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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)**

# INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

## FINANCIAL SUMMARY

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	<b>3,131,155</b>	2,222,727
Gross profit	<b>1,836,435</b>	1,227,596
Gross profit margin	<b>58.7%</b>	55.2%
Loss for the period/loss attributable to equity holders of the Company	<b>(663,745)</b>	(167,462)

The Board recommended the payment of interim dividend of HK4.0 cents per share.

The board of directors (the “**Board**” or the “**Directors**”) of Blue Moon Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024, together with comparative information, as follows:

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Unaudited	
		Six months ended 30 June	
		2024	2023
	Note	HK\$'000	HK\$'000
Revenue	5	3,131,155	2,222,727
Cost of sales	7	<u>(1,294,720)</u>	<u>(995,131)</u>
<b>Gross profit</b>		<b>1,836,435</b>	<b>1,227,596</b>
Other income and other losses, net	6	(3,935)	12,817
Selling and distribution expenses	7	(2,201,429)	(1,058,971)
General and administrative expenses	7	(565,377)	(540,704)
Provision for impairment losses of financial assets		<u>(4,229)</u>	<u>(72,093)</u>
<b>Operating loss</b>		<b>(938,535)</b>	<b>(431,355)</b>
Finance income		130,371	137,007
Finance costs		<u>(2,559)</u>	<u>(3,415)</u>
<b>Finance income, net</b>		<b>127,812</b>	<b>133,592</b>
<b>Loss before income tax</b>		<b>(810,723)</b>	<b>(297,763)</b>
Income tax credit	8	<u>146,978</u>	<u>130,301</u>
<b>Loss for the period</b>		<b><u>(663,745)</u></b>	<b><u>(167,462)</u></b>
<b>Loss attributable to equity holders of the Company</b>		<b><u>(663,745)</u></b>	<b><u>(167,462)</u></b>

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Unaudited	
		Six months ended 30 June	
	Note	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Loss for the period</b>		<b>(663,745)</b>	<b>(167,462)</b>
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences from translation of financial statements of subsidiaries		(34,646)	(179,580)
<b>Other comprehensive loss for the period, net of tax</b>		<b>(34,646)</b>	<b>(179,580)</b>
<b>Total comprehensive loss for the period</b>		<b>(698,391)</b>	<b>(347,042)</b>
<b>Total comprehensive loss attributable to equity holders of the Company</b>		<b>(698,391)</b>	<b>(347,042)</b>
<b>Loss per share attributable to equity holders of the Company</b>			
Basic	9	<b>HK(12.00) cents</b>	<b>HK(3.01) cents</b>
Diluted	9	<b>HK(12.00) cents</b>	<b>HK(3.01) cents</b>

# CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2024

		Unaudited As at 30 June 2024 <i>HK\$'000</i>	Audited As at 31 December 2023 <i>HK\$'000</i>
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	1,437,497	1,455,289
Right-of-use assets		420,671	461,319
Intangible assets		111,727	114,842
Prepayments for property, plant and equipment		36,994	46,561
Deferred income tax assets		609,900	399,323
Financial asset at fair value through other comprehensive income		9,727	9,796
		<u>2,626,516</u>	<u>2,487,130</u>
<b>Current assets</b>			
Inventories		409,895	258,160
Trade and bills receivables	12	932,003	1,404,647
Prepayments, deposits and other receivables		556,139	570,878
Tax recoverable		5,328	–
Fixed deposits		803,715	2,989,298
Cash and cash equivalents		5,452,402	4,342,528
		<u>8,159,482</u>	<u>9,565,511</u>
<b>Total assets</b>		<u><b>10,785,998</b></u>	<u><b>12,052,641</b></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	13	58,630	58,630
Other reserves		9,048,050	9,073,699
Retained earnings		253,842	1,246,714
<b>Total equity</b>		<u><b>9,360,522</b></u>	<u><b>10,379,043</b></u>

# CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (continued)

AS AT 30 JUNE 2024

		Unaudited As at 30 June 2024 <i>HK\$'000</i>	Audited As at 31 December 2023 <i>HK\$'000</i>
	<i>Note</i>		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred government grant		54,705	55,765
Deferred income tax liabilities		59,045	87,721
Lease liabilities		82,066	101,552
		<u>195,816</u>	<u>245,038</u>
<b>Current liabilities</b>			
Trade and bills payables	14	555,228	578,074
Contract liabilities, accruals and other payables		600,971	673,457
Amount due to a related company		195	290
Current income tax liabilities		31,478	119,395
Lease liabilities		41,788	57,344
		<u>1,229,660</u>	<u>1,428,560</u>
<b>Total liabilities</b>		<u><u>1,425,476</u></u>	<u><u>1,673,598</u></u>
<b>Total equity and liabilities</b>		<u><u>10,785,998</u></u>	<u><u>12,052,641</u></u>
<b>Net current assets</b>		<u><u>6,929,822</u></u>	<u><u>8,136,951</u></u>
<b>Total assets less current liabilities</b>		<u><u>9,556,338</u></u>	<u><u>10,624,081</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 General information

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

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

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

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

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

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

This condensed consolidated interim financial information has not been audited.

## 2 Basis of preparation

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

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

## 3 Accounting policies

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

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

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

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

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

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

### 3 Accounting policies (continued)

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

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

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

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

### 4 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.

## 5 Revenue

Revenue from the sales of finished goods recognised is as follows:

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

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

## 6 Other income and other losses, net

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



## 7 Expenses by nature

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

## 8 Income tax credit

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

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

Notes:

### (a) Hong Kong profits tax

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

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

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

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

## 9 Loss per share

### Basic

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

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

## 9 Loss per share (continued)

### *Diluted*

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

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

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

## 10 Dividends

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

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

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

**11 Property, plant and equipment**

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

## 12 Trade and bills receivables

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

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

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

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

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.

## 13 Share capital

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

**14 Trade and bills payables**

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

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

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

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

# BUSINESS OVERVIEW AND OUTLOOK

## Business Overview

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

- **Products:** the Group remained focused on comprehensive product development and persisted in debuting targeted and functional new products through research and development. The Group continued to consolidate the leading position in fabric care while steadily expand its presence in personal hygiene and home care product categories. In addition to technological advances, the Group placed consumers at the forefront by fulfilling the everyday cleaning needs of consumers via product upgrades. In fabric care, the Group continued to provide cutting-edge products to meet the specific needs of consumers. In particular, the Group actively promoted the development of concentrated liquid laundry detergents, such as Zhizhun Biotech Liquid Laundry Detergent (至尊生物科技洗衣液). The Group also continued to promote the sales of best-selling products such as underwear liquid laundry detergent (內衣專用洗衣液), bacteria and odour removal liquid laundry detergent (除菌去味洗衣液) and liquid laundry detergent for sportswear (運動型洗衣液) to diversify its product portfolio.
- **Sales and Distribution Network:** the Group has strived to enhance and expand its sales and distribution channels and optimise its omni-channel sales strategy. It also focused on reaching new customers, improving distributors' operational efficiency and increasing brand exposure.

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

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

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

*Online Sales Channels:* the Group conducted thorough research of the consumption behaviour of domestic consumers in mainstream e-commerce channels and strategically adjusted its product placement and sales model on e-commerce platforms to reach out to consumers more effectively and enhance the Group's overall online presences. In the first half of 2024, the Group have maintained top rankings on platforms such as JD.com (京東)<sup>1</sup> and Douyin (抖音)<sup>2</sup> during the "618 Shopping Festival". Furthermore, the Group occupied a leading position on main e-commerce platforms by finely operating its product layout. The Group also closely grasped the rise of short video platforms and utilises live broadcasts to attract consumers and promote its products on emerging online channels.

- **Knowledge-based Marketing:** the Group promoted cleaning products and services through knowledge-based marketing to bring consumers better cleaning experience. Such marketing techniques included organising activities to educate consumers how to properly clean their clothing, protect their clothing and elevate their experience when using cleaning products. In the first half of 2024, Blue Moon initiated the "Amazing Future Laundry Technology" project (「了不起的未來洗衣科技」項目), illustrating the idea that advancements in cleaning technology could transform our means of living and foster a better future.
- **Digitalisation:** the Group has been advancing its data analytics capabilities to deepen its understanding of consumer needs. The Group has also been strengthening digital infrastructures and digitalising operational flow.
- **Talent Management:** the Group has also prioritised achievement of its strategic objectives by improving its talent management system and establishing standardised objectives.

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

*Sources:*

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



## **Business Outlook**

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

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

## FINANCIAL REVIEW

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

### Revenue

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

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

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

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

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

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

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

#### **Cost of Sales**

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

#### **Gross Profit**

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

#### **Other income and other losses, net**

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

## **Selling and Distribution Expenses**

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

## **General and Administrative Expenses**

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

## **Provision for Impairment Losses of Financial Assets**

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

## **Operating Loss**

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

## **Finance Income and Costs**

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

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

## **Loss before Income Tax**

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

## **Income Tax Credit**

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

## **Loss attributable to Equity Holders of the Company**

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

## **Basic and Diluted Loss Per Share**

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

## **Liquidity and Financial Resources**

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

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

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

## **Capital Expenditure and Capital Commitment**

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

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

## **Pledge of Assets of the Group**

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

## **Exposure to Foreign Exchange**

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

## **Contingent Liabilities**

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

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

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

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

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

## **HUMAN RESOURCES**

The Group had approximately 7,459 employees as at 30 June 2024. Salaries of employees are maintained at competitive levels.

### **2021 Share Award Plan**

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

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

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

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

## **2022 Share Award Plan**

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

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

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

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

# **CORPORATE GOVERNANCE AND OTHER INFORMATION**

## **INTERIM DIVIDEND**

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

## **CORPORATE GOVERNANCE**

The Company’s corporate governance practices are based on the principles and code provisions of the Corporate Governance Code, as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) (the “**CG Code**”), and the Company has adopted the CG Code as its own corporate governance code.

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

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (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 the Shares), and that all transactions must be conducted according to the Model Code.

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

## **REVIEW OF INTERIM RESULTS**

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

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the amended and restated articles of association 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 six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

## **SUFFICIENCY OF PUBLIC FLOAT**

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

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



## CLOSURE OF REGISTER OF MEMBERS

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

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

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

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

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

Notes:

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

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.blumoon.com.cn](http://www.blumoon.com.cn)), respectively. The interim report of the Company will be despatched 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, 22 August 2024

*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; and Mr. Bruno Robert MERCIER, Ms. NGAN Edith Manling and Mr. HU Yebi as Independent Non-executive Directors.*