approximately US\$39.7 million in 2021 to approximately US\$61.6 million in 2022, representing an increase of approximately 55.2%, along with the business growth. Gross profit margin was maintained at a relatively stable level and slightly increased from approximately 27.6% in 2021 to approximately 28.3% in 2022.

Profit for the year

The Group recorded a net profit of approximately US\$14.5 million for the year ended 31 December 2022, as compared to approximately US\$4.3 million for the year ended 31 December 2021.

Increase of approximately US\$10.2 million in net profit compared to 2021 was mainly attributable to the following factors:

- gross profit increased by approximately 55.2% from approximately US\$39.7 million in 2021 to approximately US\$61.6 million in 2022; selling and distribution expenses increased from approximately US\$20.0 million in 2021 to approximately US\$22.3 million in 2022 as a result of business growth; administrative expenses increased from approximately US\$14.1 million in 2021 to approximately US\$17.9 million in 2022, owing to the Group's continuous development and optimization in staff benefit program to retain and attract new talents;
- finance cost increased from approximately US\$0.6 million in 2021 to approximately US\$1.3 million in 2022 due to increase in bank interest rates during the year;
- an impairment loss of unsatisfied performance of an intangible asset of approximately US\$2.8 million which partially offset by fair value gain on contingent consideration of approximately US\$1.6 million with reference to an independent valuation report as at 31 December 2022; and
- an impairment loss on trade receivables on certain customers. Legal action is being implemented to recover the loss.

With the revenue growth of approximately 51.2%, the profit for the year increased by approximately 2.4 times. A net cash position of approximately US\$12.8 million was recorded in 2022 whilst a net debt of approximately US\$4.7 million was recorded in 2021. Our flexible asset-light business model is proven to be successful with such results and improvements.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains a healthy financial position. Cash and cash equivalents of the Group as at 31 December 2022 were approximately US\$23.5 million (2021: US\$19.9 million). As at 31 December 2022, the Group had net current assets of approximately US\$41.9 million. Compared to approximately US\$28.4 million as at 31 December 2021, it represented an increase of approximately US\$13.5 million. The current ratio for 2022 was approximately 2.0 times whilst it was approximately 1.6 times for 2021 which remained at a relatively healthy position.

The Group obtained bank facilities to fulfil our working capital requirements and to finance our purchase of raw materials and payments to contract manufacturers. As at 31 December 2022, the Group had available banking facilities of approximately US\$55.9 million. Out of the total available banking facilities, we had unutilized banking facilities amounted for approximately US\$42.7 million. The amount of available bank facilities is considered sufficient for the Group's operation.

GEARING RATIO

Equity attributable to the Company amounted to approximately US\$47.7 million at 31 December 2022 (2021: US\$35.8 million). As at 31 December 2022, the gearing ratio of the Group was approximately 22.5% (2021: 68.6%). Gearing ratio is calculated based on the total debts (bank borrowings) divided by the total equity at the end of the year. The decrease in gearing ratio for 2022 was mainly due to decrease in bank borrowings.

With the favorable cash and cash equivalents position of the Group, it has led to a net debt to equity ratio (total debts net of cash and bank balances divided by total equity at end of year) of approximately -26.8% in 2022 (2021: 13.2%).

CONTINGENT LIABILITIES

As at 31 December 2022, the Group had no material contingent liability (2021: Nil).

EMPLOYEES AND REMUNERATION

As at 31 December 2022, the Group employed a total of 338 full-time employees (2021: 341 employees). For the year ended 31 December 2022, the aggregate remuneration of the Group's employees (including Directors' remuneration) remained stable at approximately US\$18.5 million (2021: US\$13.7 million).

The Company recognises the employees as one of the Group's most important assets. The Company strongly believes in hiring the right talent, nurturing and retaining them. The Group remunerates its staff according to their performance, qualifications and industry practices, and conducts regular reviews of its remuneration policy. Employees may receive bonuses and monetary rewards based on their performance and ratings in annual performance appraisals. The Group also offers rewards or other incentives to motivate the personal growth and career development of employees. The Company adopted the share option scheme and co-ownership share award scheme with the objectives to recognise contributions made by the eligible employees, to motivate career development and to retain the eligible employees for the continual operation, growth and future development of the Group.

FINAL DIVIDEND

The Board has resolved to propose a final dividend of HK8.5 cents (2021: HK2.5 cents) per ordinary share in total of approximately HK\$54.3 million (equivalent to approximately US\$7.0 million) for the year ended 31 December 2022, representing a distribution of approximately 48.0% of the Group's net profit for the year ended 31 December 2022.

The proposed final dividend payment is subject to approval by the shareholders at the forthcoming annual general meeting ("AGM") to be held on Tuesday, 13 June 2023. If approved by shareholders, the proposed final dividend is expected to be paid on or before Friday, 30 June 2023 to shareholders whose names appear on the register of members of the Company on Friday, 23 June 2023.

CLOSURE OF REGISTER OF MEMBERS FOR ENTITLEMENT TO ATTEND AND VOTE AT ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 13 June 2023. Notice of the AGM will be sent to shareholders in due course. For the purpose of determining shareholder's eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 8 June 2023 to Tuesday, 13 June 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 7 June 2023.

For the purpose of ascertaining shareholders' entitlement to the proposed final dividend (subject to the approval of the shareholders at the AGM), the register of members of the Company will be closed from Wednesday, 21 June 2023 to Friday, 23 June 2023, both days inclusive, during which period no transfer of shares will be registered. To qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 20 June 2023.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions in the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. The Board considers that the Company has complied with all the code provisions of the CG Code during the year ended 31 December 2022.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by directors of Listing Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. Upon specific enquiries being made of all Directors, each of them has confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 December 2022. The Group has established written guidelines for relevant employees in respect of securities transactions. No incident of non-compliance with the written guidelines was noted during the year ended 31 December 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Apart from the Company's shares purchased under the share-award scheme of the Company, neither the Company nor any of its subsidiaries had purchased, repurchased, sold or redeemed any of the Company's shares during the years ended 31 December 2022.

EVENTS OCCURRING AFTER END OF 2022

There was no event after the Reporting Period that required to be disclosed.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 28 March 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

AUDIT COMMITTEE AND REVIEW ON THE ANNUAL RESULTS

The Company has established an Audit Committee on 12 October 2019 in compliance with the CG Code with written terms of reference. As at the date of this announcement, the Audit Committee has four members, namely Mr. SEE Tak Wah, Mr. ANDERSEN Dee Allen, Ms. KESEBI Lale, and Mr. LIU Gary, all of whom are independent non-executive Directors. Mr. SEE Tak Wah is the chairman of the Audit Committee and possesses the appropriate professional qualifications. The primary duties of the Audit Committee are to oversee the financial reporting system and internal control system of the Group, oversee the audit process, review and oversee the existing and potential risks of the Group and perform other duties and responsibilities as assigned by the Board. The Audit Committee of the Company, together with the management of the Company and the external auditor, reviewed both the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2022.

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee on 12 October 2019 in compliance with the CG Code with written terms of reference. As at the date of this announcement, the Remuneration Committee has five members, Mr. ANDERSEN Dee Allen (an independent non-executive Director), Mr. SEE Tak Wah (an independent non-executive Director), Mr. SZETO Chi Yan Stanley (an executive Director), Ms. KESEBI Lale (an independent non-executive Director), and Mr. LIU Gary (an independent non-executive Director). Mr.

ANDERSEN Dee Allen is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish, review and make recommendations to the Board on our Company's policy and structure concerning remuneration of the Directors and senior management, on the diversity policy of the Board and senior management, on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, determine the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

NOMINATION COMMITTEE

The Company has established a Nomination Committee on 12 October 2019 in compliance with the CG Code with written terms of reference. As at the date of this announcement, the Nomination Committee has five members, Mr. SZETO Chi Yan Stanley (an executive Director), Mr. SEE Tak Wah (an independent non-executive Director), Mr. ANDERSEN Dee Allen (an independent non-executive Director), Ms. KESEBI Lale (an independent non-executive Director) and Mr. LIU Gary (an independent non-executive Director). Mr. SZETO Chi Yan Stanley is the chairman of Nomination Committee. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board; assess the independence of the independent non-executive Directors and make recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors, recommend to the Board suitably qualified persons to become a member of the Board and to review the structure, size, composition of the Board and board diversity on a regular basis and as required.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement is published on the websites of the Company (www.leverstyle.com) and the Stock Exchange (www.hkexnews.hk), and the annual report of the Company for the year ended 31 December 2022 will be dispatched to shareholders and published on the above websites in due course.

On behalf of the Board
Lever Style Corporation
SZETO Chi Yan Stanley
Chairman and Executive Director

Hong Kong, 28 March 2023

As at the date of this announcement, the Board comprises (i) Mr. SZETO Chi Yan Stanley (Chairman), Dr. CHAN Yuk Mau Eddie and Mr. LEE Yiu Ming as executive Directors; and (ii) Mr. SEE Tak Wah, Mr. ANDERSEN Dee Allen, Ms. KESEBI Lale and Mr. LIU Gary as independent non-executive Directors.