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Blue Moon Group Holdings Limited

藍月亮集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6993)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

HIGHLIGHTS

- Revenue increased by approximately 8.6% to approximately HK\$7,597.5 million for the year ended 31 December 2021 as compared to approximately HK\$6,996.3 million for the year ended 31 December 2020.
- Gross profit decreased by approximately 1.7% to approximately HK\$4,438.8 million for the year ended 31 December 2021 as compared to approximately HK\$4,513.8 million for the year ended 31 December 2020. Gross profit margin decreased by approximately 6.1% to 58.4% for the year ended 31 December 2021 as compared to 64.5% for the year ended 31 December 2020.
- Profit as well as the profit attributable to equity holders of the Company decreased by approximately 22.5% from approximately HK\$1,309.4 million for the year ended 31 December 2020 to approximately HK\$1,014.4 million for the year ended 31 December 2021.
- Earnings per share (basic and diluted) was approximately HK\$17.49 cents and HK\$17.39 cents for the year ended 31 December 2021, respectively.
- The Board has resolved to recommend the payment of a final dividend of HK13.8 cents per Share for the year ended 31 December 2021, an increase of approximately 100% as compared to the year ended 31 December 2020.

ANNUAL RESULTS

The board of directors (the “**Board**” or the “**Directors**”) of Blue Moon Group Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021, together with comparative information, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	4	7,597,481	6,996,348
Cost of sales	5	(3,158,683)	(2,482,592)
Gross profit		4,438,798	4,513,756
Other income and other gains, net		92,918	72,116
Selling and distribution expenses	5	(2,391,969)	(2,016,552)
General and administrative expenses	5	(978,299)	(822,440)
Provision for impairment losses of financial assets		(11,608)	(791)
Operating profit		1,149,840	1,746,089
Finance income		141,910	10,816
Finance costs		(20,739)	(7,258)
Finance income, net		121,171	3,558
Profit before income tax		1,271,011	1,749,647
Income tax expense	6	(256,596)	(440,236)
Profit for the year		1,014,415	1,309,411
Profit attributable to equity holders of the Company		1,014,415	1,309,411

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the year		<u>1,014,415</u>	<u>1,309,411</u>
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences from translation of financial statements of subsidiaries		<u>229,828</u>	<u>218,757</u>
Other comprehensive income for the year, net of tax		<u>229,828</u>	<u>218,757</u>
Total comprehensive income for the year		<u><u>1,244,243</u></u>	<u><u>1,528,168</u></u>
Total comprehensive income attributable to equity holders of the Company		<u><u>1,244,243</u></u>	<u><u>1,528,168</u></u>
Earnings per share attributable to equity holders of the Company			
Basic	7	<u><u>HK17.49 cents</u></u>	<u><u>HK26.03 cents</u></u>
Diluted	7	<u><u>HK17.39 cents</u></u>	<u><u>HK25.97 cents</u></u>

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021

		As at 31 December	
		2021	2020
	<i>Note</i>	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Intangible assets		186,865	197,251
Property, plant and equipment	9	1,534,135	1,382,474
Right-of-use assets		495,578	416,460
Prepayments for property, plant and equipment		66,282	49,446
Deferred income tax assets		42,967	7,908
		<u>2,325,827</u>	<u>2,053,539</u>
Current assets			
Inventories		385,968	469,789
Trade and bills receivables	10	2,253,099	2,014,298
Prepayments, deposits and other receivables		313,186	319,089
Restricted cash		—	17,822
Cash and cash equivalents		9,233,656	10,921,095
Tax recoverable		—	7,505
		<u>12,185,909</u>	<u>13,749,598</u>
Total assets		<u>14,511,736</u>	<u>15,803,137</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	11	58,595	57,471
Other reserves		10,074,014	9,920,729
Retained earnings		2,213,813	1,701,221
Total equity		<u>12,346,422</u>	<u>11,679,421</u>

CONSOLIDATED BALANCE SHEET (continued)
AS AT 31 DECEMBER 2021

		As at 31 December	
		2021	2020
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Deferred government grant		64,784	64,377
Deferred income tax liabilities		121,555	78,456
Lease liabilities		75,087	25,609
		<u>261,426</u>	<u>168,442</u>
		<u>261,426</u>	<u>168,442</u>
Current liabilities			
Trade and bills payables	12	661,633	548,044
Contract liabilities		60,346	30,779
Accruals and other payables		753,768	812,095
Amounts due to related companies		407	505
Dividend payable		—	2,300,000
Current income tax liabilities		266,443	231,716
Borrowings		100,000	—
Lease liabilities		61,291	32,135
		<u>1,903,888</u>	<u>3,955,274</u>
		<u>1,903,888</u>	<u>3,955,274</u>
Total liabilities		<u>2,165,314</u>	<u>4,123,716</u>
		<u>2,165,314</u>	<u>4,123,716</u>
Total equity and liabilities		<u>14,511,736</u>	<u>15,803,137</u>
		<u>14,511,736</u>	<u>15,803,137</u>
Net current assets		<u>10,282,021</u>	<u>9,794,324</u>
		<u>10,282,021</u>	<u>9,794,324</u>
Total assets less current liabilities		<u>12,607,848</u>	<u>11,847,863</u>
		<u>12,607,848</u>	<u>11,847,863</u>

NOTES

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.

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.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated and have been approved for issue by the Board on 29 March 2022.

2 Basis of preparation

(a) *Compliance with HKFRS and the HKCO*

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 (“**HKCO**”).

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(b) *Historical cost convention*

The consolidated financial statements have been prepared on a historical cost basis.

(c) *Amended standards and revised conceptual framework adopted by the Group*

The Group has applied the following amendments to existing standards for the first time for their annual reporting period commencing 1 January 2021:

Amendments to HKFRS 16	COVID-19-related rent concessions
Amendments to Hong Kong Accounting Standards (“ HKAS ”) 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The amendments to existing standards 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.

2 Basis of preparation (continued)

(d) *New standards and amendments to standards not yet adopted*

A new accounting standard and certain amendments to standards have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to HKFRS 16	Covid-19-related rent concessions beyond 30 June 2021	1 April 2021
Amendments to HKAS 16	Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous contracts — costs of fulfilling a contract	1 January 2022
Amendments to HKFRS 3 (Revised)	Update reference to the conceptual framework	1 January 2022
Annual Improvements Project (Amendments)	Annual improvements to HKFRSs 2018–2020	1 January 2022
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations	1 January 2022
Amendments to HKAS 1 (Revised)	Classification of liabilities as current or non-current	1 January 2023
Amendments to HKAS 1 (Revised) and HKFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8	Definition of accounting estimates	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
HK Interpretation 5 (2020)	Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The directors of the Company are of the opinion that the adoption of the above new standard and 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 standard and amendments to existing standards when they become effective.

3 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 in the consolidated financial statements.

3 Segment information (continued)

An analysis of the Group's non-current assets excluding deferred income tax assets, by geographical locations, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	13,063	3,344
Mainland China	<u>2,269,797</u>	<u>2,042,287</u>
	<u><u>2,282,860</u></u>	<u><u>2,045,631</u></u>

4 Revenue

(a) Revenue by products

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue recognised at a point in time:		
Fabric care products	6,456,510	5,595,885
Personal hygiene products	601,814	835,738
Home care products	<u>539,157</u>	<u>564,725</u>
	<u><u>7,597,481</u></u>	<u><u>6,996,348</u></u>

(b) Revenue from external parties contributing 10% or more of the total revenue of the Group

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A	1,132,861	1,191,829
Customer B	<u>677,275</u>	<u>927,910</u>
Total	<u><u>1,810,136</u></u>	<u><u>2,119,739</u></u>

Except for customer A, no other customers individually contributed to more than 10% of the Group's total revenue for the year ended 31 December 2021 (2020: Except for customers A and B, no other customers individually contributed to more than 10% of the Group's total revenue for the year ended 31 December 2020).

All of the Group's revenue was generated from customers in the PRC for the years ended 31 December 2021 and 2020, accordingly, no revenue by geographical location is presented.

5 Expenses by nature

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of raw materials consumed	2,695,566	2,256,348
Changes in inventories of finished goods and work in progress	148,146	(64,964)
Manufacturing overheads (excluding depreciation)	16,012	20,821
Employee benefits expense	1,555,931	1,292,838
Advertising expenses	397,061	407,314
Promotion expenses	593,075	368,803
Transportation expenses	607,570	512,331
Other tax expenses	78,581	68,901
Rental expenses related to short term leases	12,460	29,273
Depreciation of property, plant and equipment (<i>Note 9</i>)	131,558	126,349
Depreciation of right-of-use assets	65,786	29,603
Amortisation of intangible assets	32,413	25,534
Auditor's remuneration		
— Audit services	4,300	4,300
— Non-audit services	1,100	291
Travelling expenses	30,255	28,321
Motor expenses	14,793	11,876
Consumables	7,199	7,118
Office expenses	3,266	4,312
Recruitment fee	5,560	4,333
Utility expenses	28,982	26,986
Consulting fee	25,658	18,389
Maintenance expenses	26,061	19,361
Loss on disposals of plant and equipment, net	127	2,265
Listing expenses	—	59,451
Others	47,491	61,430
	<u>6,528,951</u>	<u>5,321,584</u>

6 Income tax expense

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current income tax		
— PRC corporate income tax	242,093	383,056
Deferred income tax expense	14,503	57,180
Income tax expense	<u>256,596</u>	<u>440,236</u>

(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 year ended 31 December 2021 (2020: Nil).

6 Income tax expense (continued)

(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 enjoyed a preferential income tax rate of 15% since 2017 until 2030.

7 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of approximately HK\$1,014,415,000 (2020: HK\$1,309,411,000) by the weighted average number of ordinary shares in issue less shares held under the 2021 Share Award Plan (as defined below) during the year of approximately 5,800,998,000 shares (2020: 5,030,620,000 shares).

	2021	2020
Profit attributable to equity holders of the Company used in calculating basic and diluted earnings per share (<i>HK\$'000</i>)	1,014,415	1,309,411
Weighted average number of ordinary shares in issue less shares held under the 2021 Share Award Plan during the year (<i>'000</i>)	5,800,998	5,030,620
Basic earnings per share (<i>HK cent per share</i>)	<u>17.49</u>	<u>26.03</u>

Diluted earnings per share adjusts the figures used in the determination of basic earnings 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 (as defined below) during the year.

A reconciliation of the weighted average number of ordinary shares used in calculating the basic and diluted earnings per share is as follows:

	2021 '000	2020 '000
Weighted average number of ordinary shares used in calculating basic earnings per share	5,800,998	5,030,620
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all options outstanding during the year	32,586	12,279
Adjustment for 2021 Share Award Plan	<u>545</u>	<u>—</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>5,834,129</u>	<u>5,042,899</u>
	2021 <i>HK cent</i>	2020 <i>HK cent</i>
Diluted earnings per share attributable to the ordinary equity holders of the Company	<u>17.39</u>	<u>25.97</u>

8 Dividends

In January and June 2020, the Company declared a dividend of HK\$36,664,000 and an interim dividend of HK\$2,300,000,000 respectively to the then immediate sole shareholder of the Company. The rates for dividends and the number of shares ranking for dividends were not presented as such information was not considered meaningful for the purpose of this announcement.

On 29 March 2021, a final dividend amounted to HK\$404,284,000 in respect of the year ended 31 December 2020 of HK6.9 cents per share was proposed by the Board and was approved by the shareholders of the Company in the annual general meeting held on 25 June 2021.

A dividend in respect of the year ended 31 December 2021 of HK13.8 cents per share was proposed by the Board of Directors on 29 March 2022 and to be approved by the shareholders in the forthcoming annual general meeting.

This proposed final dividend, amounting to HK\$808,621,350, has not been recognised as a liability in the consolidated financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2022.

9 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
As at 1 January 2021							
Cost	1,050,651	11,244	682,861	179,514	28,904	76,668	2,029,842
Accumulated depreciation	(130,887)	(11,244)	(378,153)	(109,256)	(17,828)	—	(647,368)
Net book amount	<u>919,764</u>	<u>—</u>	<u>304,708</u>	<u>70,258</u>	<u>11,076</u>	<u>76,668</u>	<u>1,382,474</u>
Year ended 31 December 2021							
Opening net book amount	919,764	—	304,708	70,258	11,076	76,668	1,382,474
Additions	—	366	42,990	26,495	3,684	211,157	284,692
Disposals	(217)	—	(39,332)	(3,583)	(738)	—	(43,870)
Transfer	53,746	—	65,189	16,481	—	(135,416)	—
Depreciation	(34,545)	(59)	(70,303)	(23,766)	(2,885)	—	(131,558)
Exchange differences	27,416	30	8,887	2,277	345	3,442	42,397
Closing net book amount	<u>966,164</u>	<u>337</u>	<u>312,139</u>	<u>88,162</u>	<u>11,482</u>	<u>155,851</u>	<u>1,534,135</u>
As at 31 December 2021							
Cost	1,135,917	11,972	750,925	215,511	28,515	155,851	2,298,691
Accumulated depreciation	(169,753)	(11,635)	(438,786)	(127,349)	(17,033)	—	(764,556)
Net book amount	<u>966,164</u>	<u>337</u>	<u>312,139</u>	<u>88,162</u>	<u>11,482</u>	<u>155,851</u>	<u>1,534,135</u>

10 Trade and bills receivables

	2021 HK\$'000	2020 HK\$'000
Trade receivables	2,158,290	1,968,978
Bills receivables	118,997	57,900
	<u>2,277,287</u>	<u>2,026,878</u>
Trade and bills receivables	2,277,287	2,026,878
Less: Loss allowance	(24,188)	(12,580)
	<u>(24,188)</u>	<u>(12,580)</u>
Trade and bills receivables, net	<u>2,253,099</u>	<u>2,014,298</u>

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.

The aging analysis of trade and bills receivables as at the year end date, based on invoice date, is as follows:

	2021 HK\$'000	2020 HK\$'000
0–30 days	1,236,370	1,064,708
31–60 days	396,681	434,812
61–180 days	470,942	373,777
Over 180 days	173,294	153,581
	<u>2,277,287</u>	<u>2,026,878</u>

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

11 Share capital

	Number of shares	Share capital HK\$'000
<u>Authorised ordinary shares of HK\$0.01 each:</u>		
At 1 January 2020	38,000,000	380
Increase in authorised share capital	9,962,000,000	99,620
	<u>10,000,000,000</u>	<u>100,000</u>
At 31 December 2020, 1 January 2021 and 31 December 2021	<u>10,000,000,000</u>	<u>100,000</u>
<u>Ordinary shares of HK\$0.01 each, issued and fully paid:</u>		
At 1 January 2020	10,000	—
Issuance of ordinary shares upon		
— capitalisation issue	4,999,990,000	50,000
— initial public offering (<i>Note (a)</i>)	747,126,500	7,471
	<u>5,747,126,500</u>	<u>57,471</u>
At 31 December 2020 and 1 January 2021	5,747,126,500	57,471
Issuance of ordinary shares upon		
— over-allotment (<i>Note (b)</i>)	112,068,500	1,120
— exercise of share options	380,000	4
	<u>5,859,575,000</u>	<u>58,595</u>
At 31 December 2021	<u>5,859,575,000</u>	<u>58,595</u>

Notes:

- (a) On 16 December 2020, 747,126,500 ordinary shares of HK\$0.01 each were issued at an offer price of HK\$13.16 per share upon the listing of the Company's shares on the Stock Exchange. Gross proceeds from the issuance of these shares amounted to approximately HK\$9,832,184,000 with approximately HK\$7,471,000 and HK\$9,610,280,000 being credited to the share capital and share premium account of the Company respectively, after net off with the listing expenses of approximately HK\$214,433,000.

11 Share capital (continued)

- (b) On 11 January 2021, 112,068,500 ordinary shares of HK\$0.01 each were allotted and issued by the Company pursuant to the full exercise of the over-allotment option. Gross proceeds from the issuance of these shares in January 2021 amounted to approximately HK\$1,474,821,000 with approximately HK\$1,120,000 and HK\$1,444,196,000 being credited to the share capital and share premium account of the Company respectively, after net off with the commissions and other offering expenses payable by the Company in relation to the exercise of the over-allotment option of approximately HK\$29,505,000.

12 Trade and bills payables

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade and bills payables	<u>661,633</u>	<u>548,044</u>

At 31 December 2021, the aging analysis of the trade and bills payables based on invoice date is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Up to 3 months	661,633	547,209
6 months to 1 year	<u>—</u>	<u>835</u>
	<u>661,633</u>	<u>548,044</u>

BUSINESS REVIEW

In 2021, braving the challenges of the COVID-19 pandemic and high raw material prices, the Group has focused on its business strategies relating to product innovation, deepening reform on distribution channels and enhancing brand recognition and awareness. During the year, two new fabric care products were introduced to the array of products of the Group and enjoyed popular demand. The Group has also diversified its product portfolio by introducing products with new features and functions to achieve product diversification. In the year ended 31 December 2021, the revenue of the Group and in particular, revenue of the fabric care products of the Group, notably increased as compared to the year ended 31 December 2020.

In addition, the Group continued to expand its sales and distribution channels and grow its presence in online-to-offline or O2O platforms. Leveraging on the increasing tendency for customers to purchase via diversified sales channels instead of concentrating on one single channel, the Group actively engaged in business activities via various O2O platforms in 2021 to expand its customer base and capture new business opportunities. During 2021, the Group has been promoted to first-tier in the O2O platform ranking on JD Daojia (京東到家) and Meituan Shangou (美團閃購) and has also continued to engage in other leading O2O platforms. Furthermore, on JD.com and Tmall, the Group has ranked first in sales volume for household care brands and fabric care brands during the “618 Shopping Festival” and held its No. 1 position as best-seller of fabric care brands during the “Double 11 Shopping Festival”.

The Group’s offline sales have demonstrated strong growth in 2021, with sales via offline distributors recording substantial increase as a result of channels reform. It also focused on its strategy to increase its penetration in lower-tier cities to capture the increasing demand for branded and quality products brought by increase in standard of living in those areas. In spite of the high raw material prices in 2021, the Group has successfully utilized its supply chain management strategies and pricing and marketing strategies to partially offset the impact.

Further to the above, in 2021, the Group has continued to invest in marketing and promoting its brands and products through its unique knowledge-based marketing strategies. With a view to enhancing consumer’s confidence in its products, enhancing the brand continuously and maintaining its long-term competitiveness, the Group has sought to promote scientific washing methods and cultivate correct cleaning habits in its customers. The strong brand effect and high level of product satisfaction among consumers have enabled the Group’s products to gain wide popularity among families in China. In particular, the Group’s liquid laundry detergent and liquid soap have ranked first in the China Brand Power Index for 11 consecutive years (2011-2021). This demonstrated the strength of the brand of the Group which has provided more opportunities for the development of the Group.

Product Development

The Group upholds its customer centric philosophy. With continuous effort in market research as well as product research and development, it has constantly enhanced its product portfolio and has launched a series of fabric care, personal hygiene, and home care products with unique features to cater to consumer demands.

For fabric care products, in response to the increasing demand for fabric sanitisation since the outbreak of COVID-19, the Group focused on developing liquid laundry detergent to remove bacteria and specialised liquid laundry detergents for use in different scenarios. For instance, it developed and launched the bacteria and odour removal liquid laundry detergent (除菌去味洗衣液) and a new underwear liquid laundry detergent (內衣專用洗衣液) in 2021.

For personal hygiene products, in view of consumers' demand for maintaining personal hygiene and health protection under the epidemic, the Group further strengthened its product portfolio in 2021 and introduced rinse-free liquid soap (免洗抑菌洗手液) to fulfil the needs of consumers in various home and personal cleaning scenarios. It also launched a new automatic hand wash dispenser (自動洗手機) to meet the demand for smart cleaning products.

For home care products, the Group introduced new cleaning products for different home appliances and improved the household disinfection product series in 2021. For instance, it developed and launched a new washing machine cleanser (洗衣機清潔劑) and multi-purpose sanitizer (多用途除菌液) in 2021.

Sales and Distribution Network

Offline Business

In 2021, the Group continued to broaden and deepen the penetration of its sales and distribution channels in China. In the second half of 2021, the Group continued to expand its sales coverage across China. In particular, the Group focused on expanding its distribution network to convenience stores, fresh food supermarkets and small and medium local stores. In order to allocate resources more effectively and efficiently, the Group refined its management system for its distribution channels and enhanced cooperation with local distributors to ensure product penetration to different points of sale. Through refining its distributorship management system, the total number of points of sale and the stock keeping unit at each of the point of sale increased. The Group implemented classification management on distribution channels to ensure a wider coverage of more stores and a higher product distribution rate in stores under the distribution network. Through the classification of these channels, the Group aims to achieve more accurate allocation of resources according to the corresponding market demands of each channel.

The Group has continued to improve its offline distribution network structure in terms of its coverage in 2021. It has conducted site visits and evaluation of the condition of its existing distributorships, examined the strengths and weaknesses and optimised the efficiency of its distributorship arrangements. The Group has also partnered with and provided training to distributors.

The online-to-offline, or O2O, model has become one of the drivers for the development of the Group's offline business. In 2021, the Group accomplished its nationwide O2O strategic planning and focused on the retail businesses in communities to satisfy the needs of local consumers. In 2021, the Group's market share ranking in the category of fabric care on JD Daojia, a leading O2O supermarket platform in China, rose to the first place. The Group has also introduced its products on platforms such as Ele.me (餓了麼), Dmall (多點) and Taoxianda (淘鮮達). The Group is ranked among the first-tier brands on O2O platforms such as JD Daojia and Meituan Shangou.

Online Business

During the "618 Shopping Festival" in June 2021, the Group ranked first in terms of sales volume among all household care (including cleaning, laundry and paper product) brands on JD.com, and also first in terms of sales volume among all fabric care washing brands on Tmall. The Group has maintained the No.1 position on the best-seller list of fabric care brands on Tmall and JD.com, and ranked first on the Douyin (抖音) platform among fabric care brands (織物洗護品類) and household care and cleaning brands (家用清潔劑品類) during the "Double 11 Shopping Festival" in November 2021. The sales of certain trending products, including the underwear liquid laundry detergent (內衣專用洗衣液), the concentrated fabric softener (濃縮柔順劑) and the bacteria and odour removal liquid laundry detergent (除菌去味洗衣液), have sustained on-going increase during 2021.

The Group has enhanced its online business and acquired a leading position in online sales and distribution channels through the following:

- establishing a strong foothold and a market leading position in major fresh food e-commerce platforms such as Dingdong Maicai (叮咚買菜), Missfresh (每日優鮮) and Pupu (朴朴生鮮); and
- growing sales through live streaming platforms, including the widely popular Douyin (抖音) and Kuaishou (快手), where the Group has achieved increased sales through self-operated accounts for marketing of its products.

Strategic Cooperation

On 13 August 2021, Blue Moon (China) Co., Ltd., an indirect wholly-owned subsidiary of the Company entered into a strategic cooperation framework agreement (the "**Strategic Cooperation Framework Agreement**") with CPMC Investment Co., Ltd., pursuant to which both parties agree to engage in strategic cooperation during the period from the date of the Strategic Cooperation Framework Agreement to 31 December 2026 to achieve the major cooperation objectives, namely sustainable development, collaborative research and development, facilitation of mutual progress, and business priority. Further details of the Strategic Cooperation Framework Agreement are set out in the announcement of the Company dated 13 August 2021.

FINANCIAL REVIEW

For the year ended 31 December 2021, the Group recorded revenue of approximately HK\$7,597.5 million, which represents an increase of approximately 8.6% as compared to approximately HK\$6,996.3 million for the year ended 31 December 2020. The Group recorded profit of approximately HK\$1,014.4 million, which represents a decrease of approximately 22.5% as compared to that of the year ended 31 December 2020.

Revenue

For the year ended 31 December 2021, the Group recorded revenue of approximately HK\$7,597.5 million, which represents an increase of approximately 8.6% as compared to approximately HK\$6,996.3 million for the year ended 31 December 2020.

The sales of our fabric care products increased by approximately 15.4% to HK\$6,456.5 million as compared to HK\$5,595.9 million for the year ended 31 December 2020 due to (i) the increase of consumers' demand for fabric care products as consumers resumed outdoor activities post initial phase of COVID-19; and (ii) the introduction of a new bacteria and odour removal liquid laundry detergent (除菌去味洗衣液) and a new underwear liquid laundry detergent (內衣專用洗衣液) in 2021.

The sales of our personal hygiene products and home care products experienced an overall decline in the year ended 31 December 2021 as compared to the year ended 31 December 2020, primarily because the outbreak of COVID-19 greatly stimulated the sales of personal hygiene products and home care products in 2020. As the COVID-19 outbreak has been largely under control since the first half of 2021, the sales of personal hygiene products and home care products also decreased. Despite the full year trend mentioned above, the sales of home care products and personal hygiene products increased by 30.1% and 4.1% respectively during the second half of 2021 as compared to the second half of 2020, which is mainly contributed by (i) increased customers' awareness on personal and household hygiene as a result of COVID-19 outbreak; and (ii) more promotion events are held in the second half of the year, which is in line with the increase in selling expense. The sales of personal hygiene products and home care products for 2021 are also higher than that for 2019, which is in line with our objective to gradually improve the revenue contribution of these two types of products. The Group will continue to monitor the impact of the COVID-19 in the year of 2022 on the sales of products.

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

	Year ended 31 December				
	2021		2020		Change (%)
	Revenue <i>HK\$'000</i>	Total (%)	Revenue <i>HK\$'000</i>	Total (%)	
Fabric care products	6,456,510	85.0	5,595,885	80.0	15.4
Personal hygiene products	601,814	7.9	835,738	11.9	(28.0)
Home care products	539,157	7.1	564,725	8.1	(4.5)
Total	<u>7,597,481</u>	<u>100.0</u>	<u>6,996,348</u>	<u>100.0</u>	<u>8.6</u>

The Group adopts an omni-channel strategy and sells products through online sales channels (primarily e-commerce platforms and online stores), key account clients (primarily hypermarkets and supermarkets) and offline distributors.

The sales via offline distributors increased by around 22.0% in the year ended 31 December 2021 compared to the year ended 31 December 2020. In particular, such sales increased by more than 50% in the second half of 2021 as compared to the same period in 2020, which is attributable to the successful offline strategies the Group adopted in relation to offline distributors since the second half of 2021. While the overall sales via direct sales to key account client as a percentage of the Group's revenue remained stable for the year ended 31 December 2021 as compared to the year ended 31 December 2020, such sales increased by around 8.1% for the year ended 31 December 2021 as compared to the same period in 2020 due to increase in sales through O2O platform.

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

	Year ended 31 December				
	2021		2020		Change (%)
	Revenue <i>HK\$'000</i>	Total (%)	Revenue <i>HK\$'000</i>	Total (%)	
Online sales channels	3,806,065	50.1	3,774,453	53.9	0.8
Direct sales to key account clients	1,073,686	14.1	993,642	14.2	8.1
Offline distributors	2,717,730	35.8	2,228,253	31.9	22.0
Total	<u>7,597,481</u>	<u>100.0</u>	<u>6,996,348</u>	<u>100.0</u>	<u>8.6</u>

Cost of Sales

Cost of sales increased by approximately 27.2% to approximately HK\$3,158.7 million for the year ended 31 December 2021 as compared to approximately HK\$2,482.6 million for the year ended 31 December 2020, primarily due to the increase in raw material costs mainly as a result of an increase in the unit price of raw materials. The increase in cost of sales was also due to the increased cost related to certain Supreme-branded concentrated liquid detergent products returned in 2020 that was bundled with other products and sold at a discount during the first half of 2021. As disclosed in the prospectus of the Company dated 4 December 2020 (the “**Prospectus**”), the Group recognised sales return of unsold Supreme-branded concentrated liquid laundry detergent products in 2020 as a result of the COVID-19 outbreak.

Gross Profit

The Group’s gross profit decreased by approximately 1.7% to approximately HK\$4,438.8 million for the year ended 31 December 2021 as compared to approximately HK\$4,513.8 million for the year ended 31 December 2020. The gross profit margin decreased by approximately 6.1% to 58.4% for the year ended 31 December 2021 as compared to 64.5% for the year ended 31 December 2020.

Other Income and Other Gains, Net

The Group’s net other income and other gains increased by approximately 28.8% from approximately HK\$72.1 million for the year ended 31 December 2020 to approximately HK\$92.9 million for the year ended 31 December 2021, primarily due to the exchange gain arising from the appreciation of RMB.

Selling and Distribution Expenses

The Group’s selling and distribution expenses increased by approximately 18.6% from approximately HK\$2,016.6 million for the year ended 31 December 2020 to approximately HK\$2,392.0 million for the year ended 31 December 2021, primarily due to (i) the increase in promotion expenses to explore new online sales channel, (ii) the increase in transportation expenses, which is in line with the increase in sales, and (iii) the increase in staff costs as the Group has further developed its laundry business since the fourth quarter of 2020.

General and Administrative Expenses

General and administrative expenses increased by approximately 19.0% from approximately HK\$822.4 million for the year ended 31 December 2020 to approximately HK\$978.3 million for the year ended 31 December 2021, primarily due to (i) increase in staff costs related to the Group’s administrative personnel mainly as a result of (a) the absence of COVID-related government grant on employee’s social insurance and (b) increase in employee expenses as more senior management are hired for the Group’s long-term development; and (ii) the staff costs related to the pre-IPO share option scheme and the share award plan (the “**2021 Share Award Plan**”) adopted by the Group.

Provision for impairment losses of financial assets

Additional provision for impairment losses of financial assets amounted to approximately HK\$11.6 million was provided for during the year, primarily due to deterioration of ageing profiles of certain customers' trade receivables as arisen from lengthening of trade receivables reconciliation process with certain customers as compared to the year ended 31 December 2020.

Operating Profit

As a result of the foregoing, the Group's operating profit decreased by approximately 34.2% from approximately HK\$1,746.1 million for the year ended 31 December 2020 to approximately HK\$1,149.8 million for the year ended 31 December 2021.

Finance Income and Costs

Finance income increased by approximately 1,213.9% from approximately HK\$10.8 million for the year ended 31 December 2020 to approximately HK\$141.9 million for the year ended 31 December 2021, due to increase in short-term deposits placed during the current year.

Finance costs increased by approximately 183.6% from approximately HK\$7.3 million for the year ended 31 December 2020 to approximately HK\$20.7 million for the year ended 31 December 2021, primarily due to the fees and interest expense on the loan related to the interim dividend that was declared in June 2020. Such loan was subsequently repaid in the first half of 2021.

Profit before Income Tax

As a result of the foregoing, the Group's profit before income tax decreased by approximately 27.4% from approximately HK\$1,749.6 million for the year ended 31 December 2020 to approximately HK\$1,271.0 million for the year ended 31 December 2021.

Income Tax Expense

The Group's income tax expenses decreased by approximately 41.7% from approximately HK\$440.2 million for the year ended 31 December 2020 to approximately HK\$256.6 million for the year ended 31 December 2021, primarily due to the decrease in profit before income tax. The effective income tax rate decreased from approximately 25.2% for the year ended 31 December 2020 to approximately 20.2% for the year ended 31 December 2021, primarily due to change in the profitability of the Group's subsidiaries which are applicable to different tax rates.

Profit for the Year and Profit attributable to Equity Holders of the Company

As a result of the foregoing, the Group's profit as well as the profit attributable to equity holders of the Company decreased by approximately 22.5% from approximately HK\$1,309.4 million for the year ended 31 December 2020 to approximately HK\$1,014.4 million for the year ended 31 December 2021.

Basic and Diluted Earnings Per Share

Earnings per share (basic and diluted) was approximately HK17.49 cents and HK17.39 cents for the year ended 31 December 2021, respectively.

Liquidity and Financial Resources

As at 31 December 2021, the total bank deposits and cash of the Group, comprising the Group's cash and cash equivalents and restricted cash, amounted to approximately HK\$9,233.7 million, a decrease of approximately HK\$1,705.2 million from approximately HK\$10,938.9 million as at 31 December 2020. The decrease in bank deposits and cash was primarily due to the payment of dividend declared in 2020, partially off-set by proceeds obtained from the issuance of ordinary shares upon exercise of the Over-allotment Option (as defined in the Prospectus).

As at 31 December 2021, the net current assets of the Group were approximately HK\$10,282.0 million (31 December 2020: approximately HK\$9,794.3 million). The Group's current ratio (current assets/current liabilities) was approximately 6.40 times (31 December 2020: approximately 3.48 times).

As at 31 December 2021, the Group have borrowings of HK\$100 million (31 December 2020: Nil).

Capital Expenditure and Capital Commitment

During the year ended 31 December 2021, the capital expenditure of the Group was approximately HK\$321.0 million, which was primarily used to finance the Group's production capacity expansion for its existing production bases to cater for new products and the development of computer software pursuant to the Group's strategy of sustained long-term investment in technology.

As at 31 December 2021, the capital commitment of the Group amounted to approximately HK\$184.9 million, which was primarily related to acquisition of property, plant and equipment for production facilities under construction and expansion of production capacity at certain existing production facilities.

Pledge of Assets of the Group

As at 31 December 2021, land use rights with the carrying amounts of approximately HK\$63.9 million (31 December 2020: buildings and land use rights with the carrying amounts of approximately HK\$186.6 million and HK\$229.1 million, respectively), were pledged to banks to secure certain bank facilities of the Group.

The borrowings under such bank facilities were repaid in full during the year ended 31 December 2021. The Group was undergoing the process of releasing such pledge as at 31 December 2021.

As at 31 December 2021, the Group had no restricted cash (31 December 2020: approximately HK\$17.8 million) placed in the bank to secure certain bank facilities.

Exposure to Foreign Exchange

The majority of the Group's subsidiaries are operating in the PRC with most of the transactions and assets 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. Because of the simplicity of the Group's financial structure and current operations, no hedging activities are undertaken by management.

Contingent Liabilities

As at 31 December 2021, the Group had no material contingent liabilities.

Significant Investments, Acquisitions and Disposals

The Company did not have significant investments, acquisitions and disposals during the year ended 31 December 2021.

AWARDS

The Group has received numerous awards and recognitions in recognition of its brand, business operations, products and corporate social responsibility achievements. The table below sets forth a summary of significant awards and recognitions that the Group has received during the year ended 31 December 2021:

Awards / Certifications	Awarding Body
1. Liquid Laundry Detergent & Liquid Soap ranked first in the comprehensive market share of similar products for 12 consecutive years (2009-2020) and 9 consecutive years (2012-2020) respectively* (洗衣液及洗手液分別連續 12 年 (2009-2020) 及連續 9 年 (2012-2020 年) 榮列同類產品市場綜合佔有率第一位)	China Chamber of Commerce and China National Business Information Center* (中國商業聯合會及中華全國商業資訊中心)
2. Ranking first in China Brand Power Index in China's liquid laundry detergent, liquid soap industry * (中國洗衣液、洗手液行業 C-BPI 品牌力第一)	Chnbrand (中企品研)
3. The first batch of "China Green Product" certification in the industry* (行業首批「中國綠色產品」認證)	China Environmental United Certification Centre* (中環聯合認證中心)
4. Guangzhou City's First Product Carbon Label Evaluation Certificate* (廣州市首張產品碳標籤評價證書)	China Building Material Test & Certification Group Co., Ltd.* (中國建材檢驗認證集團股份有限公司)
5. Hong Kong Outstanding Listed Enterprises 2021 (Outstanding Consumer Brand)* (香港傑出上市企業 2021 (傑出消費品牌))	Economic Digest (經濟一週)
6. China Youth Art Development Contribution Award* (中國青年藝術發展特別貢獻獎)	Organising Committee of College Students Art Fair* (大學生藝術博覽會組委會)

* For identification purposes only

RESEARCH AND DEVELOPMENT

The Group's business has benefited from its strong track record in research and development. The Group has a two-pronged research and development focus, including (i) introducing new products to meet evolving consumer preferences and to elevate user experience, and (ii) developing and sharing scientific and practical cleaning methods with consumers.

The Group established its Research and Development Technology Centre since the inception of its operation and the Blue Moon Applied Sciences and Laundry Academy dedicated to the development and assessment of laundry products and methods in 2015. As at 31 December 2021, the Group had obtained a total of 831 registered trademarks, 220 patents and 173 copyrights in China.

HUMAN RESOURCES

The Group had approximately 7,617 employees as at 31 December 2021. Salaries of employees are maintained at competitive levels.

On 3 June 2021, the Board approved the adoption of 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).

As at 31 December 2021, 8,058,000 share awards have been granted pursuant to the 2021 Share Award Plan to 325 employees. Further details in relation to the 2021 Share Award Plan and the share purchase in respect of the 2021 Share Award Plan by the trustee are set out in the announcements of the Company dated 3 June 2021 and 27 July 2021, respectively. No share awards have been granted to any connected persons (as defined under the Listing Rules) of the Company. As at the date of this announcement, none of the share awards granted have been vested.

OUTLOOK, FUTURE PROSPECTS AND STRATEGIES

In 2022, the Group will continue to leverage its advantages and leadership in the industry to continue to provide excellent products and services to its consumers and pioneer the innovation and development of the industry. It will adhere to its “user-centered” core product development principle, enhance its product matrix and develop a Blue Moon cleaning ecosystem.

In the interest of enhancing its sales and distribution network to increase product penetration, in particular to counties and provinces in China, the Group plans to expand into local communities and deepen the product penetration from urban downtown areas of the larger cities to counties, townships and villages across China by improving the management of procurement and inventory to better serve consumers there.

In terms of the online business, the Group plans to further strengthen its partnership with major e-commerce platforms and seize the opportunities with new and emerging platforms, including live streaming e-commerce and fresh food e-commerce platforms.

Going forward, the Group will continue to expand its product and service offerings to increase sales volume and provide a better consumer experience. It will also continue to improve its existing products by introducing new functions and features to existing products to enhance its product diversification. Leveraging its technological capabilities and industry experience, it will continue to focus on the research and development of new products, upgrade existing products based on consumer feedback and industry knowhow and expand into new product categories to cater to the changing consumer needs and preferences. It will continue to develop its existing products for both high-end and mass production product lines to solidify its market position and to provide integrated solutions for consumers. The Group is also committed to enriching consumer experience by its service offerings.

Financially, though the Group recorded a loss during the first half of 2021, it achieved improved financial conditions in the second half of 2021 and it aims to further improve financial conditions and to raise operational efficiency and better control the operational costs in 2022.

Looking ahead, despite the complex macro economy, the Group remains confident in the long-term development of China’s cleaning market. The Group will step up its effort in enhancing the value, reputation and recognition of its brand and its products. It will focus on developing and strengthening its brand awareness through experiential marketing to promote real time engagement with consumers and to reach out to a wider customer base. The Group will closely follow the needs of consumers, continue to innovate, and promote the long-term development of the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK13.8 cents per Share for the year ended 31 December 2021, totaling HK\$808,621,350.

CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles and code provisions of the Corporate Governance Code, as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange applicable to the Company during the year ended 31 December 2021 (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 all applicable code provisions as set out in the CG Code during the year ended 31 December 2021.

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 10 to the Listing Rules (the "**Model Code**") 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 year ended 31 December 2021.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company (the “**Audit Committee**”) and the external auditor have reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2021. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and its internal controls and financial reporting matters.

The figures in respect of the Group’s consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this results announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this results announcement.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the amended and restated articles of association of the Company, 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 year ended 31 December 2021 and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

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% at 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, during the year ended 31 December 2021 and up to the date of this announcement, the Company has maintained the prescribed minimum public float permitted by the Stock Exchange.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (“**AGM**”) will be held on Friday, 24 June 2022. The notice of AGM will be published and issued to shareholders (the “**Shareholders**”) on Friday, 29 April 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed as follows:

- (a) For the purpose of ascertaining Shareholder's eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 21 June 2022 to Friday, 24 June 2022, both days inclusive. To be eligible to attend and vote at the AGM, all properly completed transfer forms 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 Monday, 20 June 2022.
- (b) The final dividend will be payable on or about Friday, 29 July 2022 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 6 July 2022. For the purpose of ascertaining Shareholder's eligibility for the final dividend, the register of members of the Company will be closed from Monday, 4 July 2022 to Wednesday, 6 July 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the above mentioned final 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 by no later than 4:30 p.m. on Thursday, 30 June 2022.

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.

USE OF NET PROCEEDS FROM THE COMPANY'S GLOBAL OFFERING

The net proceeds (the “**Net Proceeds**”) from the initial public offering of the Shares of the Company 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 partially utilised and will continue to be utilised in the manner as stated in the Prospectus and in the timeline as stated below.

	Net Proceeds and as at 31 December 2020 Unutilised⁽¹⁾ amount <i>approximately HK\$ million</i>	For the year ended 31 December 2021 Utilised amount <i>approximately HK\$ million</i>	As at 31 December 2021 Unutilised amount <i>approximately HK\$ million</i>
Intended use of Net Proceeds as stated in the Prospectus			
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	238	3,680⁽²⁾
Raising brand awareness, further strengthening the Group's sales and distribution network and increasing product penetration	5,766	1,119	4,647⁽³⁾
Working capital and for other general corporate purposes	1,100	1,100	—
Enhancing research and development capabilities	220	43	177⁽⁴⁾
	<hr/> 11,004 <hr/>	<hr/> 2,500 <hr/>	<hr/> 8,504 <hr/>
Total			

Notes:

- (1) The net proceeds have not been utilised in the the financial year ended 31 December 2020 and were brought forward.
- (2) 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.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bluemoon.com.cn), respectively. The annual report of the Company will be dispatched to the Shareholders in due course and will be published on the websites of the Stock Exchange and the Company, respectively.

By Order of the Board
Blue Moon Group Holdings Limited
PAN Dong
Chairman & Executive Director

Hong Kong, 29 March 2022

As at the date of this announcement, the Board comprises Ms. PAN Dong, Mr. LUO Qiuping, Ms. LUO Dong, Mr. POON Kwok Leung and Ms. XIAO Haishan as Executive Directors; Mr. CAO Wei as Non-executive Director; and Mr. Bruno Robert MERCIER, Ms. NGAN Edith Manling and Mr. HU Yebi as Independent Non-executive Directors.