

# 藍月亮集團控股有限公司

Blue Moon Group Holdings Limited

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

Stock Code : 6993



# 藍月亮

INTERIM REPORT  
2024



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# CORPORATE INFORMATION & FINANCIAL CALENDAR

## Board of Directors

### Executive Directors

Ms. PAN Dong (*Chairman*)  
Mr. LUO Qiuping (*Chief Executive Officer*)  
Ms. LUO Dong  
Mr. POON Kwok Leung  
Ms. XIAO Haishan

### Independent Non-executive Directors

Mr. Bruno Robert MERCIER  
Ms. NGAN Edith Manling  
Mr. HU Yebi

### Authorised Representatives

Ms. PAN Dong  
Mr. POON Kwok Leung

### Audit Committee

Ms. NGAN Edith Manling (*Chairman*)  
Mr. Bruno Robert MERCIER  
Mr. HU Yebi

### Remuneration Committee

Mr. HU Yebi (*Chairman*)  
Ms. PAN Dong  
Ms. XIAO Haishan  
Mr. Bruno Robert MERCIER  
Ms. NGAN Edith Manling

### Nomination Committee

Ms. PAN Dong (*Chairman*)  
Mr. Bruno Robert MERCIER  
Mr. HU Yebi

### Company Secretary

Mr. POON Kwok Leung, CPA

## Auditor

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
22/F, Prince's Building  
Central, Hong Kong

## Legal Advisers

Norton Rose Fulbright Hong Kong  
38/F, Jardine House  
1 Connaught Place  
Central, Hong Kong

## Compliance Adviser

Somerley Capital Limited  
20/F., China Building  
29 Queen's Road Central  
Hong Kong

## Registered Office

Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman  
KY1-1111, Cayman Islands

## Principal Share Registrar and Transfer Agent in the Cayman Islands

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman  
KY1-1111, Cayman Islands



# CORPORATE INFORMATION & FINANCIAL CALENDAR

## Key Dates for 2024 Interim Results and Interim Dividend

### Publication Dates

Interim results announcement	22 August 2024
Interim report available online:	20 September 2024
- Website of the Company	<a href="http://www.bluemoon.com.cn">www.bluemoon.com.cn</a>
- Website of the Stock Exchange	<a href="http://www.hkexnews.hk">www.hkexnews.hk</a>

### Dividend-related Dates

Ex-dividend date	9 September 2024
Latest time to lodge transfer documents for registration with share registrar for determining entitlement to the dividend	At 4:30 p.m. on 10 September 2024
Book close period	From 11 to 13 September 2024
Payment date	23 September 2024

## Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited

Address: Shops 1712-1716, 17th Floor,  
Hopewell Centre, 183 Queen's Road East,  
Wanchai, Hong Kong

Telephone: (852) 2862 8628

Facsimile: (852) 2865 0990

Enquiries: [www.computershare.com/hk/en/online\\_](http://www.computershare.com/hk/en/online_feedback)  
feedback

## Stock Code

Stock Exchange of Hong Kong : 6993

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Huangpu District, Guangzhou,  
the People's Republic of China

Principal Place of: Unit 4606, 46/F, COSCO Tower,  
Business in Grand Millennium Plaza,  
Hong Kong No. 183 Queen's Road Central,  
Hong Kong

Telephone: (852) 3182 0111

Facsimile: (852) 3182 0120



## COMPANY HIGHLIGHTS

### Corporate Profile

Since the establishment of the Blue Moon brand in 1992, Blue Moon Group Holdings Limited (the “**Company**”), and its subsidiaries (collectively, the “**Group**”) has developed as a consumer-centric and innovative household cleaning solutions provider. In 2020, Blue Moon Group Holdings Limited was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) under the stock code 6993.

Through the Group’s relentless efforts in providing its consumers top quality products for fabric care, personal hygiene and home care products, the Group’s products have earned positive reception and recognition from customers. The Group’s liquid laundry detergent and liquid soap have ranked first in the China Brand Power Index for 14 consecutive years (2011-2024)<sup>1</sup>. Its liquid detergent and liquid soap have ranked first in comprehensive market share among similar products for 15 consecutive years (2009-2023) and 12 consecutive years (2012-2023) respectively<sup>2</sup>.

Committed to “providing cleaning solutions with heart and soul” and insisting on technological innovation, the Group has contributed to the laundry industry of the People’s Republic of China (“**China**” or the “**PRC**”) by leading two significant product upgrades, specifically from “washing powder” to “liquid laundry detergent” and from “ordinary liquid laundry detergent” to “concentrated liquid laundry detergent”. In 2008, the Group took the lead in promoting liquid laundry detergents across China, changing the laundry habits of more than a billion of Chinese people and creating a new era of “liquid” laundry detergents in China. Moreover, in 2015, the Group overcame technical difficulties and launched the first product with a measurable dispensing pump in China – “Concentrated Plus” Zhizun Machine Wash Liquid Laundry Detergent, which once again revolutionised China’s laundry market.

The Group resolutely continues to optimise its product mix and enrich its product range based on consumer demand. At present, the Group has a diversified product portfolio covering three major product categories: fabric care products, personal hygiene products and home care products, which have helped consumers to quickly and easily resolve their cleaning problems and enjoy a clean and healthy lifestyle.

In the future, the Group will continue to provide consumers with high-quality products, superior services and professional consultation, so that every family can attain a clean, healthy, comfortable, respectable and happy lifestyle.

#### Notes

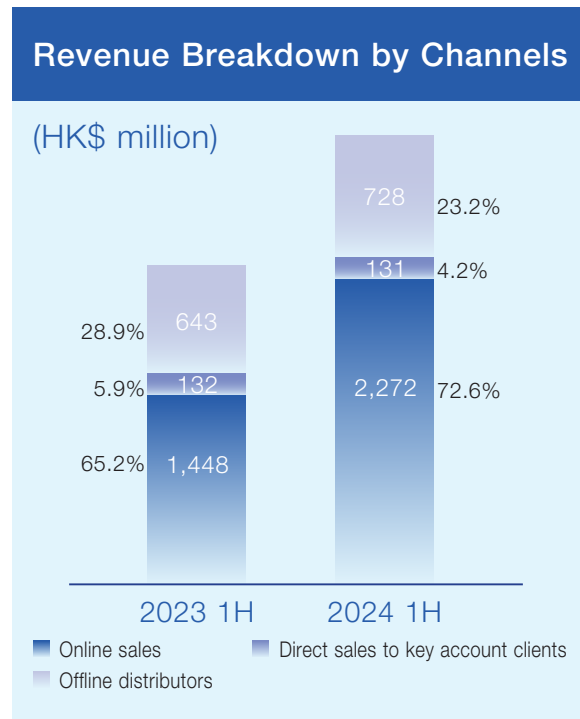
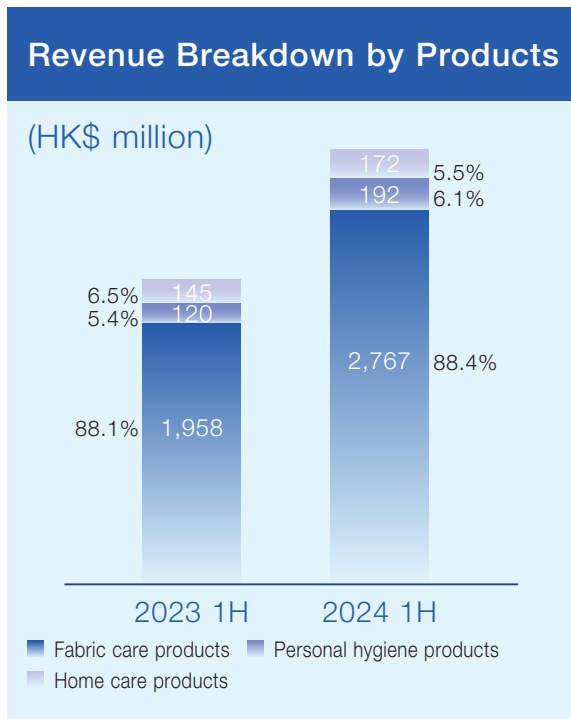
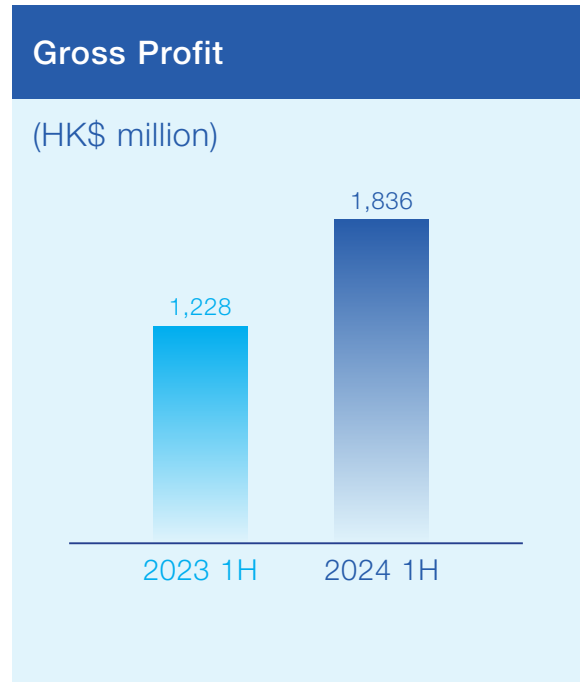
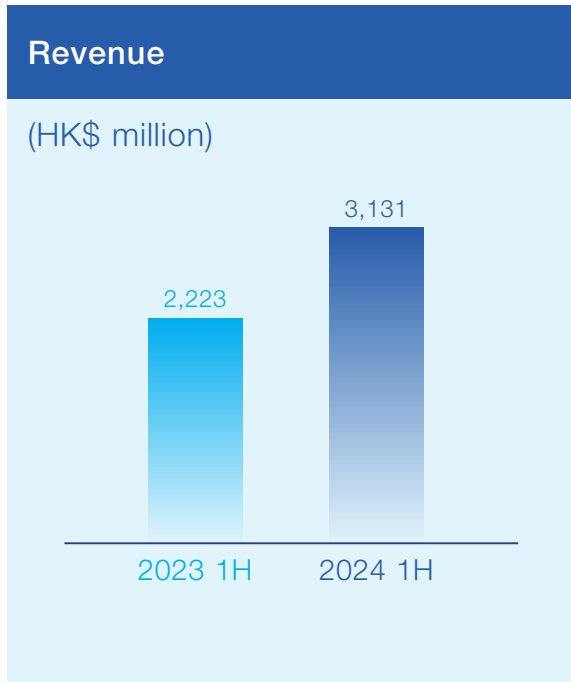
<sup>1</sup> Chnbrand (Beijing) Brand Consulting Co., Ltd. (中企品研(北京)品牌顧問股份有限公司).

<sup>2</sup> China National Commercial Information Center (中華全國商業信息中心).



# COMPANY HIGHLIGHTS

## Interim Results Overview

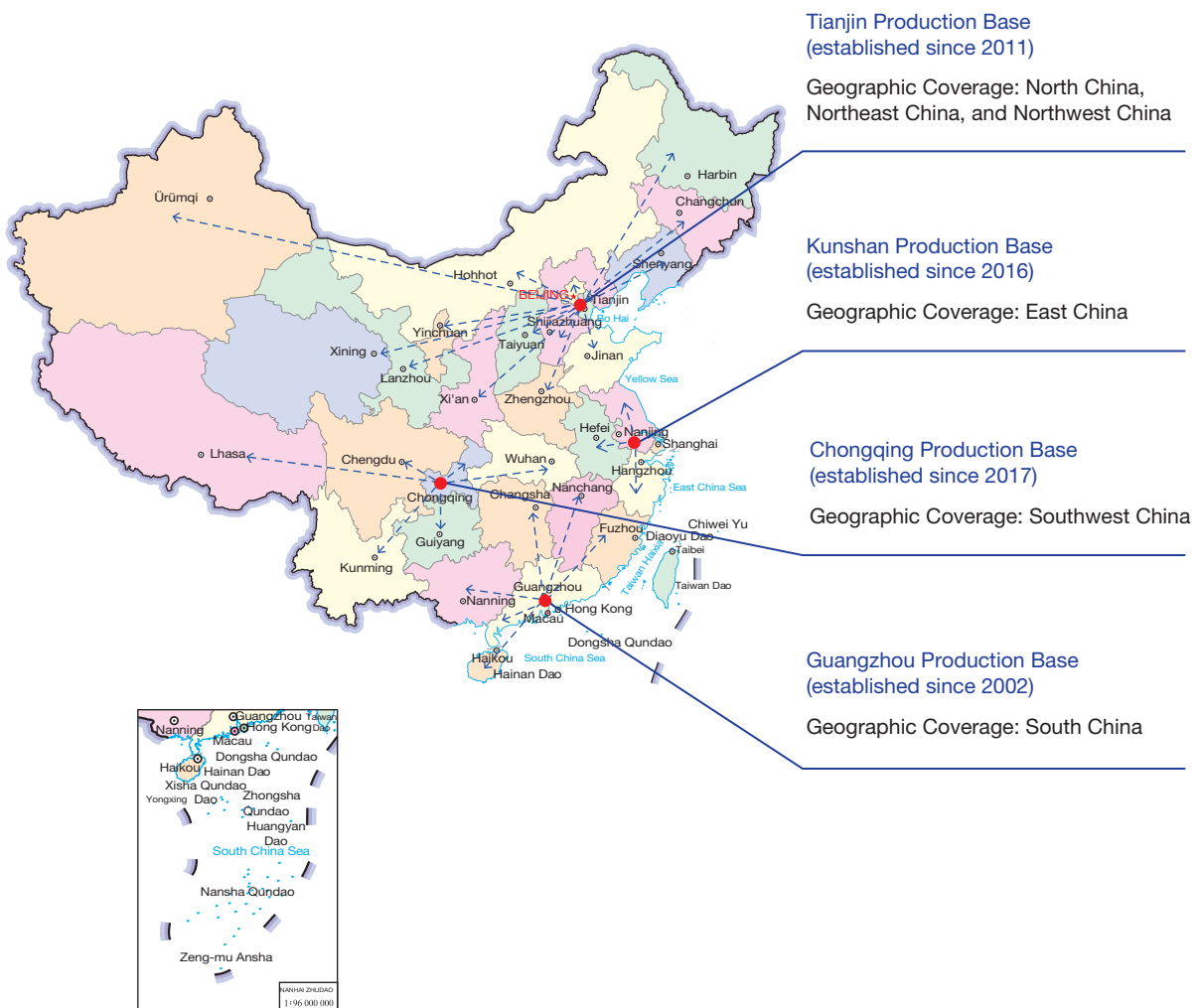




# COMPANY HIGHLIGHTS

## Production Bases

As at 30 June 2024, the Group had four production bases located in Guangzhou, Tianjin, Kunshan and Chongqing of the PRC. The map below illustrates the geographic coverage of the Group’s production bases in the PRC as at 30 June 2024.





# COMPANY HIGHLIGHTS

## Company Products

The following illustration demonstrates the coverage of the Group's product portfolio:







## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW AND OUTLOOK

#### Business Overview

In the first half of 2024, in face of gradual improvement of the consumption environment in China and the evolving changes in consumption patterns and consumption needs, the Group continued to focus on its consumers and proactively coped with challenges through optimising business operations with its multiple core strategies on products, sales and distribution network, knowledge-based marketing and digitalisation.

- **Products:** the Group remained focused on providing consumers with exceptional products and professional services. The Group continued to consolidate its leading position in fabric care while steadily expand its product portfolio of personal hygiene and home care. In terms of fabric care, the Group always put the interests of consumers first, and developed products with advanced technology, which allowed its consumers to enjoy cleaning and care effect easily and conveniently. In particular, the concentrated liquid laundry detergents of Zhizhun Biotech is becoming a preference product among consumers and has been appraised by consumers for its convenient and efficient “one-pump” design.





## MANAGEMENT DISCUSSION AND ANALYSIS

- **Sales and Distribution Network:** the Group has strived to enhance and expand its sales and distribution channels, including a variety of new channels, to improve its operational efficiency and reach to more consumers.

To systematically increase its market footprint, the Group has leveraged its distribution network to penetrate into China's counties and townships and to expand its offline sales coverage. The Group has also managed the offline point of sales by categorization and formulated corresponding standards for resources allocation based on shop types. For each target region in China, the Group has set business targets with metrics such as distributor coverage, store coverage, exclusive shelf coverage and brand penetration to clarify sales objectives, monitor sales advancement and guide the attainment of operational goals. In particular:

*Offline Distributors:* the expansion of county areas and deepening of channels to the lower-tier cities continued to be the core tasks of the Group, and the overall development strategy of distributors continued to focus on penetrating into the market. To enhance the overall calibre and quality of the distributors, the Group conducted comprehensive distributors evaluation from the aspects of distribution ability, channelling ability, organisation ability and data management ability to better empower the distribution team. The Group has also optimized its distribution network by recruiting competent distributors and training new distributors. In terms of store management, the Group formulated store sales plans and leveraged incentive programs to encourage distributors' sales representatives to participate in store merchandise operation, thereby increasing the number of point of sales covered and boosting sales. Through such measures, the Group aimed to synchronise distributors with the Group's corporate strategy and build enduring relationships with the distributors, as well as to optimise their operating efficiency.

*Direct Sales to Key Account:* in the first half of 2024, the Group actively sought opportunities for growth while maintaining stable business development. The Group has reduced sales to credit-based key accounts, and focused on reducing the level of its receivables, in particular, overdue receivables to mitigate risk exposure. Meanwhile, the Group continued to strengthen shelf management and conduct selling campaigns to focus on promoting new and best-selling products in order to drive sales.

*Online Sales Channels:* the Group conducted thorough research of the consumption behaviour of domestic consumers in mainstream e-commerce channels and strategically adjusted its product placement and sales model on e-commerce platforms to reach out to consumers more effectively and enhance the Group's overall



online presences. In the first half of 2024, the Group have maintained top rankings on platforms such as JD.com (京東)<sup>1</sup> and Douyin (抖音)<sup>2</sup> during the “618 Shopping Festival”. Furthermore, the Group occupied a leading position on main e-commerce platforms by finely operating its product layout. The Group also closely grasped the rise of short video platforms and utilises live broadcasts to attract consumers and promote its products on emerging online channels.

- Knowledge-based Marketing:** the Group promoted cleaning products and services through knowledge-based marketing to bring consumers better cleaning experience. Such marketing techniques included organising activities to educate consumers how to properly clean their clothing, protect their clothing and elevate their experience when using cleaning products. In the first half of 2024, Blue Moon initiated the “Amazing Future Laundry Technology” project (「了不起的未來洗衣科技」項目), illustrating the idea that advancements in cleaning technology could transform our means of living and foster a better future.



Sources:

- The Group ranked No. 1 in terms of cumulative sales list of self-operated brands, cumulative sales list of fabric care merchants and stores, on JD.com (本集團在京東自營品牌累計銷售額榜、京東衣物清潔護理商家店鋪累計銷售額榜登頂榜首)
- The Group ranked No. 1 in the cumulated sales list of fabric cleaning industry on Douyin (本集團於抖音衣物清潔行業累計銷售額榜單排名第一)
- Chnbrand (Beijing) Brand Consulting Co., Ltd. (中企品研(北京)品牌顧問股份有限公司)
- China National Commercial Information Center (中華全國商業信息中心)

- Digitalisation:** the Group has been advancing its data analytics capabilities to deepen its understanding of consumer needs. The Group has also been strengthening digital infrastructures and digitalising operational flow.
- Talent Management:** the Group has also prioritised achievement of its strategic objectives by improving its talent management system and establishing standardised objectives.

Through the Group’s relentless efforts in providing its consumers top quality products for fabric care, personal hygiene and home care, the Group’s products have earned positive reception and recognition from customers. The Group’s liquid laundry detergent and liquid soap have ranked first in the China Brand Power Index for 14 consecutive years (2011-2024)<sup>3</sup>. Its liquid laundry detergent and liquid soap have ranked first in comprehensive market share among similar products for 15 consecutive years (2009-2023) and 12 consecutive years (2012-2023) respectively<sup>4</sup>.





## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Outlook

In anticipation of gradual recovery of consumption in China and changes in consumption pattern, the Group intends to:

- Provide comprehensive household cleaning solutions: the Group is dedicated to fostering industry development and product upgrades and satisfying the needs of consumers. The Group will further diversify and launch new products in its three existing product categories and focus on offering high-quality products.
- Enhance omni-channel sales and distribution network and product penetration: for online channels, the Group will consolidate its cooperation with major e-commerce platforms and increase its presence in emerging new online sales and distribution platforms with emphasis on promoting new products. For offline channels, the Group will promote all-round product development and utilise and enhance synergies between different sales and distribution channels. The Group will also continue to deepen channel cultivation and focus on sales via different point of sales to boost sales.
- Knowledge-based marketing: the Group intends to spread cleaning knowledge and popularize scientific cleaning methods to improve customer cleaning experience and share with consumers the value of cleanliness and future developments in cleaning technology.
- Accelerate digitalisation and upgrade manufacturing network to improve operational efficiency.
- Dividend: the Group will strive to maintain a stable dividend policy and provide sustainable return to its shareholders.
- Adhere to social responsibilities and sustainable development principles: under the Group's environmental, social and governance principles of "better products (services), friendlier environment, and happier society", the Group adheres to a green and low-carbon development strategy throughout its product development, manufacturing and packaging to promote sustainable development of the industry.





# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

For the six months ended 30 June 2024, the Group recorded loss and loss attributable to equity holders of the Company of approximately HK\$663.7 million, as compared to approximately HK\$167.5 million for the six months ended 30 June 2023.

### Revenue

For the six months ended 30 June 2024, the Group recorded revenue of approximately HK\$3,131.2 million, which represents an increase of approximately 40.9% as compared to approximately HK\$2,222.7 million for the six months ended 30 June 2023. The increase is primarily due to an increase in sales across all product categories and all sales channels except for direct sales to key account channels. In particular, there is a significant increase of sales recorded from the new e-commerce channel.

The following table sets forth a breakdown of the Group's revenue from sales of products by product category for the periods indicated.

	Unaudited				
	Six months ended 30 June				
	2024		2023		Change (%)
Revenue HK\$'000	Total (%)	Revenue HK\$'000	Total (%)		
<b>Fabric care products</b>	2,767,339	88.4	1,957,974	88.1	41.3
<b>Personal hygiene products</b>	191,870	6.1	120,226	5.4	59.6
<b>Home care products</b>	171,946	5.5	144,527	6.5	19.0
<b>Total</b>	<b>3,131,155</b>	<b>100.0</b>	<b>2,222,727</b>	<b>100.0</b>	<b>40.9</b>

The Group recorded an increase in sales across all three product categories. In particular, the sales of fabric care products and personal hygiene products recorded a 41.3% and 59.6% growth compared to the six months ended 30 June 2023 respectively, as our products were getting strongly promoted under the new online sales channel during the six months ended 30 June 2024 which significantly improved sales in all three product categories.



## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth a breakdown of the Group's revenue contribution by channel for the periods indicated.

	Unaudited				
	Six months ended 30 June				
	2024		2023		Change (%)
Revenue HK\$'000	Total (%)	Revenue HK\$'000	Total (%)		
<b>Online sales channels</b>	2,271,654	72.6	1,448,048	65.2	56.9
<b>Offline distributors</b>	727,737	23.2	642,445	28.9	13.3
<b>Direct sales to key account clients</b>	131,764	4.2	132,234	5.9	(0.4)
<b>Total</b>	<b>3,131,155</b>	<b>100.0</b>	<b>2,222,727</b>	<b>100.0</b>	<b>40.9</b>

The increase in sales via online channel is mainly due to the adjustment of the Group's product placement and sales model on e-commerce platforms which enhanced the Group's overall online presence. The increase in sales to offline distributors was mainly benefited from the success of branding effect on the new online sales channel during the period. The sales to key account clients remained stable during the period.

### Cost of Sales

Costs of sales increased by approximately 30.1% to approximately HK\$1,294.7 million for the six months ended 30 June 2024 as compared to approximately HK\$995.1 million for the six months ended 30 June 2023, which is in line with the increase in revenue.

### Gross Profit

As a result of the foregoing, the Group's gross profit increased by approximately 49.6% to approximately HK\$1,836.4 million for the six months ended 30 June 2024 as compared to approximately HK\$1,227.6 million for the six months ended 30 June 2023. The gross profit margin increased from 55.2% for the six months ended 30 June 2023 to 58.7% for the six months ended 30 June 2024 which was mainly due to the decrease of cost of major raw materials consumed and the improvement of product mix during the period.

### Other income and other losses, net

The Group recorded a net loss in other income and other losses of approximately HK\$3.9 million for the six months ended 30 June 2024 compared to a net gain of approximately HK\$12.8 million for the six months ended 30 June 2023, primarily due to the recognition of a one-off government grant in the prior period.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Selling and Distribution Expenses

The Group's selling and distribution expenses increased significantly compared to the six months ended 30 June 2023. The increase by approximately 107.9% from approximately HK\$1,059.0 million for the six months ended 30 June 2023 to approximately HK\$2,201.4 million for the six months ended 30 June 2024 was primarily due to the increased selling activities and especially the promotion of new products, the expansion of business in developing new e-commerce channels and brand building.

### General and Administrative Expenses

The Group's general and administrative expenses remained stable at approximately HK\$565.4 million for the six months ended 30 June 2024 as compared to approximately HK\$540.7 million for the six months ended 30 June 2023.

### Provision for Impairment Losses of Financial Assets

Additional provision for impairment losses of financial assets amounted to approximately HK\$4.2 million was provided for the six months ended 30 June 2024, primarily due to the increase of credit risk of certain customers.

### Operating Loss

As a result of the foregoing, the Group incurred an operating loss of approximately HK\$938.5 million for the six months ended 30 June 2024 as compared to an operating loss of approximately HK\$431.4 million for the six months ended 30 June 2023.

### Finance Income and Costs

Finance income remained stable at approximately HK\$130.4 million for the six months ended 30 June 2024 as compared to approximately HK\$137.0 million for the six months ended 30 June 2023.

Finance costs decreased by approximately 25.1% from approximately HK\$3.4 million for the six months ended 30 June 2023 to approximately HK\$2.6 million for the six months ended 30 June 2024.

### Loss before Income Tax

As a result of the foregoing, the Group incurred a loss before income tax of approximately HK\$810.7 million for the six months ended 30 June 2024 as compared to a loss before income tax of approximately HK\$297.8 million for the six months ended 30 June 2023.

### Income Tax Credit

The Group recorded an income tax credit of approximately HK\$147.0 million for the six months ended 30 June 2024, with an effective tax rate of approximately 18.1%, compared to an income tax credit of approximately HK\$130.3 million and an effective tax rate of approximately 43.8% for the six months ended 30 June 2023, primarily due to changes in the recognition of deferred tax assets related to tax losses during the current period.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Loss attributable to Equity Holders of the Company

As a result of the foregoing, the Group incurred loss attributable to equity holders of the Company of approximately HK\$663.7 million for the six months ended 30 June 2024 as compared to loss attributable to equity holders of the Company of approximately HK\$167.5 million for the six months ended 30 June 2023.

### Basic and Diluted Loss Per Share

Loss per share (basic and diluted) was approximately HK12.00 cents for the six months ended 30 June 2024 and loss per share (basic and diluted) was approximately HK3.01 cents for the six months ended 30 June 2023.

### Liquidity and Financial Resources

The total bank deposits and cash of the Group, comprising the Group's cash and cash equivalents and fixed deposits, decreased by approximately 14.7% from approximately HK\$7,331.8 million as at 31 December 2023 to approximately HK\$6,256.1 million as at 30 June 2024, primarily due to net cash used in operating activities and the payment of 2023 final dividend during the period.

As at 30 June 2024, the net current assets of the Group were approximately HK\$6,929.8 million (31 December 2023: approximately HK\$8,137.0 million). The Group's current ratio (current assets/current liabilities) was approximately 6.64 times (31 December 2023: approximately 6.70 times).

As at 30 June 2024, the Group has no borrowings (31 December 2023: Nil).

### Capital Expenditure and Capital Commitment

For the six months ended 30 June 2024, the capital expenditure of the Group was approximately HK\$74.9 million, which was primarily used to finance the Group's production capacity expansion for its existing production base.

As at 30 June 2024, the capital commitment of the Group amounted to approximately HK\$70.8 million, which was primarily related to the acquisition of machinery and equipment for production facilities under construction and the expansion in capacity at certain existing production facilities, which was funded by cash flows from operating activities and net proceeds from the initial public offering.

### Pledge of Assets of the Group

As at 30 June 2024, the Group did not have any pledge on assets (31 December 2023: Nil).

### Exposure to Foreign Exchange

The majority of the Group's subsidiaries are operating in the PRC with most of the transactions and assets (other than the unutilised proceeds raised from the Global Offering (as defined in the prospectus of the Company dated 4 December 2020 (the "Prospectus"))) denominated in RMB. The conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government. Due to the simplicity of the Group's financial structure and current operations, save as aforementioned, no hedging activities are undertaken by management of the Group.





## MANAGEMENT DISCUSSION AND ANALYSIS

### **Contingent Liabilities**

As at 30 June 2024, the Group had no material contingent liabilities.

### **Significant Investments, Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

The Company did not have significant investments, acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

### **Future Plans for Material Investments or Capital Assets**

Save as disclosed in the sections headed “Capital Expenditure and Capital Commitment” and “Use of Net Proceeds from the Company’s Global Offering” in this report, the Group did not have any future plans for acquiring other material investments or capital assets.

## **HUMAN RESOURCES AND REMUNERATION POLICY**

The Group had approximately 7,459 employees as at 30 June 2024. The Group offers a competitive remuneration and benefits package to its employees. The Group also participates, in accordance with the requirements of PRC laws and regulations, in various employee social insurance plans (including pension, unemployment insurance, medical insurance, employment injury insurance and maternity insurance) and housing provident schemes for the employees, which are managed by local governments. In addition, discretionary bonus may be granted to eligible employees based on the Group’s and individual’s performance.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2024, the interests and/or short positions (as applicable) of the Directors in the Shares, underlying Shares and debentures of the Company and any interests and/or short positions (as applicable) in shares, underlying shares or debentures of any of the Company's associated corporations ("**Associated Corporations**") (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**") which (i) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") (the "**Model Code**"), to be notified to the Company and the Stock Exchange were as follows:

#### (i) The Company

Directors	Nature of Interest	Number of Shares	Approximate % of Shares held <sup>(1)</sup>
Ms. PAN Dong <sup>(2)</sup>	Interest in controlled corporation	4,326,400,000	73.79
Mr. LUO Qiuping <sup>(2)</sup>	Interest of spouse	4,326,400,000	73.79
Ms. LUO Dong <sup>(3)</sup>	Beneficial owner	63,400,000	1.08
Mr. POON Kwok Leung <sup>(4)(5)</sup>	Beneficial owner	8,000,000	0.14
	Interest in controlled corporation	3,500,000	0.06
Ms. XIAO Haishan <sup>(6)</sup>	Beneficial owner	6,837,500	0.02
Mr. Bruno Robert MERCIER <sup>(7)</sup>	Beneficial owner	54,000	0.00

Notes:

- (1) As at 30 June 2024, the total number of issued Shares was 5,862,993,406.
- (2) Ms. PAN Dong ("**Ms. PAN**") was the sole shareholder of ZED Group Limited ("**ZED**"), which in turn held (i) directly 73.60% Shares and (ii) indirectly (as the sole shareholder of Van Group Limited ("**VGL**") 0.19% Shares. Therefore, ZED was deemed or taken to be interested in all the Shares which were beneficially owned by VGL for the purpose of Part XV of the SFO. Each of Ms. PAN and Mr. LUO Qiuping ("**Mr. LUO**") (the spouse of Ms. PAN) was deemed or taken to be interested in all the Shares which are beneficially owned by ZED and VGL for the purpose of Part XV of the SFO.
- (3) Ms. LUO Dong was granted share options under the Pre-IPO Share Option Scheme to subscribe for 4,800,000 Shares. She was granted with 58,600,000 awarded shares pursuant to the 2022 Share Award Plan, subject to vesting and other conditions of the grant.
- (4) Mr. POON Kwok Leung ("**Mr. POON**") was granted share options under the Pre-IPO Share Option Scheme to subscribe for 975,000 Shares. He is interested in 2,400,000 unvested share awards pursuant to the 2022 Share Award Plan and holds 4,600,000 Shares directly. He directly held 25,000 Shares.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

- (5) Mr. POON was the sole shareholder of Allied Power Limited ("APL"), which in turn held directly 0.06% Shares. Therefore, Mr. POON was deemed or taken to be interested in all the Shares which were beneficially owned by APL for the purpose of Part XV of the SFO.
- (6) Ms. XIAO Haishan was granted share options under the Pre-IPO Share Option Scheme to subscribe for 837,500 Shares. She is interested in 1,800,000 unvested share awards pursuant to the 2022 Share Award Plan and holds 4,200,000 Shares directly.
- (7) Mr. Bruno Robert MERCIER directly held 54,000 Shares.

### (ii) Associated Corporations

Directors	Associated Corporations	Nature of Interest	Number of ordinary shares interested	Approximate % of shareholding <sup>(1)</sup>
Ms. PAN Dong <sup>(2)</sup>	ZED Group Limited	Beneficial owner	1	100
	Van Group Limited	Interest in controlled corporation	1,000	100
Mr. LUO Qiuping <sup>(2)</sup>	ZED Group Limited	Interest of spouse	1	100
	Van Group Limited	Interest of spouse	1,000	100

Notes:

- (1) The percentage has been compiled based on the total number of ordinary shares of the respective Associated Corporations in issue as at 30 June 2024.
- (2) Ms. PAN was the sole shareholder of ZED, which held the entire issued shares of VGL. Therefore, each of Ms. PAN and Mr. LUO (the spouse of Ms. PAN) was deemed or taken to be interested in all the shares of VGL which were beneficially owned by ZED for the purpose of Part XV of the SFO.

Details of the share options duly granted to the Directors pursuant to the Pre-IPO Share Option Scheme are set out in the section headed "Pre-IPO Share Option Scheme" of this report.

All the interests disclosed in sections (i) and (ii) above represent long positions in the Shares or the shares of the Company or the Associated Corporations.

Save as disclosed herein, none of the Directors had any other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its Associated Corporations which (i) had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) pursuant to section 352 of the SFO, had to be entered in the register referred to therein or pursuant to the Model Code, had to be notified to the Company and the Stock Exchange.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Substantial Shareholders' Interests in Shares and Underlying Shares

As at 30 June 2024, the interests of the persons (other than the Directors) in the Shares or underlying Shares (within the meaning of Part XV of the SFO) of the Company which were notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Name	Nature of Interest	Number of Shares	Approximate % of shareholding <sup>(1)</sup>
<b>ZED Group Limited<sup>(2)</sup></b>	Beneficial owner/Interest in controlled corporation	4,326,400,000	73.79
<b>HHLR Advisors, Ltd.<sup>(3)</sup></b>	Investment manager	527,422,500	9.00
<b>HHLR Fund, L.P.<sup>(3)</sup></b>	Beneficial owner/Interest in controlled corporation	526,542,800	8.98
<b>HCM BM Holdings, Ltd.<sup>(3)</sup></b>	Beneficial owner	500,000,000	8.53
<b>Tricor Trust (Hong Kong) Limited<sup>(4)</sup></b>	Interest in controlled corporation/Trustee of the 2021 Share Award Plan	293,742,986	5.01
<b>BMGH T Limited<sup>(4)</sup></b>	Trustee of the 2021 Share Award Plan	293,742,986	5.01

Notes:

- (1) As at 30 June 2024, the total number of issued Shares was 5,862,993,406.
- (2) ZED held (i) 73.60% Shares directly and (ii) indirectly (as the sole shareholder of VGL) 0.19% Shares. Therefore, ZED was deemed or taken to be interested in all the Shares which were beneficially owned by VGL for the purpose of Part XV of the SFO. Each of Ms. PAN and Mr. LUO (the spouse of Ms. PAN) was deemed or taken to be interested in all the Shares which were beneficially owned by ZED and VGL for the purpose of Part XV of the SFO.
- (3) HCM BM Holdings, Ltd. was a company incorporated under the laws of the British Virgin Islands with limited liability and was owned as to 95.32% by HHLR Fund, L.P. HHLR Fund, L.P. was a beneficial owner of 26,542,800 Shares.
- (4) BMGH T Limited is the trustee of the 2021 Share Award Plan. Tricor Trust (Hong Kong) Limited holds the entire issued shares of BMGH T Limited. For details of the 2021 Share Award Plan, please refer to the announcements of the Company dated 3 June 2021 and 26 March 2024.

All the interests disclosed in the table above represent long positions in the Shares or underlying Shares of the Company.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed herein, as at 30 June 2024, the Company had not been notified of any interests or short positions in the Shares or underlying Shares which was required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

### Pre-IPO Share Option Scheme

The Board adopted the Pre-IPO Share Option Scheme on 23 September 2020. On 23 September 2020 (being the date of grant), pursuant to the Pre-IPO Share Option Scheme, the Company has granted share options to subscribe for an aggregate of 61,651,000 Shares to grantees. The grantees comprise three Directors and certain existing employees and Business Associates of the Group (who are not Directors or connected persons of the Group). All the share options have been granted before the first date on which the Shares are listed and traded on the Main Board of the Stock Exchange (being 16 December 2020) (the “Listing Date”).

Set out below are the detailed movements in the outstanding options granted under the Pre-IPO Share Option Scheme during the six months ended 30 June 2024:

Name of Grantee	Date of grant <sup>(1)</sup>	Number of options					Outstanding options as at 30 June 2024	Exercise Price per Share	Option Period
		Outstanding options as at 1 January 2024	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period			
<i>Directors of the Company</i>									
Ms. LUO Dong	23 September 2020	4,800,000	-	-	-	-	4,800,000	HK\$3.76	10 years from the date of Grant
Mr. POON Kwok Leung	23 September 2020	975,000	-	-	-	-	975,000	HK\$3.76	10 years from the date of Grant
Ms. XIAO Haishan	23 September 2020	837,500	-	-	-	-	837,500	HK\$3.76	10 years from the date of Grant
<i>Others</i>									
Grantees including existing employees and Business Associates of the Group	23 September 2020	41,063,523	-	-	-	(1,367,550)	39,695,973	HK\$3.76	10 years from the date of Grant
<b>Total:</b>		<b>47,676,023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,367,550)</b>	<b>46,308,473</b>		

Notes:

- (1) On every vesting date, either one-fourth of his or her option (rounded up to the nearest board lot) or 10%, 20%, 30% and 40% of his or her option (rounded up to the nearest whole board lot) during the Option Period (as defined in the Prospectus), in each case as specified in the letter to the relevant grantees, commencing from each of the first, second, third and fourth anniversaries of the Listing Date, respectively, may be vested in the grantee, subject to the satisfaction of certain performance targets and/or the attainment or performance of milestones by any member of our Group as determined by our Board at its sole and absolute discretion. Notwithstanding the above, our Board may in its sole discretion amend the vesting schedule and vest any percentage of the underlying Shares in respect of the options under the Pre-IPO Share Option Scheme in accordance with the terms thereunder.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, during six months ended 30 June 2024, no share options were granted, exercised, lapsed or cancelled under the Pre-IPO Share Option Scheme. For further details regarding the Pre-IPO Share Option Scheme, please refer to the Prospectus.

As at 30 June 2024, the Company had 46,308,473 share options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 0.79% of the total number of Shares in issue as at the date of this report.

### Share Award Plans

#### (i) 2021 Share Award Plan

On 3 June 2021, the Board approved the adoption of the share award plan (the “**2021 Share Award Plan**”) to recognise and reward the contribution of certain eligible participants to the growth and development of the Group.

Pursuant to the rules relating to the 2021 Share Award Plan, the Board may, acting through the awards committee, during the continuation of the 2021 Share Award Plan, at its absolute discretion select any eligible participant (other than an excluded participant) to participate in the 2021 Share Award Plan as a selected participant and determine the awards to be granted, subject to such terms and conditions as it may in its absolute discretion determine (including but not limited to, where applicable, the vesting schedule of the awarded shares to the selected participant).

On 26 March 2024, the Board approved amendments to the 2021 Share Award Plan pursuant to which, among others, the source of awarded shares, the eligible participants, the plan limit and the limit for the grant of awards to the selected participants of the 2021 Share Award Plan has been amended. Details of the amendments are set out in the announcement of the Company dated 26 March 2024.

As at 30 June 2024, 21,690,999 share awards have been granted pursuant to the 2021 Share Award Plan to 371 employees, all of which shall be satisfied by existing Shares. Under the 2021 Share Award Plan, no share award has been granted to any connected person (as defined under the Listing Rules) of the Company. As at the date of this report, 9,750,314 share awards granted have been vested in accordance with the 2021 Share Award Plan and the relevant grant notices.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### (ii) 2022 Share Award Plan

On 29 March 2022, the Board approved the adoption of the 2022 share award plan (the “**2022 Share Award Plan**”) to recognise and reward the contribution of certain eligible participants who are executive Directors of the Company or directors of the subsidiaries of the Group to the growth and development of the Group and to give incentives in order to retain them for the continual operation and development of the Group.

Pursuant to the rules relating to the 2022 Share Award Plan, the Board may, make an award out of the share pool to any of the eligible participants such number of issued Shares of the Company as it shall determine. The eligibility of any of the eligible participants under the 2022 Share Award Plan to an award shall be determined by the Board from time to time on the basis of the Board’s opinion as to his or her contribution and/or anticipated future contribution to the development and growth of the Group and the grant of an award to eligible participants who are executive Directors of the Company shall be approved by members of the remuneration committee of the Company (other than by himself or herself).

On 26 March 2024, the Board approved amendments to the 2022 Share Award Plan pursuant to which, among others, the plan limit, the limit for the grant of awards to the selected participants and the duration of the 2022 Share Award Plan has been amended. Details of the amendments are set out in the announcement of the Company dated 26 March 2024.

As at 30 June 2024, 119,600,000 share awards have been granted pursuant to the 2022 Share Award Plan to three executive Directors and three individuals who are directors of subsidiaries of the Company. As at the date of this report, 41,800,000 share awards granted have been vested in accordance with the 2022 Share Award Plan and the relevant grant notices.

### Interim Dividend

The Board has resolved to recommend the payment of an interim dividend of HK4.0 cents per Share for the six months ended 30 June 2024.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Compliance with the Code on Corporate Governance Practices

The Company's corporate governance practices are based on the principles and code provisions of the Corporate Governance Code, as set out in Appendix C1 to the Listing Rules (the "CG Code"), and the Company has adopted the CG Code as its own corporate governance code.

The Board is of the view that the Company has complied with applicable code provisions as set out in the CG Code during the six months ended 30 June 2024.

The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

### Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as its code of conduct for Directors' securities transactions. Each Director had been given a copy of the code of conduct regarding security transactions upon his/her appointment, and the Company issues two reminders each year thereafter, being 30 days prior to the Board meeting approving the interim results of the Company and 60 days prior to the Board meeting approving the annual results of the Company, reminding the Directors that they (including their respective spouse, minor child and others whose dealings are treated as dealings by them under the Model Code) are not allowed to deal in the securities of the Company prior to and on the day of publication of the announcement of the results (the periods during which the Directors are prohibited from dealing in Shares), and that all transactions must be conducted according to the Model Code.

After having made specific enquiries, each Director has confirmed that he/she has complied with the requirements of the Model Code during the six months ended 30 June 2024.





## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Continuing Disclosure Requirements pursuant to the Listing Rules

The Directors have confirmed that, as of 30 June 2024, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

### Review of Interim Results

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial information for the six months ended 30 June 2024.

### Pre-Emptive Rights

There are no provisions for pre-emptive rights under the amended and restated articles of association, or the applicable laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares (as defined under the Listing Rules)). As of 30 June 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

### Sufficiency of Public Float

The Company has obtained a waiver from the Stock Exchange and the Stock Exchange has accepted, under Rule 8.08(1)(d) of the Listing Rules, a lower public float percentage of 24.06% of the issued share capital of the Company.

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed minimum public float permitted by the Stock Exchange.

### Closure of Register of Members

The interim dividend will be payable on or about Monday, 23rd September 2024 to the Shareholders whose names appear on the register of members of the Company on Friday, 13th September 2024. For the purpose of ascertaining a Shareholder's eligibility for the interim dividend, the register of members of the Company will be closed from Wednesday, 11th September 2024 to Friday, 13th September 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the abovementioned interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, for registration no later than 4:30 p.m. on Tuesday, 10th September 2024.

The address of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### USE OF NET PROCEEDS FROM THE COMPANY'S GLOBAL OFFERING

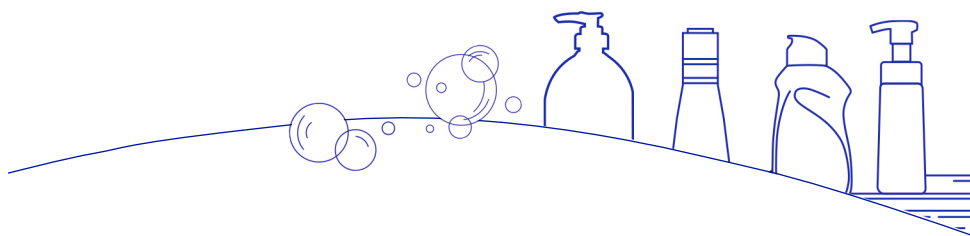
The net proceeds (the “**Net Proceeds**”) from the initial public offering of the Shares in December 2020 (together with the issuance of Shares pursuant to the full exercise of the Over-allotment Option (as defined in the Prospectus) in January 2021), after deducting the underwriting commission and other estimated expenses, of HK\$11,004 million have been and will be utilised as stated in the Prospectus and will continue to be utilised in the manner as stated in the Prospectus and in the timeline as stated below.

Intended use of Net Proceeds as stated in the Prospectus	Net Proceeds <sup>(1)</sup> <i>approximately</i> <i>HK\$ million</i>	As at 31 December 2023 Unutilised amount <i>approximately</i> <i>HK\$ million</i>	For the six months ended 30 June 2024 Utilised amount <i>approximately</i> <i>HK\$ million</i>	As at 30 June 2024 Unutilised amount <i>approximately</i> <i>HK\$ million</i>
Financing business expansion including production capacity expansion plans and to purchase equipment and machinery to facilitate such expansion plan as well as the development of the Group's laundry services	3,918	3,380	31	3,349 <sup>(2)</sup>
Raising brand awareness, further strengthening the Group's sales and distribution network and increasing product penetration	5,766	1,661	1,359	302 <sup>(3)</sup>
Working capital and for other general corporate purposes	1,100	–	–	–
Enhancing research and development capabilities	220	89	19	70 <sup>(4)</sup>
<b>Total</b>	<b>11,004</b>	<b>5,130</b>	<b>1,409</b>	<b>3,721</b>

Notes:

- (1) The net proceeds amount of approximately HK\$11,004 million include approximately HK\$5,874 million net proceeds utilised in the financial years ended 31 December 2021, 2022 and 2023, and approximately HK\$5,130 million net proceeds brought forward from the financial year ended 31 December 2023 which were utilised in the manner set out in the table above.
- (2) The expansion and upgrade with respect to the various production bases of the Group were still in progress as at 30 June 2024. The balance of unutilised amount on financing business expansion including production capacity expansion plans and to purchase equipment and machinery to facilitate such expansion plan as well as the development of the Group's laundry services is expected to be fully utilised by the end of 2025.
- (3) The balance of unutilised amount on raising brand awareness, further strengthening the Group's sales and distribution network and increasing product penetration is expected to be fully utilised by the end of 2025.
- (4) The balance of unutilised amount on enhancing research and development capabilities is expected to be fully utilised by the end of 2025.

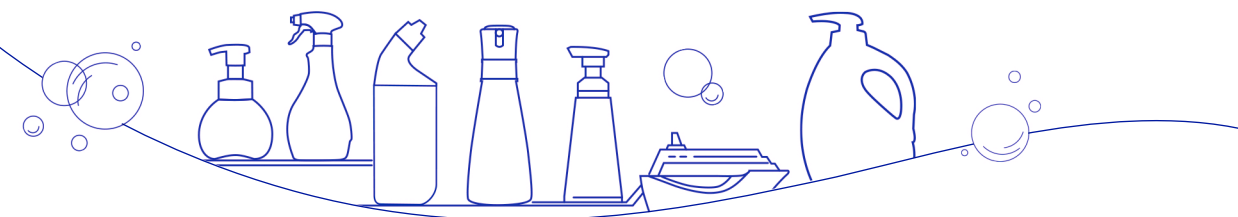
Hong Kong, 22 August 2024



# CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Note	Unaudited	
		Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
Revenue	7	3,131,155	2,222,727
Cost of sales	9	(1,294,720)	(995,131)
<b>Gross profit</b>		<b>1,836,435</b>	<b>1,227,596</b>
Other income and other losses, net	8	(3,935)	12,817
Selling and distribution expenses	9	(2,201,429)	(1,058,971)
General and administrative expenses	9	(565,377)	(540,704)
Provision for impairment losses of financial assets		(4,229)	(72,093)
<b>Operating loss</b>		<b>(938,535)</b>	<b>(431,355)</b>
Finance income	10	130,371	137,007
Finance costs	10	(2,559)	(3,415)
<b>Finance income, net</b>	10	<b>127,812</b>	<b>133,592</b>
<b>Loss before income tax</b>		<b>(810,723)</b>	<b>(297,763)</b>
Income tax credit	11	146,978	130,301
<b>Loss for the period</b>		<b>(663,745)</b>	<b>(167,462)</b>
<b>Loss attributable to equity holders of the Company</b>		<b>(663,745)</b>	<b>(167,462)</b>

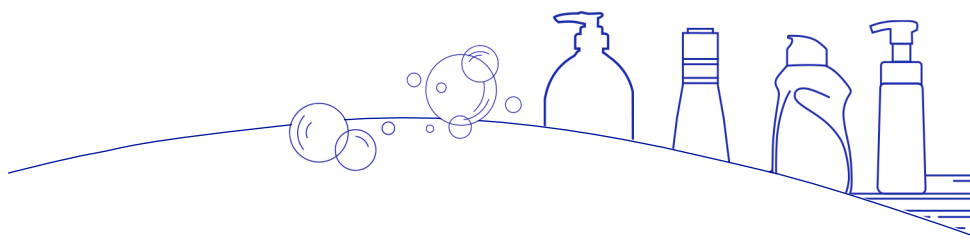


## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Note	Unaudited	
		Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
<b>Loss for the period</b>		<b>(663,745)</b>	(167,462)
<b>Other comprehensive loss</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences from translation of financial statements of subsidiaries		(34,646)	(179,580)
<b>Other comprehensive loss for the period, net of tax</b>		<b>(34,646)</b>	(179,580)
<b>Total comprehensive loss for the period</b>		<b>(698,391)</b>	(347,042)
<b>Total comprehensive loss attributable to equity holders of the Company</b>		<b>(698,391)</b>	(347,042)
<b>Loss per share attributable to equity holders of the Company</b>			
Basic (HK cents)	13	(12.00)	(3.01)
Diluted (HK cents)	13	(12.00)	(3.01)

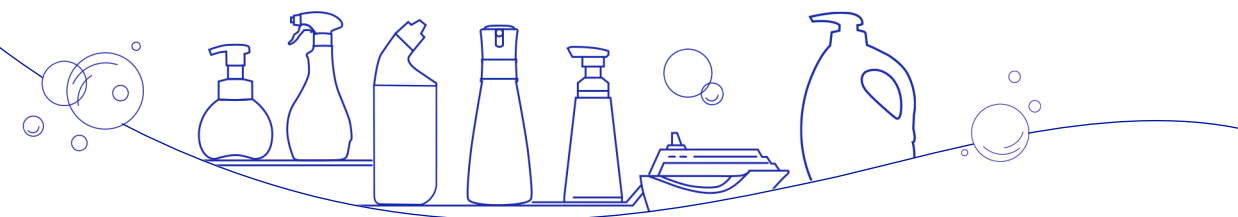
The above condensed consolidated interim statement of comprehensive income should be read in conjunction with the accompanying notes.



# CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2024

	Note	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	1,437,497	1,455,289
Right-of-use assets		420,671	461,319
Intangible assets		111,727	114,842
Prepayments for property, plant and equipment		36,994	46,561
Deferred income tax assets		609,900	399,323
Financial asset at fair value through other comprehensive income	15	9,727	9,796
		<b>2,626,516</b>	2,487,130
<b>Current assets</b>			
Inventories		409,895	258,160
Trade and bills receivables	16	932,003	1,404,647
Prepayments, deposits and other receivables	17	556,139	570,878
Tax recoverable		5,328	–
Fixed deposits		803,715	2,989,298
Cash and cash equivalents		5,452,402	4,342,528
		<b>8,159,482</b>	9,565,511
<b>Total assets</b>		<b>10,785,998</b>	12,052,641
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	18	58,630	58,630
Other reserves	19	9,048,050	9,073,699
Retained earnings		253,842	1,246,714
<b>Total equity</b>		<b>9,360,522</b>	10,379,043

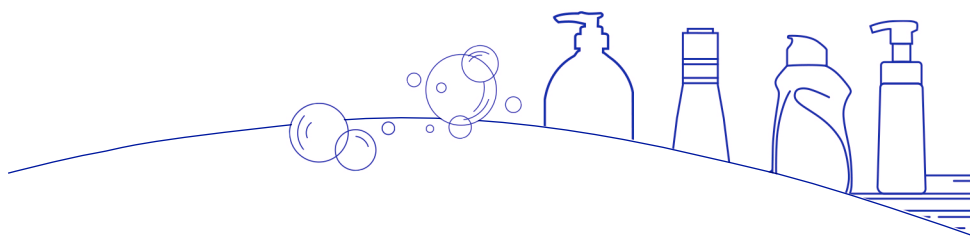


## CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2024

	Note	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred government grant		54,705	55,765
Deferred income tax liabilities		59,045	87,721
Lease liabilities		82,066	101,552
		<b>195,816</b>	<b>245,038</b>
<b>Current liabilities</b>			
Trade and bills payables	20	555,228	578,074
Contract liabilities, accruals and other payables		600,971	673,457
Amounts due to a related company		195	290
Current income tax liabilities		31,478	119,395
Lease liabilities		41,788	57,344
		<b>1,229,660</b>	<b>1,428,560</b>
<b>Total liabilities</b>		<b>1,425,476</b>	<b>1,673,598</b>
<b>Total equity and liabilities</b>		<b>10,785,998</b>	<b>12,052,641</b>
<b>Net current assets</b>		<b>6,929,822</b>	<b>8,136,951</b>
<b>Total assets less current liabilities</b>		<b>9,556,338</b>	<b>10,624,081</b>

The above condensed consolidated interim balance sheet should be read in conjunction with the accompanying notes.



# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to equity holders of the Company			
	Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Unaudited <b>As at 1 January 2024</b>	58,630	9,073,699	1,246,714	10,379,043
<b>Loss for the period</b>	–	–	(663,745)	(663,745)
Other comprehensive loss:				
Exchange translation of foreign operations	–	(34,646)	–	(34,646)
<b>Total comprehensive loss for the period</b>	–	(34,646)	(663,745)	(698,391)
<b>Transactions with the owners of the Company</b>				
Dividend relating to 2023 (Note 12)	–	–	(329,127)	(329,127)
Share-based compensation expense	–	45,899	–	45,899
Purchase of shares held for share award plan (Note 19)	–	(36,902)	–	(36,902)
<b>As at 30 June 2024</b>	58,630	9,048,050	253,842	9,360,522
Unaudited <b>As at 1 January 2023</b>	58,621	9,065,932	1,948,227	11,072,780
<b>Loss for the period</b>	–	–	(167,462)	(167,462)
Other comprehensive loss:				
Exchange translation of foreign operations	–	(179,580)	–	(179,580)
<b>Total comprehensive loss for the period</b>	–	(179,580)	(167,462)	(347,042)
<b>Transactions with the owners of the Company</b>				
Issuance of ordinary shares upon exercise of share options	8	2,869	–	2,877
Dividend relating to 2022 (Note 12)	–	–	(936,041)	(936,041)
Share-based compensation expense	–	17,642	–	17,642
Purchase of shares held for share award plan (Note 19)	–	(731)	–	(731)
<b>As at 30 June 2023</b>	58,629	8,906,132	844,724	9,809,485

The above condensed consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.



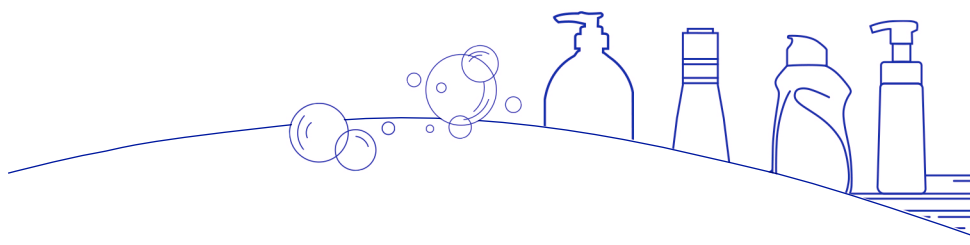
# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Unaudited Six months ended 30 June 2024 HK\$'000	Unaudited 2023 HK\$'000
<b>Cash flows from operating activities</b>		
Cash (used in)/generated from operations	(538,649)	220,247
Interest received	121,878	110,508
Income taxes paid	(188,072)	(158,681)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(604,843)</b>	172,074
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(74,925)	(80,260)
Proceeds from disposal of property, plant and equipment	24,209	14,031
Acquisition of intangible assets	(9,423)	(1,723)
Net decrease in fixed deposits	2,194,076	–
<b>Net cash inflow/(outflow) from investing activities</b>	<b>2,133,937</b>	(67,952)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares upon exercise of share options	–	2,877
Purchase of shares held for share award plan	(36,902)	(731)
Interest paid	(2,561)	(3,415)
Dividend paid	(329,127)	–
Principal elements of lease payments	(37,429)	(35,833)
<b>Net cash outflow from financing activities</b>	<b>(406,019)</b>	(37,102)
Net increase in cash and cash equivalents	1,123,075	67,020
Cash and cash equivalents at the beginning of period	4,342,528	7,702,373
Effect of exchange rate changes on cash and cash equivalents	(13,201)	(82,486)
Cash and cash equivalents at the end of period	5,452,402	7,686,907

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.





# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 General information

Blue Moon Group Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) are principally engaged in the design, research, development, manufacture and sale of (i) personal hygiene products, (ii) home care products, and (iii) fabric care products in the People’s Republic of China (the “**PRC**”).

The Company is a limited liability company incorporated in the Cayman Islands on 27 December 2007. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The ordinary shares of the Company (the “**Shares**”) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 16 December 2020.

ZED Group Limited is the ultimate holding company of the Group and it is incorporated in Samoa.

Ms. PAN Dong is the ultimate controlling shareholder of the Company and Mr. LUO Qiuping, the Chief Executive Officer of the Company, is the husband of Ms. PAN Dong.

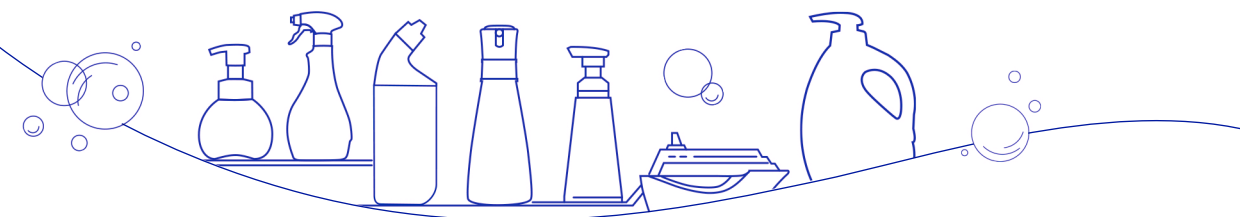
This condensed consolidated interim financial information is presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board on 22 August 2024.

This condensed consolidated interim financial information has not been audited.

## 2 Basis of preparation

These condensed consolidated interim financial information for the six months ended 30 June 2024 of the Group has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

This condensed consolidated interim financial information does not include all the notes of the type normally included in the annual consolidated financial statements. Instead, this condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3 Accounting policies

The accounting policies applied to this condensed consolidated interim financial information are consistent with those of the annual consolidated financial statements for the year ended 31 December 2023 as described in those annual consolidated financial statements except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings.

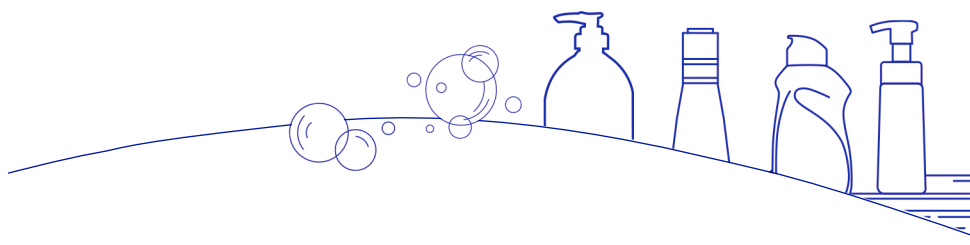
Accounting policies not described in the annual consolidated financial statements for the year ended 31 December 2023, and the adoption of amended standards effective for the financial year ending 31 December 2024 are described below.

#### (a) Amendments to the existing standards and interpretation adopted by the Group

The Group has applied the following amendments to existing standards and interpretation for the first time for their annual reporting period commencing 1 January 2024:

HKAS 1 (Amendments)	Classification of liabilities as current or non-current
HKAS 1 (Amendments)	Non-current liabilities with covenants
HKAS 7 and HKFRS 7 (Amendments)	Supplier finance arrangements
HKAS 16 (Amendments)	Lease liabilities in a sales and leaseback
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements	Classification by the borrower of a term loan that contains a repayment on demand clause

The amendments to existing standards and interpretation listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 3 Accounting policies (continued)

### (b) New standards, amendments to existing standards and interpretation not yet adopted

The following new standards, amendments to existing standards and interpretation have been published that are not mandatory for the financial period beginning 1 January 2024 and have not been early adopted by the Group.

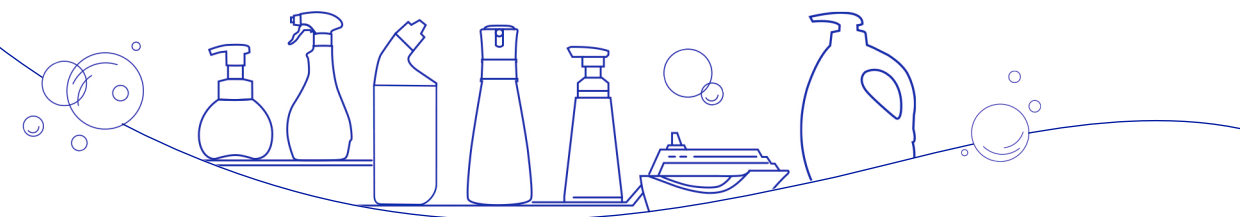
		Effective for annual periods beginning on or after
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 9 and HKFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements (Amendments)	Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The directors of the Group are of the opinion that the adoption of the above new standards, amendments to existing standards would not have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. The Group intends to adopt the above new standards and amendments to existing standards and interpretation when they become effective.

## 4 Critical estimates and judgements

The preparation of this condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 5 Financial risk management

#### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2023.

There have been no changes in the risk management policies since year end.

#### 5.2 Liquidity risk

The Group's primary cash requirements have been used on payments for additions and upgrades of property, plant and equipment, related raw material purchases, lease liabilities and corresponding finance costs and operating expenses. The Group finances its working capital requirements through funds generated from operations and takes into account all available information future business environment of the countries in which the Group, its customers and suppliers operate.

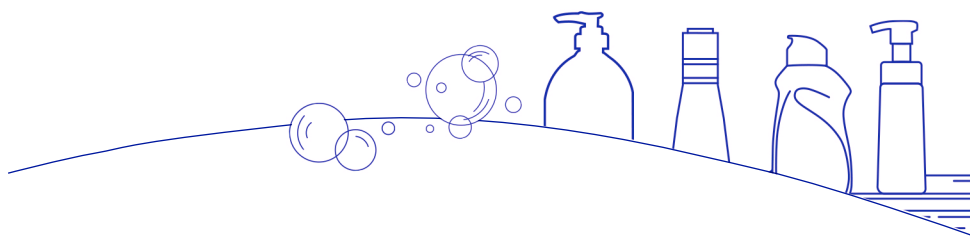
The Group's policy is to maintain sufficient cash and cash equivalents or have available funding through adequate amount of committed credit facilities to meet its working capital requirements.

At the reporting date, the Group held cash and cash equivalents of approximately HK\$5,452,402,000 (31 December 2023: HK\$4,342,528,000), short-term deposits with maturities more than 3 months of approximately HK\$803,715,000 (31 December 2023: HK\$2,989,298,000) and trade and bills receivables of approximately HK\$932,003,000 (31 December 2023: HK\$1,404,647,000) (Note 16) that are expected to generate cash inflows for managing liquidity risk.

#### 5.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2024 and 31 December 2023 by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 5 Financial risk management (continued)

#### 5.3 Fair value estimation (continued)

The following table presents the Group's financial assets that are at fair value at 30 June 2024 and 31 December 2023:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>At 30 June 2024</b>				
<b>Financial asset at fair value through other comprehensive income ("FVOCI")</b>				
— Unlisted equity investment	—	—	9,727	9,727
<b>At 31 December 2023</b>				
<b>Financial asset at FVOCI</b>				
— Unlisted equity investment	—	—	9,796	9,796

There were no transfers between levels 1, 2 and 3 and no other changes in valuation techniques during the period.

#### *Financial instruments in level 1*

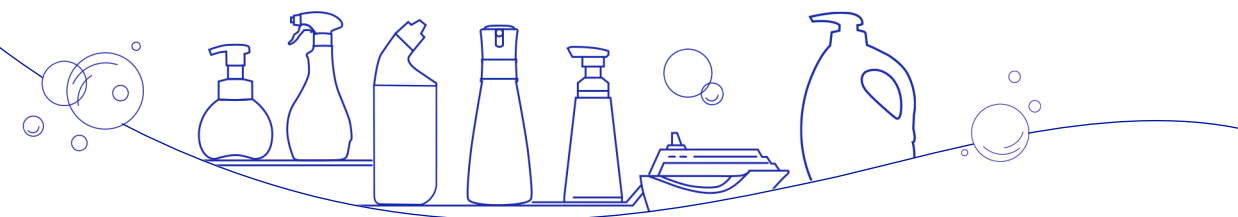
The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

#### *Financial instruments in level 2*

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

#### *Financial instruments in level 3*

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 5 Financial risk management (continued)

#### 5.3 Fair value estimation (continued)

The following table presents the changes in level 3 instruments for the period:

	Unaudited Six months ended 30 June 2024 HK\$'000	Audited Year ended 31 December 2023 HK\$'000
<i>Financial asset at FVOCI - Unlisted equity investment</i>		
At 1 January	9,796	15,113
Fair value change	–	(5,138)
Exchange differences	(69)	(179)
	<b>9,727</b>	9,796

The significant unobservable input to the valuation of financial asset at FVOCI as at 30 June 2024 is revenue of the investee (31 December 2023: Same). The specific valuation techniques used to value financial asset at FVOCI is market approach, which is based on enterprise value to sales and price-to-book multiples of comparable companies in the market.

The carrying amounts of the Group's financial assets and financial liabilities measured at amortised cost approximate their fair values.

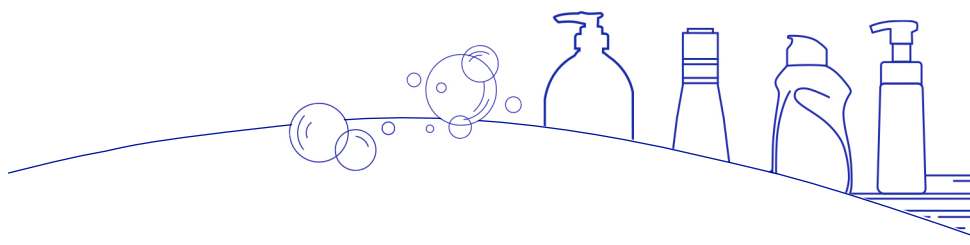
### 6 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM").

The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Company that make strategic decisions.

The CODM reviews the performance of the Group on a regular basis.

As substantial business operations of the Group relate to the manufacturing, selling and distribution of cleaning products, the CODM makes decisions about resources allocation and performance assessment based on the entity-wide consolidated financial information. Accordingly, there is only one single operating segment for the Group qualified as reportable segment under HKFRS 8. No separate segmental analysis is presented.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 7 Revenue

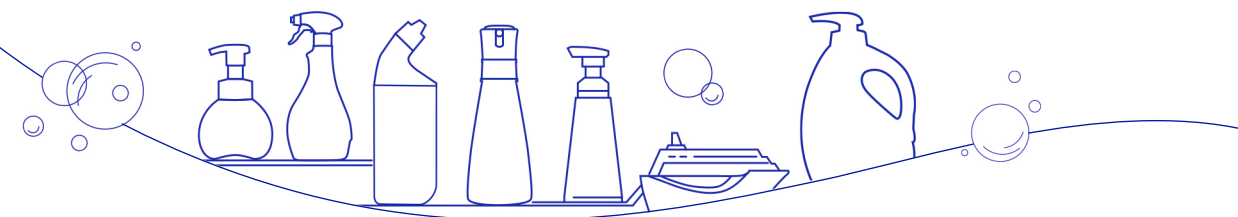
Revenue from the sales of goods recognised is as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Revenue recognised at a point in time:		
Fabric care products	2,767,339	1,957,974
Personal hygiene products	191,870	120,226
Home care products	171,946	144,527
	<b>3,131,155</b>	<b>2,222,727</b>

All of the Group's revenue was generated from customers in the PRC for the six months ended 30 June 2024 and for the same period in 2023, accordingly, no revenue by geographical location is presented.

### 8 Other income and other losses, net

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Government grants	5,192	18,772
Net foreign exchange losses	(15,643)	(9,623)
Scrap sales	(938)	125
Compensation income	4,689	3,363
Sundry income	2,765	180
	<b>(3,935)</b>	<b>12,817</b>

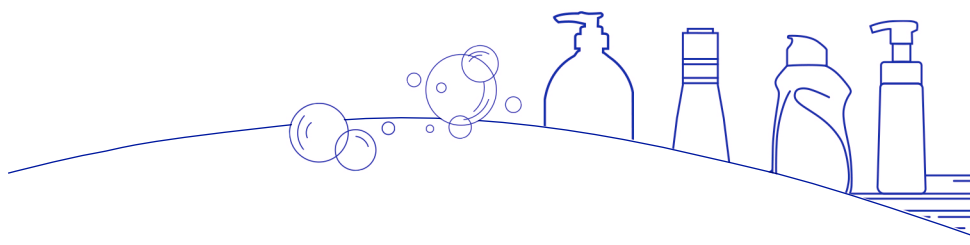


## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 9 Expenses by nature

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Cost of inventories sold	1,131,471	850,993
Promotion expenses	1,094,646	266,048
Employee benefits expense	953,776	861,575
Transportation expenses	365,917	231,100
Advertising expenses	202,645	86,935
Depreciation of property, plant and equipment	66,055	68,356
Other tax expenses	41,880	45,876
Depreciation of right-of-use assets	41,490	43,484
Travelling expenses	25,097	20,029
Utility expenses	16,532	15,742
Donation	14,687	3,875
Amortisation of intangible assets	11,735	11,142
Consulting fee	10,877	13,685
Maintenance expenses	9,132	9,434
Motor expenses	7,168	7,620
Rental expenses related to short-term leases	6,759	6,076
Manufacturing overheads (excluding depreciation)	6,343	5,252
Consumables	4,625	3,180
Telecommunication expenses	4,328	4,546
Property management fee	3,379	6,858
Office expenses	2,376	2,889
Auditor's remuneration	2,075	2,585
Recruitment fee	1,696	1,766
Training expenses	354	2,633
Others	36,483	23,127
	<b>4,061,526</b>	<b>2,594,806</b>





## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 10 Finance income, net

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Finance income		
— Interest income on bank deposits	130,371	137,007
Finance costs		
— Interest expenses on lease liabilities	(2,559)	(3,415)
Finance income, net	127,812	133,592

### 11 Income tax credit

The amount of income tax credited to the consolidated profit or loss is as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current income tax expense		
— PRC corporate income tax	(77,582)	(71,511)
Deferred income tax credit	224,560	201,812
Income tax credit	146,978	130,301

Notes:

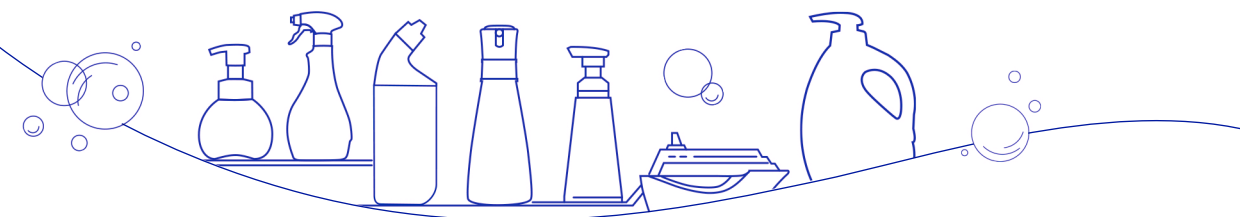
(a) **Hong Kong profits tax**

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries have no assessable profit arising in or deriving from Hong Kong during the six months ended 30 June 2024 and for the same period in 2023.

(b) **PRC corporate income tax ("CIT")**

Current income tax expense primarily represents the provision for CIT for subsidiaries operating in the PRC. These subsidiaries are subject to CIT on their taxable income as reported in their respective statutory financial statements in accordance with the relevant tax laws and regulations in the PRC.

Blue Moon (Chongqing) Co., Ltd. has been qualified as a Western Region Encouragement Industrial Enterprise and has enjoyed a preferential income tax rate of 15% since 2017 until 2030.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 12 Dividends

A final dividend in respect of the year ended 31 December 2023 of HK6.0 cents per share was proposed by the Board on 26 March 2024 and was approved by the shareholders of the Company (the "Shareholders") in the annual general meeting held on 7 June 2024.

This final dividend, amounting to approximately HK\$329,127,000, has been paid by the Company during the six months ended 30 June 2024.

An interim dividend in respect of the six months ended 30 June 2024 of HK4.0 cents per share was proposed by the Board on 22 August 2024. This proposed interim dividend, amounting to HK\$218,295,000, has not been recognised as a liability in this unaudited condensed consolidated interim financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2024.

### 13 Loss per share

#### Basic

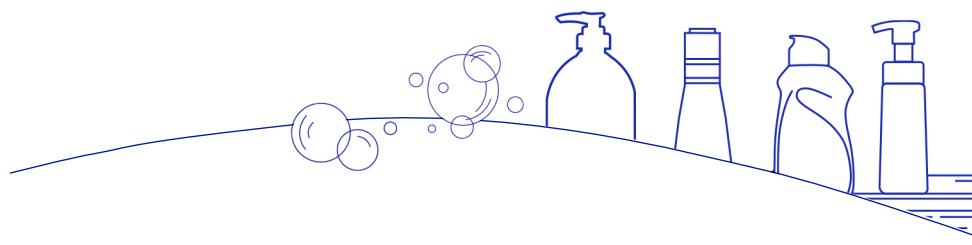
Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company of approximately HK\$663,745,000 (six months ended 30 June 2023: HK\$167,462,000) by the weighted average number of ordinary shares in issue less shares held under the 2021 Share Award Plan and the 2022 Share Award Plan (as defined below) during the period of approximately 5,529,425,000 (six months ended 30 June 2023: 5,570,388,000) shares.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
Loss attributable to equity holders of the Company used in calculating basic and diluted loss per share (HK\$'000)	<b>(663,745)</b>	(167,462)
Weighted average number of ordinary shares in issue less shares held under the 2021 Share Award Plan and 2022 Share Award Plan (as defined below) during the period ('000)	<b>5,529,425</b>	5,570,388
Basic loss per share (HK cent per share)	<b>(12.00)</b>	(3.01)

#### Diluted

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. The Company has two categories of potential ordinary shares: share options and shares held under the 2021 Share Award Plan and the 2022 Share Award Plan (as defined below) during the period.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

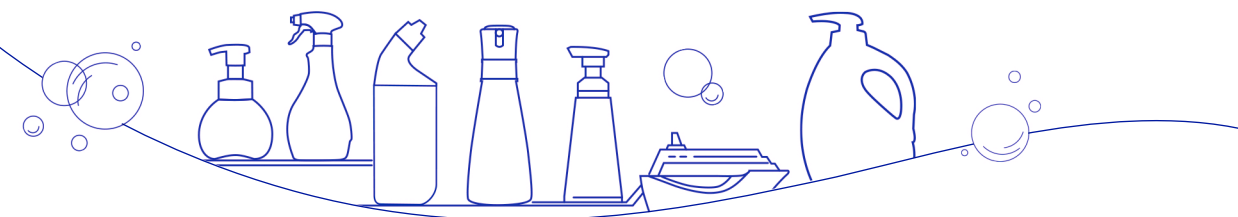
### 13 Loss per share (continued)

#### Diluted (continued)

For the six months ended 30 June 2024, the computation of diluted loss per share does not assume the issuance of the ordinary shares at no consideration on deemed exercise of all options outstanding during the period as well as share awards granted under the 2021 Share Award Plan and the 2022 Share Award Plan (as defined below) as at 30 June 2024 as both of them will have an anti-dilutive effect. Therefore, the Group's diluted loss per share equals its basic loss per share (six months ended 30 June 2023: Same).

### 14 Property, plant and equipment

	Buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Construction- in-progress HK\$'000	Total HK\$'000
<b>(Audited)</b>							
<b>As at 1 January 2024</b>							
Cost	1,180,563	45,572	793,960	207,534	30,963	63,753	2,322,345
Accumulated depreciation and impairment	(217,589)	(16,575)	(491,460)	(124,258)	(17,174)	–	(867,056)
Net book amount	962,974	28,997	302,500	83,276	13,789	63,753	1,455,289
<b>(Unaudited)</b>							
<b>Six months ended 30 June 2024</b>							
Opening net book amount	962,974	28,997	302,500	83,276	13,789	63,753	1,455,289
Additions	196	1,445	6,208	9,391	520	66,437	84,197
Disposals	(994)	–	(17,730)	(4,671)	(2,465)	–	(25,860)
Transfer	6,606	–	29,107	5,180	–	(40,893)	–
Depreciation	(14,398)	(3,849)	(33,464)	(13,448)	(896)	–	(66,055)
Exchange differences	(6,786)	(197)	(1,884)	(577)	(88)	(542)	(10,074)
Closing net book amount	947,598	26,396	284,737	79,151	10,860	88,755	1,437,497
<b>As at 30 June 2024</b>							
Cost	1,176,882	46,701	799,805	205,957	27,779	88,755	2,345,879
Accumulated depreciation and impairment	(229,284)	(20,305)	(515,068)	(126,806)	(16,919)	–	(908,382)
Net book amount	947,598	26,396	284,737	79,151	10,860	88,755	1,437,497

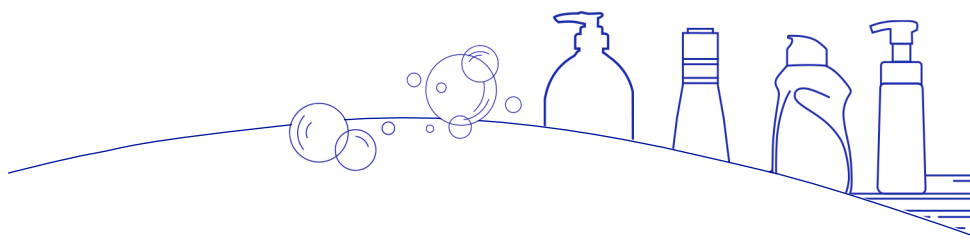


## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 15 Financial asset at fair value through other comprehensive income

	<b>Unaudited</b>	<b>Audited</b>
	<b>Six months</b>	<b>Year ended</b>
	<b>ended 30</b>	<b>31 December</b>
	<b>June 2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Unlisted equity investment	<b>9,727</b>	<b>9,796</b>

As at 30 June 2024 and 31 December 2023, financial asset at FVOCI comprises of equity interest not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. This is a strategic investment and the Group considers this classification to be more relevant. The fair value of the financial asset at FVOCI was measured at level 3 of fair value hierarchy (Note 5.3).



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 16 Trade and bills receivables

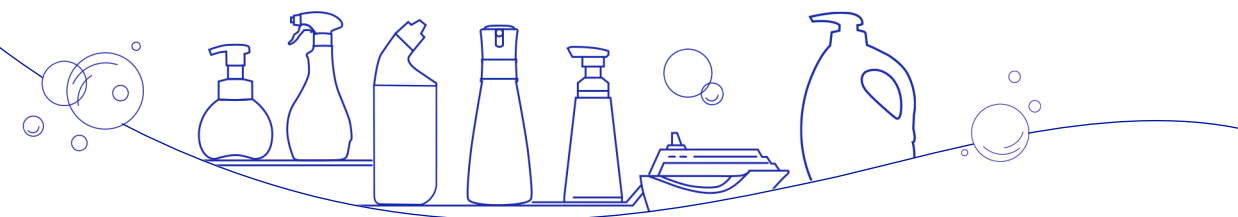
The aging analysis of trade and bills receivables as at 30 June 2024 and 31 December 2023, based on invoice date, is as follows:

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
1 – 30 days	396,286	712,252
31 – 60 days	332,485	266,192
61 – 180 days	143,961	408,351
Over 180 days	177,410	193,336
Trade and bills receivables	1,050,142	1,580,131
Less: Loss allowance	(118,139)	(175,484)
Trade and bills receivables, net	932,003	1,404,647

The Group generally allows a credit period of up to 60 days to its key account clients and major online e-commerce customers, as well as certain offline distributors with good credit history on a discretionary basis.

As at 30 June 2024, the carrying amounts of the Group's trade and bills receivables were denominated in Renminbi ("RMB") and approximated their fair values (31 December 2023: Same).

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade and bills receivables.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 17 Prepayments, deposits and other receivables

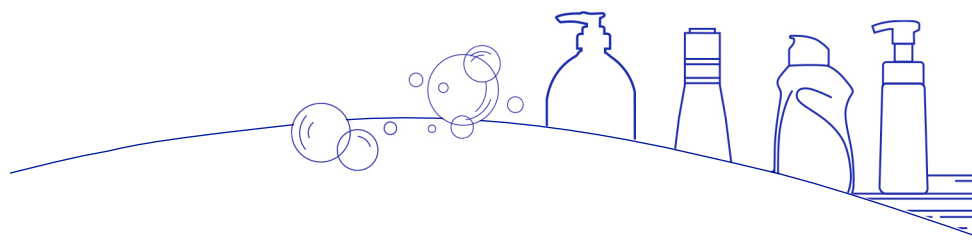
	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
<b>Non-current</b>		
Prepayments for acquisition of property, plant and equipment	36,994	46,561
<b>Current</b>		
Prepayments for advertising and promotion expenses	273,890	253,787
Prepayments for raw materials and transportation	10,761	10,945
Other deposits and prepayments	65,206	117,649
VAT recoverable	122,880	131,614
Advances to staff	2,480	865
Receivables from payment intermediaries (Note)	50,882	26,766
Others	30,040	29,252
	<b>556,139</b>	<b>570,878</b>

Note:

Receivables from payment intermediaries represent the sales mainly received by Alipay on behalf of the Group for online platform sales.

Denominated in:

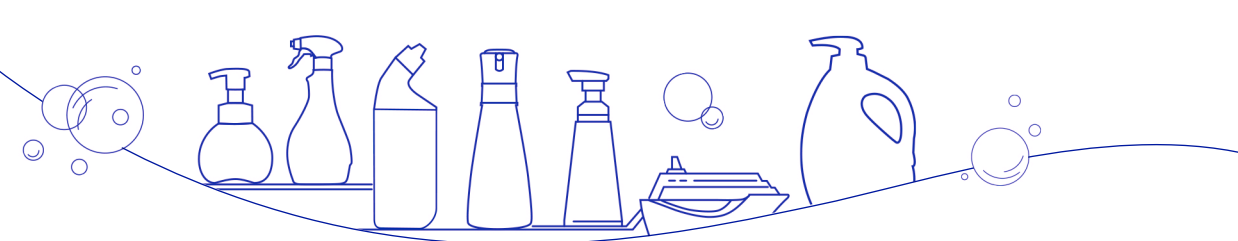
	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
RMB	591,030	615,718
HK\$	2,103	1,721
	<b>593,133</b>	<b>617,439</b>



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 18 Share capital

	Number of shares	Share capital HK\$'000
<b>Authorised ordinary shares of HK\$0.01 each:</b>		
At 1 January 2024 (audited) and 30 June 2024 (unaudited)	10,000,000,000	100,000
<b>Ordinary shares of HK\$0.01 each, issued and fully paid:</b>		
At 1 January 2024 (audited) and 30 June 2024 (unaudited)	5,862,993,406	58,630

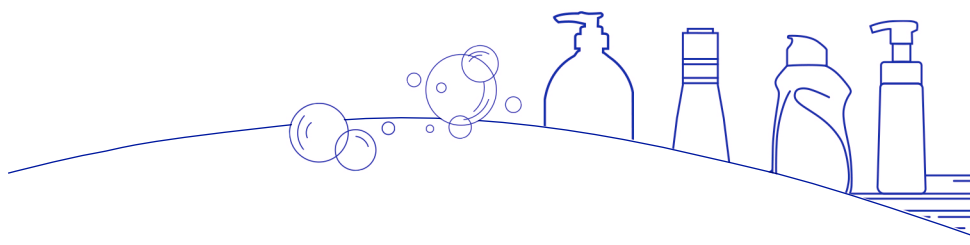


## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 19 Other reserves

	Share premium	Statutory surplus reserves	Shares held for share award plan	Capital reserve	Share-based payment reserve	Financial asset at fair value through other comprehensive income revaluation reserve	Exchange translation reserve	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Unaudited</i>								
<b>As at 1 January 2023</b>	11,016,982	485,270	(2,060,191)	-	54,530	-	(430,659)	9,065,932
Issuance of ordinary shares upon exercise of share options	2,869	-	-	-	-	-	-	2,869
Share-based compensation expense	-	-	-	-	17,642	-	-	17,642
Release of shares-based payment reserve to share premium upon exercise of share options	725	-	-	-	(725)	-	-	-
Purchase of shares held for share award plan (Note (b))	-	-	(731)	-	-	-	-	(731)
Vesting of awarded shares	(3,151)	-	10,914	-	(7,763)	-	-	-
Exchange translation of foreign operations	-	-	-	-	-	-	(179,580)	(179,580)
<b>As at 30 June 2023</b>	11,017,425	485,270	(2,050,008)	-	63,684	-	(610,239)	8,906,132
<i>Unaudited</i>								
<b>As at 1 January 2024</b>	11,017,309	576,066	(2,051,929)	-	56,424	(5,138)	(519,033)	9,073,699
Share-based compensation expense	-	-	-	-	45,899	-	-	45,899
Transfer to retained earnings upon lapse of share options	714	-	-	-	(714)	-	-	-
Purchase of shares held for share award plan (Note (b))	-	-	(36,902)	-	-	-	-	(36,902)
Vesting of awarded shares	(2,431)	-	4,216	-	(1,785)	-	-	-
Capital contribution from the shareholder (Note (c))	-	-	(264,316)	264,316	-	-	-	-
Exchange translation of foreign operations	-	-	-	-	-	-	(34,646)	(34,646)
<b>As at 30 June 2024</b>	11,015,592	576,066	(2,348,931)	264,316	99,824	(5,138)	(553,679)	9,048,050





# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 19 Other reserves (continued)

Notes:

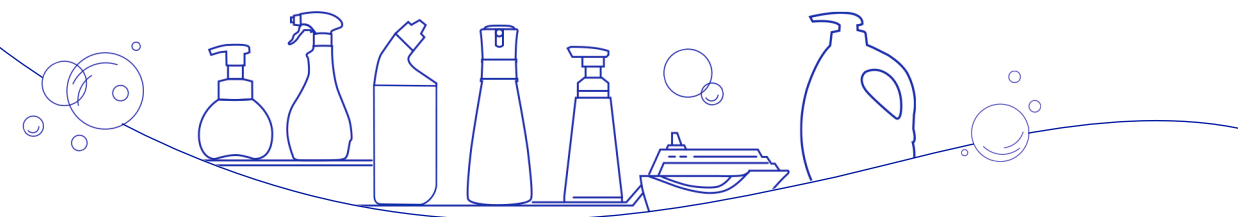
(a) Statutory reserves represent the statutory surplus reserves and statutory public welfare fund. The subsidiaries in the PRC appropriate 10% of the net profits as reported in their statutory financial statements (after offsetting any prior year's losses) to the statutory surplus reserves until the reserves have reached 50% of their registered capital. Statutory surplus reserves are non-distributable to shareholders. The use of these reserves is to offset accumulated losses or to increase capital as determined by the Board of Directors of the relevant PRC subsidiaries in accordance with the relevant laws and regulations in the PRC.

(b) On 3 June 2021, a share award plan (the "2021 Share Award Plan") was approved and adopted by the Board. As amended on 26 March 2024, the 2021 Share Award Plan shall be remain valid and effective for 15 years from the date of adoption, subject to early termination as determined by the Board.

During the six months ended 30 June 2024, the Group had acquired certain of its own shares through the trustee of the 2021 Share Award Plan from open market. The cost of acquiring the shares amounted to approximately HK\$36,902,000 (six months ended 30 June 2023: HK\$731,000) and had been deducted from other reserves as at 30 June 2024. The Shares purchased by the Group that are not yet vested for the 2021 Share Award Plan were recorded as shares held for share award plan of the Group.

On 29 March 2022, the Board approved the adoption of the 2022 share award plan (the "2022 Share Award Plan"). As amended on 26 March 2024, the 2022 Share Award Plan shall be valid and effective for a term of 15 years commencing from the Adoption Date but may be terminated earlier as determined by the Board, provided that such termination shall not affect any subsisting rights of any Eligible Participant.

(c) During the six months ended 30 June 2024, ZED Group Limited, the ultimate holding company of the Group, had contributed certain shares amounted to HK\$264,316,000 to the trustee of the 2022 Share Award Plan, it is treated as a capital contribution and is recorded under "Capital Reserve". The shares contributed by ZED Group Limited that are not yet vested for the 2022 Share Award Plan were recorded as shares held for share award plan of the Group.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 20 Trade and bills payables

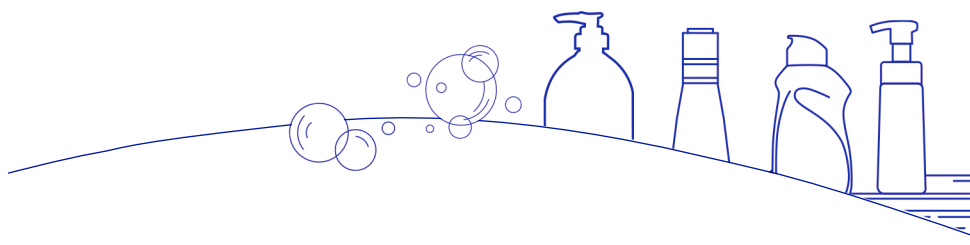
	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Trade and bills payables	555,228	578,074

The trade and bills payables are non-interest-bearing and are normally settled within credit terms of from 30 to 60 days.

At 30 June 2024 and 31 December 2023, the aging analysis of the trade and bills payables based on invoice date is as follows:

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Up to 3 months	550,504	575,935
3 to 6 months	3,811	1,056
6 months to 1 year	276	125
Over 1 year	637	958
	555,228	578,074

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
<b>Denominated in:</b>		
RMB	548,892	557,475
US Dollar	6,336	20,599
	555,228	578,074



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 21 Related party transactions

The directors of the Company are of the view that the following companies are related parties of the Group:

Company's name	Relationship with the Group
Guangzhou Daoming Chemical Co., Ltd.	Company owned by Mr. Fu Xiangdong, the brother of Mr. Luo Qiuping

Save as disclosed elsewhere in the condensed consolidated interim financial information, the following transactions were carried out with related parties:

### (a) Transactions with a related party

	Unaudited Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Purchase of goods and raw materials from: Guangzhou Daoming Chemical Co., Ltd. (Note)	1,004	845

Note:

Goods were purchased in the ordinary course of business and in accordance with the terms and prices of the underlying agreements as agreed by both parties.

### (b) Balance with a related party

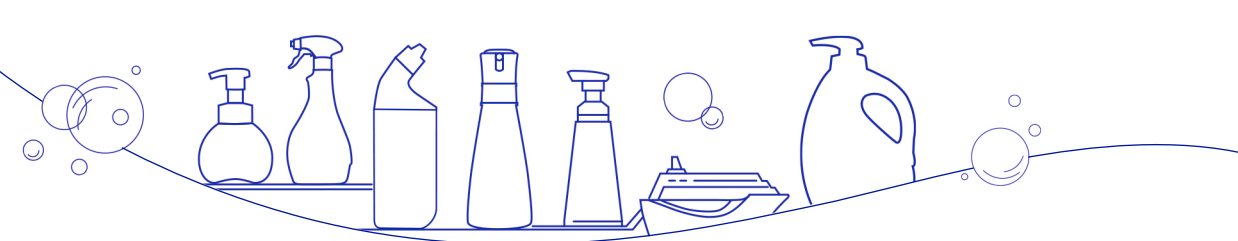
	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Amounts due to a related company – Trade nature Guangzhou Daoming Chemical Co., Ltd.	195	290

The carrying amount approximated its fair value and was denominated in RMB, which was unsecured, interest-free and repayable on demand. The trade balance due to the related company represents the trade payable arising from the purchase of goods and raw materials from the related company.

### (c) Key management compensation

Key management includes executive directors of the Group. The compensation of key management personnel of the Group is shown below:

	Unaudited Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Salaries, bonuses, allowances and other benefits	11,712	11,161
Contributions to social security plans	196	154
Share-based compensation expense	37,779	456
	49,687	11,771



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 22 Commitments

#### (a) Capital commitments

As at 30 June 2024 and 31 December 2023, the Group had the following capital commitments:

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Acquisition of property, plant and equipment and intangible assets:		
— Contracted but not provided for	70,837	63,315

#### (b) Operating lease as lessee

As at 30 June 2024 and 31 December 2023, the Group has recognised right-of-use assets for non-cancellable leases where the Group is a lessee, except for short-term leases. The future aggregate minimum lease payments under non-cancellable short-term leases not recognised in the consolidated financial statements are as follows:

	Unaudited As at 30 June 2024	Audited As at 31 December 2023
Properties:		
— No later than 1 year	13,658	16,312

#### (c) Committed leases not yet commenced

As at 30 June 2024 and 31 December 2023, the total future lease payments for leases committed but not yet commenced were payable as follow:

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Properties:		
— Within one year	4,269	913
	4,269	913