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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 2022

HIGHLIGHTS

	2022 HK\$'000	2021 HK\$'000
Revenue	7,946,733	7,597,481
Gross profit	4,595,441	4,438,798
Gross profit margin	57.8%	58.4%
Profit for the year/Profit attributable to equity holders of the Company	611,366	1,014,415
Adjusted profit for the year ^{Note 1}	767,389	949,920
EBITDA ^{Note 2}	1,100,165	1,521,507
Adjusted EBITDA ^{Note 3}	1,256,188	1,457,012

The Board recommended the payment of annual dividend of HK16.80 cents per share.

Notes:

1. The adjusted profit for the year is a non-HKFRS financial measure and is calculated as the profit for the year excluding net foreign exchange losses of HK\$156.0 million (2021: net foreign exchange gains of HK\$64.5 million). Please see section headed "Adjusted Profit for the Year, EBITDA, Adjusted EBITDA and Adjusted Earnings Per Share" for details.
2. EBITDA is a non-HKFRS financial measure and is calculated as earnings before interest expenses, taxation, depreciation and amortisation. Please see section headed "Adjusted Profit for the Year, EBITDA, Adjusted EBITDA and Adjusted Earnings Per Share" for details.
3. The adjusted EBITDA is a non-HKFRS financial measure and is calculated as EBITDA excluding net foreign exchange losses of HK\$156.0 million (2021: net foreign exchange gains of HK\$64.5 million). Please see section headed "Adjusted Profit for the Year, EBITDA, Adjusted EBITDA and Adjusted Earnings Per Share" for details.

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 2022, together with comparative information, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	7,946,733	7,597,481
Cost of sales	5	(3,351,292)	(3,158,683)
Gross profit		4,595,441	4,438,798
Other income and other (losses)/gains, net		(100,076)	92,918
Selling and distribution expenses	5	(2,650,965)	(2,391,969)
General and administrative expenses	5	(1,108,612)	(978,299)
Provision for impairment losses of financial assets		(66,899)	(11,608)
Operating profit		668,889	1,149,840
Finance income		178,752	141,910
Finance costs		(9,584)	(20,739)
Finance income, net		169,168	121,171
Profit before income tax		838,057	1,271,011
Income tax expense	6	(226,691)	(256,596)
Profit for the year		611,366	1,014,415
Profit attributable to equity holders of the Company		611,366	1,014,415

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year		<u>611,366</u>	<u>1,014,415</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>(729,886)</u>	<u>229,828</u>
Other comprehensive (loss)/income for the year, net of tax		<u>(729,886)</u>	<u>229,828</u>
Total comprehensive (loss)/income for the year		<u><u>(118,520)</u></u>	<u><u>1,244,243</u></u>
Total comprehensive (loss)/income attributable to equity holders of the Company		<u><u>(118,520)</u></u>	<u><u>1,244,243</u></u>
Earnings per share attributable to equity holders of the Company			
Basic	7	<u><u>HK10.92 cents</u></u>	<u><u>HK17.49 cents</u></u>
Diluted	7	<u><u>HK10.87 cents</u></u>	<u><u>HK17.39 cents</u></u>

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

		As at 31 December	
		2022	2021
	Note	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Intangible assets		140,556	186,865
Property, plant and equipment	9	1,487,737	1,534,135
Right-of-use assets		514,062	495,578
Prepayments for property, plant and equipment		100,736	66,282
Deferred income tax assets		96,696	42,967
Financial asset at fair value through other comprehensive income		15,113	—
		<u>2,354,900</u>	<u>2,325,827</u>
Current assets			
Inventories		272,900	385,968
Trade and bills receivables	10	2,050,546	2,253,099
Prepayments, deposits and other receivables		349,006	313,186
Cash and cash equivalents		7,702,373	9,233,656
		<u>10,374,825</u>	<u>12,185,909</u>
Total assets		<u><u>12,729,725</u></u>	<u><u>14,511,736</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	11	58,621	58,595
Other reserves		9,065,932	10,074,014
Retained earnings		1,948,227	2,213,813
Total equity		<u><u>11,072,780</u></u>	<u><u>12,346,422</u></u>

CONSOLIDATED BALANCE SHEET (continued)
AS AT 31 DECEMBER 2022

		As at 31 December	
		2022	2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Deferred government grant		57,934	64,784
Deferred income tax liabilities		45,886	121,555
Lease liabilities		126,779	75,087
		<u>230,599</u>	<u>261,426</u>
Current liabilities			
Trade and bills payables	12	481,161	661,633
Contract liabilities		74,558	60,346
Accruals and other payables		742,327	753,768
Amounts due to related companies		227	407
Current income tax liabilities		55,292	266,443
Borrowings		—	100,000
Lease liabilities		72,781	61,291
		<u>1,426,346</u>	<u>1,903,888</u>
Total liabilities		<u>1,656,945</u>	<u>2,165,314</u>
Total equity and liabilities		<u>12,729,725</u>	<u>14,511,736</u>
Net current assets		<u>8,948,479</u>	<u>10,282,021</u>
Total assets less current liabilities		<u>11,303,379</u>	<u>12,607,848</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 28 March 2023.

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, except for the financial asset at fair value through other comprehensive income (“**FVOCI**”), which is measured at fair value.

(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 2022:

Annual Improvements Project	Annual Improvements to HKFRSs 2018–2020
Amendments to Hong Kong Accounting Standards (“ HKAS ”) 16, HKAS 37 and HKFRS 3	Narrow-scope Amendments
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions beyond 30 June 2021
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

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 2022 reporting period and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKFRS 17	Insurance contract	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
HKAS 8 (Amendments)	Definition of accounting estimates	1 January 2023
HKAS 12 (Amendments)	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
HKAS 1 (Amendments)	Classification of liabilities as current or non-current	1 January 2024
HKAS 1 (Amendments)	Non-current liabilities with covenants	1 January 2024
HKAS 16 (Amendments)	Lease liabilities in a sales and leaseback	1 January 2024
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements	Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2024
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 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	21,283	13,063
Mainland China	<u>2,236,921</u>	<u>2,269,797</u>
	<u><u>2,258,204</u></u>	<u><u>2,282,860</u></u>

4 Revenue

(a) Revenue by products

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue recognised at a point in time:		
Fabric care products	6,821,397	6,456,510
Personal hygiene products	619,015	601,814
Home care products	<u>506,321</u>	<u>539,157</u>
	<u><u>7,946,733</u></u>	<u><u>7,597,481</u></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	<u>940,667</u>	<u>1,132,861</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 2022 and 2021.

All of the Group's revenue was generated from customers in the PRC for the years ended 31 December 2022 and 2021, accordingly, no revenue by geographical location is presented.

5 Expenses by nature

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of inventories sold	3,036,104	2,843,712
Manufacturing overheads (excluding depreciation)	13,111	16,012
Employee benefits expense	1,819,456	1,555,931
Advertising expenses	400,489	397,061
Promotion expenses	589,607	593,075
Transportation expenses	618,473	607,570
Other tax expenses	90,345	78,581
Rental expenses related to short term leases	23,540	12,460
Depreciation of property, plant and equipment (<i>Note 9</i>)	133,130	131,558
Depreciation of right-of-use assets	85,476	65,786
Amortisation of intangible assets	33,918	32,413
Auditor's remuneration		
— Audit services	4,000	4,300
— Non-audit services	1,617	1,100
Travelling expenses	41,902	30,255
Motor expenses	15,715	14,793
Consumables	7,229	7,199
Office expenses	3,765	3,266
Recruitment fee	4,047	5,560
Utility expenses	32,829	28,982
Consulting fee	30,430	25,658
Maintenance expenses	28,692	26,061
Property management fee	16,231	9,318
Training expenses	4,215	2,129
Telecommunication expenses	9,372	8,232
Donation	28,197	4,222
Others	38,979	23,717
	<u>7,110,869</u>	<u>6,528,951</u>

6 Income tax expense

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax		
— PRC corporate income tax	291,749	242,093
Deferred income tax (credit)/expense	<u>(65,058)</u>	<u>14,503</u>
Income tax expense	<u>226,691</u>	<u>256,596</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 2022 (2021: 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 has 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\$611,366,000 (2021: HK\$1,014,415,000) 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 5,600,321,000 shares (2021: 5,800,998,000 shares).

	2022	2021
Profit attributable to equity holders of the Company used in calculating basic and diluted earnings per share (<i>HK\$'000</i>)	611,366	1,014,415
Weighted average number of ordinary shares in issue less shares held under the 2021 Share Award Plan during the year (<i>'000</i>)	5,600,321	5,800,998
Basic earnings per share (<i>HK cent per share</i>)	<u>10.92</u>	<u>17.49</u>

Diluted

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:

	2022 <i>'000</i>	2021 <i>'000</i>
Weighted average number of ordinary shares used in calculating basic earnings per share	5,600,321	5,800,998
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all options outstanding during the year	17,897	32,586
Adjustment for 2021 Share Award Plan	<u>3,908</u>	<u>545</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>5,622,126</u>	<u>5,834,129</u>
	2022 <i>HK cent</i>	2021 <i>HK cent</i>
Diluted earnings per share attributable to the ordinary equity holders of the Company	<u>10.87</u>	<u>17.39</u>

8 Dividends

2022
HK\$'000

2021
HK\$'000

Proposed final dividend of HK16.8 cents per share (2021: final dividend of HK13.8 cents per share) (*Note*)

935,680 773,184

Note:

A final dividend in respect of the year ended 31 December 2022 of HK16.8 cents per share (2021: HK13.8 cents per share) was proposed by the Board on 28 March 2023 and to be approved by the shareholders in the forthcoming annual general meeting.

This proposed final dividend, amounting to HK\$935,680,000, 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 2023.

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 2022							
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>
Year ended 31 December 2022							
Opening net book amount	966,164	337	312,139	88,162	11,482	155,851	1,534,135
Additions	645	14,108	19,141	44,497	11,667	153,141	243,199
Disposals	(316)	—	(11,692)	(12,689)	(408)	—	(25,105)
Transfer	159,135	—	88,206	7,526	—	(254,867)	—
Depreciation	(30,831)	(2,486)	(67,383)	(29,961)	(2,469)	—	(133,130)
Exchange differences	(86,323)	(149)	(26,983)	(7,833)	(1,414)	(8,660)	(131,362)
Closing net book amount	<u>1,008,474</u>	<u>11,810</u>	<u>313,428</u>	<u>89,702</u>	<u>18,858</u>	<u>45,465</u>	<u>1,487,737</u>
As at 31 December 2022							
Cost	1,193,311	24,918	761,177	210,194	35,655	45,465	2,270,720
Accumulated depreciation	(184,837)	(13,108)	(447,749)	(120,492)	(16,797)	—	(782,983)
Net book amount	<u>1,008,474</u>	<u>11,810</u>	<u>313,428</u>	<u>89,702</u>	<u>18,858</u>	<u>45,465</u>	<u>1,487,737</u>

10 Trade and bills receivables

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	2,026,342	2,158,290
Bills receivables	<u>111,600</u>	<u>118,997</u>
Trade and bills receivables	2,137,942	2,277,287
Less: Loss allowance	<u>(87,396)</u>	<u>(24,188)</u>
Trade and bills receivables, net	<u><u>2,050,546</u></u>	<u><u>2,253,099</u></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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	970,375	1,236,370
31–60 days	398,400	396,681
61–180 days	540,366	470,942
Over 180 days	<u>228,801</u>	<u>173,294</u>
	<u><u>2,137,942</u></u>	<u><u>2,277,287</u></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 and 31 December 2021, and 1 January and 31 December 2022	<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 2021	5,747,126,500	57,471
Issuance of ordinary shares upon		
— over-allotment (<i>Note (a)</i>)	112,068,500	1,120
— exercise of share options (<i>Note (b)</i>)	<u>380,000</u>	<u>4</u>
At 31 December 2021 and 1 January 2022	5,859,575,000	58,595
Issuance of ordinary shares upon exercise of share options (<i>Note (b)</i>)	<u>2,541,906</u>	<u>26</u>
At 31 December 2022	<u>5,862,116,906</u>	<u>58,621</u>

Notes:

- (a) 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.
- (b) For the year ended 31 December 2022, 2,541,906 (2021: 380,000) share options were exercised at weighted average exercise price of HK\$3.76 (2021: HK\$3.76) per share, resulting in the issuance of 2,541,906 (2021: 380,000) additional ordinary shares of the Company and additional share capital and share premium of approximately HK\$26,000 (2021: HK\$4,000) and HK\$9,532,000 (2021: HK\$1,424,000) respectively.

12 Trade and bills payables

	2022 HK\$'000	2021 HK\$'000
Trade and bills payables	<u>481,161</u>	<u>661,633</u>

At 31 December 2022, the aging analysis of the trade and bills payables based on invoice date is as follows:

	2022 HK\$'000	2021 HK\$'000
Up to 3 months	480,656	661,633
6 months to 1 year	<u>505</u>	<u>—</u>
	<u>481,161</u>	<u>661,633</u>

BUSINESS REVIEW

The Group continued to focus on its business strategies relating to product innovation, deepening reform on distribution channels and enhancing brand recognition and awareness in 2022.

Focusing on the development of laundry detergents for sportswear in 2022, the Group has continued to diversify its product portfolio by introducing products with new features and functions in 2022 which have enjoyed popular demand. Such new products include a new liquid laundry detergent of a sportswear series and a men's underwear liquid laundry detergent.

The Group recorded a year-on-year increase in its revenue by approximately 7.7% in RMB terms^(Note) in 2022, which was mainly attributable to the strong growth in offline sales, driven by continuous reform of sales and distribution channels and the popularity of its new products. In the fourth quarter of 2022, the Group has ramped up its production capacity to near maximum levels to meet the increased demand for disinfectant products during the COVID-19 pandemic. However, in the end of 2022 a lot of offline stores were closed and there was severe logistic delay due to the escalation of COVID-19 infections in various regions of the PRC. In spite of the above, the Group utilised its supply chain management, pricing as well as marketing strategies to partially offset such impact of the Group.

In addition, the Group continued to promote and market its brands and products through its unique knowledge-based marketing strategies. The Group actively worked on delivering household care related knowledge and insight to customers to increase brand recognition and consumer loyalty. 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 12 consecutive years (2011–2022)¹. Its liquid laundry detergent and liquid soap have ranked first in the comprehensive market share among similar products for 13 consecutive years (2009–2021) and 10 consecutive years (2012–2021)², respectively. These awards demonstrated the strength of the brand of the Group and provided much opportunities for its development.

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 demand.

Note:

The revenue in RMB for 2022 were calculated at the average exchange rate of 1.17129 while the 2021 comparative revenue in RMB were calculated at the average exchange rate of 1.20560. The RMB equivalent is for reference only.

Sources:

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

² China General Chamber of Commerce and China National Commercial Information Center (中國商業聯合會及中華全國商業信息中心)

According to the introduction of The Universal Exercise Scheme (2021–2025)* (《全民健身計劃 (2021–2025 年) 》) by the State Council of the PRC, it is expected that the percentage of people who regularly participate in physical exercise in China will reach 38.5% in 2025. In response to the increasing health consciousness of customers and the new physical fitness trends, the Group developed and launched a series of products for sportswear in the first half of 2022, including (i) a sportswear liquid laundry detergent (運動型洗衣液) which could remove bacteria, odour and stain and (ii) a sportswear liquid laundry detergent specialised for quick-dry fabrics (運動型洗衣液 — 速乾面料專用), which could remove bacteria, odour and stain and protect the sweat-absorbing and quick-drying features of quick-dry fabric.

In addition, in view of the popular demand for its underwear liquid laundry detergent (內衣專用洗衣液) introduced in 2021, the Group further strengthened the product portfolio of underwear liquid laundry detergents in 2022 by introducing a new men’s underwear liquid laundry detergent (男士內衣洗衣液).

The Group has also continued to strengthen its product portfolio of personal hygiene products in the 2022. As an upgrade of liquid soap product, the Group introduced a bacteriostatic foaming hand wash (aloe vera) (泡沫抑菌洗手液 (天然蘆薈)), which is gentle, skin protecting and can remove bacteria.

Sales and Distribution Network

Offline Business

The Group continued to broaden and deepen the penetration of its sales and distribution channels in China in 2022. The COVID-19 pandemic has profoundly changed consumers’ offline shopping behavior. Affected by the ongoing COVID-19 infection control measures, consumers tend to make consumption choices based on geographical proximity of the retailers or outlets, prompting a general increase in revenue of small to medium size businesses. In view of such, the Group continued to expand the geographical coverage of its sales and distribution channel to cover convenience stores, fresh food supermarkets and small and medium local stores. In order to achieve more accurate allocation of resources according to the corresponding market demands of each channel, the Group has also enhanced the classification management of its distribution channels to ensure a wider coverage of stores and increase product distribution rate in stores under its sales and distribution network. The Group has started to manage its point of sales by category and focused on selling different products according to the type of stores.

In 2022, the Group has maintained its leadership on O2O platforms in China in respect of sales of household care and fabric care products. The Group ranked first in the category of household care on Meituan Shangou (美團閃購) and JD Daojia (京東到家). The Group’s ranking in the category of liquid laundry detergent rose to the first place on Meituan Shangou (美團閃購), JD Daojia (京東到家) and Ele.me (餓了麼) and recorded significant growth in terms of market share on several O2O platforms.

The outbreak of COVID-19 has continued to affect the operation of the Group in China in 2022. The Group's sales in China were affected by the COVID-19 infection control measures adopted in various regions in China. Most offline stores were closed and logistics and distribution were temporarily stagnant in some affected regions, resulting in an increase in logistic costs. The Group has adopted a number of measures in order to reduce the impact of the COVID-19 pandemic, including reorganising its sales and marketing team to enhance efficiency and reduce costs, expanding sales and distribution channels to acquire new customers and restructuring its product portfolio.

Online Business

In 2022, the Group's products have continued to receive wide popularity and recognition from online consumers and have maintained its top rankings on platforms such as JD.com and other major e-commerce platforms, while the Group has ranked first in sales volume on several online platforms during the "618 Shopping Festival". To further enhance its presence in new and emerging online sales and distribution channels, the Group has optimised the product portfolio and sale and marketing strategies on live streaming platforms, where the Group has achieved increased sales in Douyin (抖音) and Kuaishou (快手).

FINANCIAL REVIEW

For the year ended 31 December 2022, the Group recorded revenue of approximately HK\$7,946.7 million, which represent an increase of approximately 4.6% in HK\$ terms as compared to approximately HK\$7,597.5 million for the year ended 31 December 2021. Adjusted EBITDA ^{Note} decreased by 13.8% from approximately HK\$1,457.0 million for the year ended 31 December 2021 to approximately HK\$1,256.2 million for the year ended 31 December 2022.

Note:

The adjusted EBITDA is a non-HKFRS financial measure and is calculated as the EBITDA excluding net foreign exchange losses of HK\$156.0 million (2021: net foreign exchange gains of HK\$64.5 million). Please see section headed "Adjusted Profit for the Year, EBITDA, Adjusted EBITDA and Adjusted Earnings Per Share" for details.

Revenue

For the year ended 31 December 2022, the Group recorded revenue of approximately HK\$7,946.7 million, which represents an increase of approximately 4.6% as compared to approximately HK\$7,597.5 million for the year ended 31 December 2021. The increase in revenue of the Group for the year ended 31 December 2022 was partially offset by the depreciation of RMB against HK\$, which is the presentation currency of the Group. As a result, the increase in the Group's revenue in HK\$ terms of approximately 4.6% is smaller than that in RMB terms of approximately 7.7%. The increase in revenue was primarily due to the Group's offline channels reform and the popularity of its new products.

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

	Year ended 31 December				
	2022		2021		Change (%)
Revenue <i>HK\$'000</i>	Total (%)	Revenue <i>HK\$'000</i>	Total (%)		
Fabric care products	6,821,397	85.8	6,456,510	85.0	5.7
Personal hygiene products	619,015	7.8	601,814	7.9	2.9
Home care products	506,321	6.4	539,157	7.1	(6.1)
Total	<u>7,946,733</u>	<u>100.0</u>	<u>7,597,481</u>	<u>100.0</u>	<u>4.6</u>

The Group recorded an approximately 5.7% increase in sales of fabric care products from approximately HK\$6,456.5 million for the year ended 31 December 2021 to approximately HK\$6,821.4 million. Such increase is mainly contributed by the increase in sales of classic products through higher penetration into offline channels and the increase in sales of new products launched since 2021, including underwear laundry detergent, bacterial and odour removal laundry detergent and sportswear laundry detergent. The sales of personal hygiene products remained stable as compared to the year ended 31 December 2021. The sales of home care products decreased mainly due to depreciation of RMB in 2022, while the sales remained stable in RMB terms compared to the year ended 31 December 2021.

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

	Year ended 31 December				Change (%)
	2022	Total	2021	Total	
	Revenue <i>HK\$'000</i>	(%)	Revenue <i>HK\$'000</i>	(%)	
Online sales channels	3,756,951	47.3	3,806,065	50.1	(1.3)
Offline distributors	3,252,591	40.9	2,717,730	35.8	19.7
Direct sales to key account clients	937,191	11.8	1,073,686	14.1	(12.7)
Total	<u>7,946,733</u>	<u>100.0</u>	<u>7,597,481</u>	<u>100.0</u>	<u>4.6</u>

The sales via online sales channels remained stable in RMB terms as compared to the year ended 31 December 2021. The sales via offline distributors increased by approximately 19.7% in the year ended 31 December 2022 compared to the year ended 31 December 2021 due to the optimisation and expansion of its offline distribution network, while the sales via direct sales to key account clients decreased by approximately 12.7% for the year ended 31 December 2022 as compared to the year ended 31 December 2021, primarily due to significant decrease in sales in December 2022 since most offline stores were closed due to the escalation of COVID-19 infections in certain regions of China.

Cost of Sales

Cost of sales increased by approximately 6.1% to approximately HK\$3,351.3 million for the year ended 31 December 2022 as compared to approximately HK\$3,158.7 million for the year ended 31 December 2021. The percentage of increase in cost of sales slightly exceeds that of the sales, primarily due to higher cost of major raw materials consumed.

Gross Profit

The Group's gross profit increased by approximately 3.5% to approximately HK\$4,595.4 million for the year ended 31 December 2022 as compared to approximately HK\$4,438.8 million for the year ended 31 December 2021. The gross profit margin remained relatively stable at approximately 57.8% for the year ended 31 December 2022 as compared to approximately 58.4% for the year ended 31 December 2021.

Other Income and Other Losses/(Gains), Net

The Group recorded other income and other losses, net of approximately HK\$100.1 million for the year ended 31 December 2022 compared to other income and other gains, net of approximately HK\$92.9 million for the year ended 31 December 2021, primarily due to net foreign exchange loss recognised during the year as opposed to net foreign exchange gain recognised in the year ended 31 December 2021. The net foreign exchange impact of the Group is mainly arising from the fluctuation of offshore RMB denominated bank deposits held by the Group against the USD and HK\$ during 2021 and 2022.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 10.8% from approximately HK\$2,392.0 million for the year ended 31 December 2021 to approximately HK\$2,651.0 million for the year ended 31 December 2022, primarily due to increase in staff cost as a result of increased sales headcount to support the expansion of offline distribution channel. Selling and distribution expenses as a percentage of sales increased from approximately 31.5% for the year ended 31 December 2021 to approximately 33.4% for the year ended 31 December 2022. The increase is mainly due to impact of COVID-19 restrictions on the mobility of sales staff during the year.

General and Administrative Expenses

General and administrative expenses increased by approximately 13.3% from approximately HK\$978.3 million for the year ended 31 December 2021 to approximately HK\$1,108.6 million for the year ended 31 December 2022, primarily due to increase in staff cost as a result of increase in administrative headcount as well as increase in depreciation expenses, management fees and other costs related to certain new lease contracts.

Provision for impairment losses of financial assets

Additional provision for impairment losses of financial assets amounted to approximately HK\$66.9 million was provided for the year, primarily due to increase of credit risk of certain customers and deterioration of aging profiles of trade receivables.

Operating Profit

As a result of the foregoing, the Group's operating profit decreased by approximately 41.8% from approximately HK\$1,149.8 million for the year ended 31 December 2021 to approximately HK\$668.9 million for the year ended 31 December 2022.

Finance Income and Costs

Finance income increased by approximately 26.0% from approximately HK\$141.9 million for the year ended 31 December 2021 to approximately HK\$178.8 million for the year ended 31 December 2022, due to increase in short-term deposit placed and increase of USD fixed deposit rate during the year.

Finance costs decreased by approximately 53.6% from approximately HK\$20.7 million for the year ended 31 December 2021 to approximately HK\$9.6 million for the year ended 31 December 2022, primarily due to reduction of interest expenses as a result of repayment of bank loan during the first half of the year.

Profit before Income Tax

As a result of the foregoing, the Group's profit before income tax decreased by approximately 34.1% from approximately HK\$1,271.0 million for the year ended 31 December 2021 to approximately HK\$838.1 million for the year ended 31 December 2022.

Income Tax Expense

The Group's income tax expense decreased by approximately 11.7% from approximately HK\$256.6 million for the year ended 31 December 2021 to approximately HK\$226.7 million for the year ended 31 December 2022, primarily due to the decrease in profit before income tax partially offset by impact of non-deductible exchange loss arising from the RMB denominated bank deposit.

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

The Group's profit as well as the profit attributable to equity holders of the Company decreased by approximately 39.7% from approximately HK\$1,014.4 million for the year ended 31 December 2021 to approximately HK\$611.4 million for the year ended 31 December 2022. Majority proportion of such decrease is attributable to the net foreign exchange loss recognised during the year as explained under the paragraph headed "Other Income and Other Losses/(Gains), Net", and increase in cost of sales, selling and distribution expenses, general and administrative expenses as explained in the paragraphs headed "Cost of Sales", "Selling and Distribution Expenses" and "General and Administrative Expenses". Additional provision for impairment losses related to certain customers also contributed, to a lesser extent, to such decrease.

Basic and Diluted Earnings Per Share

Earnings per share (basic and diluted) for the year ended 31 December 2022 was approximately HK10.92 cents and HK10.87 cents respectively, while the adjusted earnings per share^{Note} (basic and diluted) for the year ended 31 December 2022 was approximately HK13.70 cents and HK13.65 cents respectively.

Note:

The adjusted earnings per share is a non-HKFRS financial measure and is calculated by dividing adjusted profit for the year by the weighted average number of shares used in the basic earnings per share and diluted earnings per share, respectively. Please see section headed "Adjusted Profit for the Year, EBITDA, Adjusted EBITDA and Adjusted Earnings Per Share" for details.

Adjusted Profit for the Year, EBITDA, Adjusted EBITDA, and Adjusted Earnings Per Share

The adjusted profit for the year is calculated as the profit for the year excluding net foreign exchange (losses)/gains. EBITDA is calculated as earnings before interest expenses, taxation, depreciation and amortisation. The adjusted EBITDA is calculated as EBITDA excluding net foreign exchange (losses)/gains. The adjusted earnings per share is calculated by dividing adjusted profit for the year by the weighted average number of shares used in the basic earnings per share and diluted earnings per share, respectively.

The table below sets forth the reconciliation of non-HKFRS measures for the year ended 31 December 2022 and 31 December 2021:

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Profit for the year	611,366	1,014,415
Less:		
Net foreign exchange (losses)/gains	<u>(156,023)</u>	<u>64,495</u>
Adjusted profit for the year	<u>767,389</u>	<u>949,920</u>
Profit for the year	611,366	1,014,415
Less:		
Finance costs	(9,584)	(20,739)
Income tax expenses	(226,691)	(256,596)
Depreciation of property, plant and equipment	(133,130)	(131,558)
Depreciation of right-of-use assets	(85,476)	(65,786)
Amortisation of intangible assets	(33,918)	(32,413)
EBITDA	<u>1,100,165</u>	<u>1,521,507</u>
Less:		
Net foreign exchange (losses)/gains	<u>(156,023)</u>	<u>64,495</u>
Adjusted EBITDA	<u>1,256,188</u>	<u>1,457,012</u>
Earnings per share		
Basic	HK10.92 cents	HK17.49 cents
Diluted	HK10.87 cents	HK17.39 cents
Adjusted earnings per share		
Basic	HK13.70 cents	HK16.38 cents
Diluted	HK13.65 cents	HK16.28 cents

The Group adopted the non-HKFRS financial measures as a significant portion of decrease in profit for the year is attributable to the changes of net foreign exchange differences, which does not arise from the principal business operations of the Group. The foreign exchange differences changed from net foreign exchange gains of approximately HK\$64.5 million for the year ended 31 December 2021 to net foreign exchange losses of approximately HK\$156.0 million for the year ended 31 December 2022, which primarily arise from the depreciation of offshore RMB denominated bank deposits held by the Group against the USD during the year ended 31 December 2022. In view of such, unaudited adjusted profit for the year, EBITDA, adjusted EBITDA and adjusted earnings per share are used as additional financial measures to evaluate the financial performance of the Group by eliminating the potential impact of foreign exchange losses/(gains) which the Group consider to be non-indicative of the performance of the business of the Group and to supplement the consolidated financial statements which are presented in accordance with HKFRS.

The above unaudited non-HKFRS financial measure has limitation as an analytical tool, and should be considered in addition to, not as a substitute for, the analysis of the Company's financial performance prepared in accordance with HKFRS. This non-HKFRS financial measure does not have a standardised meaning prescribed by the Group's Generally Accepted Accounting Principles and may be defined differently from similar terms used by other companies. Hence this non-HKFRS financial measure may not be comparable to similar measures presented by other companies. The Group's presentation of this non-HKFRS financial measure should not be construed as an inference that these items will not affect the future results.

Liquidity and Financial Resources

As at 31 December 2022, the total bank deposits and cash of the Group, comprising the Group's cash and cash equivalents, amounted to approximately HK\$7,702.4 million, a decrease of approximately HK\$1,531.3 million from approximately HK\$9,233.7 million as at 31 December 2021. The decrease in bank deposits and cash was primarily due to payment of 2021 final dividend and purchase of shares held for the 2021 Share Award Plan.

As at 31 December 2022, the net current assets of the Group were approximately HK\$8,948.5 million (31 December 2021: approximately HK\$10,282.0 million). The Group's current ratio (current assets/current liabilities) was approximately 7.27 times (31 December 2021: approximately 6.40 times).

As at 31 December 2022, the Group had no borrowings (31 December 2021: HK\$100 million).

Capital Expenditure and Capital Commitment

During the year ended 31 December 2022, the capital expenditure of the Group was approximately HK\$285.1 million, which was primarily used to finance the Group's production capacity expansion for its existing production base.

As at 31 December 2022, the capital commitment of the Group amounted to approximately HK\$91.1 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 2022, the Group did not have any pledge on assets (31 December 2021: approximately HK\$63.9 million of land use rights were pledged to banks to secure certain bank facilities of the Group).

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. Foreign exchange risks mainly arise from the depreciation of offshore RMB denominated bank deposits held by the Group against the USD.

Considering foreign exchange fluctuations, the Group exchanged a majority of its offshore RMB denominated bank deposits into USD in May 2022 and currently keeps a substantial portion of its offshore bank balances in USD and HK\$. Because of the simplicity of the Group's financial structure and current operations, save as aforementioned, no hedging activities are undertaken by management of the Group.

Contingent Liabilities

As at 31 December 2022, 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 2022.

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 2022:

Awards/Certifications	Awarding Year	Awarding Body
1. Blue Moon liquid laundry detergent and liquid soap brands ranked first in China Brand Power Index (C-BPI) (藍月亮洗衣液、洗手液獲中國品牌力指數 (C-BPI) 第一名)	2011–2022	Chnbrand (Beijing) Brand Consulting Co., Ltd. (中企品研(北京)品牌顧問股份有限公司)
2. Blue Moon liquid laundry detergent & liquid soap ranked first in the comprehensive market share of similar products (藍月亮洗衣液、洗手液市場綜合佔有率第一位)	2009–2021 (liquid laundry detergent) 2012–2021 (liquid soap)	China General Chamber of Commerce and China National Commercial Information Center (中國商業聯合會、中華全國商業信息中心)
3. Hong Kong Outstanding Listed Enterprises 2022 — Outstanding Consumer Brand Award (香港傑出上市企業 2022 — 傑出消費品牌)	2022	Economic Digest (經濟一週)
4. Listed Company Awards of Excellence 2022 (上市公司卓越大獎 2022)	2022	Hong Kong Economic Journal (信報財經新聞)
5. Listed Company Annual Awards of Governance (上市公司年度治理獎)	2022	Cailianpress (財聯社)
6. the Responsible Brand of the Year (年度責任品牌獎)	2015–2022	China Charity Festival Organizing Committee (中國公益節組委會)
7. Blue Moon (Tianjin) Co., Ltd. rated as a national “Green Factory” (藍月亮(天津)有限公司獲評國家級「綠色工廠」)	2022	Ministry of Industry and Information Technology of China (國家工業和信息化部)
8. Caring Company 2021/22 (商界展關懷 2021/22)	2021/2022	The Hong Kong Council of Social Services (香港社會服務聯會)

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 2022, the Group had obtained a total of 919 registered trademarks, 241 patents and 229 copyrights in China.

HUMAN RESOURCES

The Group had approximately 9,025 employees as at 31 December 2022. Salaries of employees are maintained at competitive levels.

2021 Share Award Plan

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 Award 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 2022, 8,613,000 share awards have been granted pursuant to the 2021 Share Award Plan to 335 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 award has been granted to any connected person (as defined under the Listing Rules) of the Company. As at the date of this announcement, 2,119,767 share awards granted have been vested.

2022 Share Award Plan

On 29 March 2022, the Board approved the adoption of 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 the 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).

As at 31 December 2022, no share award has been granted pursuant to the 2022 Share Award Plan. Further details in relation to the 2022 Share Award Plan are set out in the announcement of the Company dated 30 March 2022.

OUTLOOK, FUTURE PROSPECTS AND STRATEGIES

In 2023, 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. Anticipating a reduction in raw material prices and economic recovery post COVID-19, the Group intends to:

- upgrade and restructure its product offerings to focus on offering premium products with higher gross profit margin, and to diversify and launch products across three product categories;
- further strengthen its omni-channel distribution network (both online and offline channels) and increase product penetration to reach out to a wider customer base through:
 - (i) promoting all-round product development and utilising and enhancing synergies and coordination between different sales and distribution channels;
 - (ii) strengthening its partnership with major e-commerce platforms and increasing its presence in new and emerging platforms, including live streaming e-commerce and fresh food e-commerce platforms with emphasis on promoting its new products;
 - (iii) optimising its offline distribution network through broadening and deepening its offline distribution network;

- (iv) managing product offerings in its offline distribution network according to product categorisation;
- (v) improving membership programmes and enhancing the understanding of end-consumers.
- provide more customised services to customers through offering a wide variety of products and improving consumer experience;
- accelerate digitalisation and upgrade manufacturing network to further improve operational efficiency;
- adhere to low-carbon and sustainable development principles.

Looking ahead, despite the complex macro economy, the Group remains confident in the long-term development of China's cleaning market and the business of the Group. The Group will closely follow the needs of consumers, continue to innovate, and promote its long-term development.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK16.8 cents per Share for the year ended 31 December 2022.

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 during the year ended 31 December 2022 (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 2022.

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 2022.

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 2022. 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 2022 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 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 2022 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 2022 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, 16 June 2023. The notice of AGM will be published and issued to the shareholders of the Company (the “Shareholders”) on Friday, 28 April 2023.

CLOSURE OF REGISTER OF MEMBERS

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

- (a) For the purpose of ascertaining the Shareholder’s eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 13 June 2023 to Friday, 16 June 2023, both days inclusive. In order 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, 12 June 2023.
- (b) The final dividend will be payable on or about Friday, 28 July 2023 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 27 June 2023. For the purpose of ascertaining Shareholder’s eligibility for the final dividend, the register of members of the Company will be closed from Friday, 23 June 2023 to Tuesday, 27 June 2023, 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 Wednesday, 21 June 2023.

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.

Intended use of Net Proceeds as stated in the Prospectus	Net Proceeds ⁽¹⁾ <i>approximately HK\$ million</i>	As at	For the	As at
		31 December 2021	year ended 31 December 2022	31 December 2022
		Unutilised amount	Utilised amount	Unutilised amount
		<i>approximately HK\$ million</i>	<i>approximately HK\$ million</i>	<i>approximately 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	3,680	205	3,475 ⁽²⁾
Raising brand awareness, further strengthening the Group's sales and distribution network and increasing product penetration	5,766	4,647	1,059	3,588 ⁽³⁾
Working capital and for other general corporate purposes	1,100	—	—	—
Enhancing research and development capabilities	220	177	36	141 ⁽⁴⁾
Total	11,004	8,504	1,300	7,204

Notes:

- (1) The net proceeds amount of approximately HK\$11,004 million include approximately HK\$2,500 million net proceeds utilized in the financial year ended 31 December 2021 and approximately HK\$8,504 million net proceeds brought forward from the financial year ended 31 December 2021 which were utilized in the manner set out in the table above. The net proceeds have not been utilised in the financial year ended 31 December 2022 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, 28 March 2023

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.