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# **CHEERWIN**

**Cheerwin Group Limited**

**朝雲集團有限公司**

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

**(Stock Code: 6601)**

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

### **FINANCIAL HIGHLIGHTS**

	<b>Six months ended 30 June</b>		
	<b>2024</b>	<b>2023</b>	<b>Change</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>(%)</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	<b>1,249,136</b>	1,132,761	10.3
Gross profit	<b>579,011</b>	467,781	23.8
Profit before tax	<b>220,065</b>	174,078	26.4
Profit for the period	<b>175,873</b>	135,700	29.6
Earnings per share			
– Basic (cents)	<b>13.46</b>	10.24	31.4

## OPERATING HIGHLIGHTS

In the first half of 2024, the Group focused on market opportunities by prioritizing customer value, leading to an overall enhancement in business performance:

- Steady growth in overall revenue: Our revenue increased by 10.3% from RMB1,132.8 million for the six months ended 30 June 2023 to RMB1,249.1 million for the Reporting Period.
- Growth in online and offline channels: The Group developed high-quality, sustainable channel marketing strategies aligned with channel development trends based on profitability. Online channels benefited from the rapid growth of new e-commerce channels like Douyin (抖音) as well as directly managed channels, with online channel revenue rising by 18.9% during the Reporting Period as compared to the six months ended 30 June 2023. Offline channel sales showed a steady increase, with revenue growing by 6.5% during the Reporting Period as compared to the six months ended 30 June 2023.
- Sharp rise in profit for the period: The Group adhered to the business principle of high quality, sustainability and stable profit, and implemented effective cost management measures to ensure a continued, steady increase in revenue, cash and profits. Our net profit increased by 29.6% from RMB135.7 million for the six months ended 30 June 2023 to RMB175.9 million for the six months ended 30 June 2024.
- Continuous improvement in gross profit: Our overall gross profit margin increased by 5.1 percentage points, driven by the improvement of the Group's brand influence and the continuous optimization of category and channel structures, along with ongoing enhancements in supply chain operational efficiency.
- Adequate cash reserves: as at 30 June 2024, the total amount of cash, cash equivalents and various bank deposits of the Group amounted to RMB2,664.7 million.

## INTERIM DIVIDEND

- The Board resolved to declare the payment of an interim dividend of RMB0.0538 per Share (equivalent to HK\$0.0588 per Share) for the six months ended 30 June 2024, and the dividend payout ratio remained stable at 40.0% for the six months ended 30 June 2024 (dividend payout ratio for the six months ended 30 June 2023: 40.0%).

The board (the “**Board**”) of directors (the “**Directors**”) of Cheerwin Group Limited (the “**Company**”) is pleased to announce the unaudited consolidated results (“**Interim Results**”) of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”). The Interim Results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

## **BUSINESS OVERVIEW AND OUTLOOK**

### **Business Overview**

In the first half of 2024, the Group focused on market opportunities by prioritizing customer value, leading to an overall enhancement in business performance. We adhered to the business principle of high quality, sustainability and stable profit, and implemented effective cost management measures to ensure a continued, steady increase in revenue, cash and profits.

The breakdown of revenue by product categories are as follows:

- For household care products category, which includes household repellent and insecticide products, household cleaning and air care products, revenue for the Reporting Period was RMB1,163.6 million, representing an increase of 11.5% as compared to the six months ended 30 June 2023;
- For the pets and pet products category, revenue for the Reporting Period was RMB47.6 million, representing an increase of 5.3% as compared to the six months ended 30 June 2023; and
- For the personal care products category, revenue for the Reporting Period was RMB34.8 million, representing a decrease of 18.4% as compared to the six months ended 30 June 2023.

The breakdown of revenue by sales channels are as follows:

- For online channels, revenue for the Reporting Period was RMB405.9 million, representing an increase of 18.9% as compared to the six months ended 30 June 2023; and
- For offline channels, which comprises offline distributors, corporate and institutional customers, overseas distributors and retail channel (Liby Channel), etc., revenue for the Reporting Period was RMB843.3 million, representing an increase of 6.5% as compared to the six months ended 30 June 2023.

In the first half of 2024, the Group implemented several measures to achieve high-quality, sustainable, and stable profit development across its overall performance:

- Online sales channels: The Group achieved rapid growth on new e-commerce channels with more channels surpassing RMB100 million in value while building upon the established success on Taobao (淘寶) related platforms, JD.com (京東), and Pinduoduo (拼多多). It increased the sales proportion of outdoor mosquito repellents, portable mosquito repellents, household cleaning products, and other trending items. Meanwhile, it optimized production to enhance the efficiency and profitability of its online operations.

- **Offline sales channels:** We adopted a multi-category distribution approach for distribution channels with a focus on the distribution of high-margin products and the quality of distribution outlets to expand the market reach. Our products are promoted using a special display technique of products stacking with chamfers arrangement (堆頭切角) and shelf banners with an aim to improve the efficiency of our resource utilization. The Group proactively expanded into trendy new retail channels, including membership-based large-scale retail systems like Sam’s Club and home delivery services, by using its core competitive products.
- **Product innovation:** The Group created a matrix of popular high-margin products through technological innovation, optimizing its overall revenue structure and improving its profitability. It consistently strengthened its top-tier brand influence in insecticides, repellents, and household cleaning products to introduce exceptional, differentiated key products with potent efficacy and wholesome ingredients. The Group gradually optimized the product mix to further enhance the Group’s profitability.
- **Supply chain reform:** We staffed our organization with specialized and young talents. Lean production management has been implemented in our own and third-party factories, through which the Group’s supply chain operational efficiency and profitability has been improved as a whole.

The Group has continued to promote its brands and products with marketing strategies of digitalization, socialization and personalization. We have strived to offer our consumers the one-stop high quality products for household care, personal care, and pet categories, and have been recognized and well received by our consumers. In particular, NielsenIQ retail market data showed that the Group’s household insecticides and repellents products ranked first in China in terms of comprehensive market share of similar products for ten consecutive years from 2015 to 2024. During the Reporting Period, the Group secured the top position in offline market share across several categories, including electrothermal mosquito repellents, insecticidal aerosols, and toilet cleaners.

## **Business Outlook**

Given the current environment, the Company adheres to operational guidelines of high quality, sustainability and stable profit, and maintains strong cash flow, continuously improves profitability, and sticks to a high dividend policy. In the second half of 2024, the Company will focus on the following growth strategies:

1. **Revenue growth drivers:**
  - Seize the peak season opportunity for home cleaning in the second half of the year to strengthen brand power, product quality, distribution capabilities, and marketing efforts;
  - Continue to uphold high-quality growth on new e-commerce channels while building upon the established success on Taobao (淘寶) related platforms, JD.com (京東), and Pinduoduo (拼多多); Focus on boosting the sales of more trendy products; and

- Revamp channels and product categories within the pet product business, with a focus on developing popular functional pet food; open more high-quality offline stores continuously;
2. Profit growth drivers:
    - Maintain a focus on elevating the percentage of high-margin product sales to optimize the category structure;
    - Continue to improve the input-output efficiency of each channel; and
    - Refine supply costs continuously to achieve the goal of cost reduction and enhanced efficiency;
  3. Technology R&D improvement: integrate internal and external R&D resources to continuously enhance the know-how of our team, maintain our leading R&D capabilities in the industry, propel technological innovation, and introduce more high-quality and differentiated products;
  4. Empowerment through teams building: continue to promote multiple incentive mechanisms such as share options and restricted share awards, cash incentives and partnership operations to enhance the Group's organizational cohesion and coordination and ensure efficient implementation of the Group's development strategy;
  5. Proactiveness in mergers and acquisitions opportunities: focus on domestic and foreign pet and fast-moving consumer goods (FMCG) industries, speed up the pace of merger and acquisition, and target quality projects with stable cash flow, clear profit model and business development space; and
  6. Implementation of dividend policy: a high-proportion and stable dividend policy to maximize the Company's shareholders' returns.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2024*

		<b>Six months ended 30 June</b>	
	<i>NOTES</i>	<b>2024</b>	<b>2023</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue</b>	3	<b>1,249,136</b>	1,132,761
Cost of sales		<b>(670,125)</b>	(664,980)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>579,011</b>	467,781
Other income	4	<b>59,997</b>	53,812
Other gains and losses	5	<b>(11,684)</b>	3,268
Impairment losses under expected credit loss model, net of reversal		<b>(1,985)</b>	(938)
Selling and distribution expenses	6	<b>(317,747)</b>	(264,799)
Administrative expenses		<b>(86,789)</b>	(84,581)
Finance cost	7	<b>(738)</b>	(465)
		<hr/>	<hr/>
<b>Profit before tax</b>		<b>220,065</b>	174,078
Income tax expense	8	<b>(44,192)</b>	(38,378)
		<hr/>	<hr/>
<b>Profit for the period</b>	9	<b>175,873</b>	135,700
		<hr/>	<hr/>
<b>Other comprehensive income</b>			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>8,240</b>	39,276
		<hr/>	<hr/>
<b>Total comprehensive income for the period</b>		<b>184,113</b>	174,976
		<hr/>	<hr/>
<b>Profit (loss) for the period attributable to:</b>			
Owners of the Company		<b>179,461</b>	136,502
Non-controlling interests		<b>(3,588)</b>	(802)
		<hr/>	<hr/>
		<b>175,873</b>	135,700
		<hr/>	<hr/>
<b>Total comprehensive income (expense) for the period attributable to:</b>			
Owners of the Company		<b>187,730</b>	175,670
Non-controlling interests		<b>(3,617)</b>	(694)
		<hr/>	<hr/>
		<b>184,113</b>	174,976
		<hr/>	<hr/>
<b>Earnings per share</b>			
Basic (RMB cents)	11	<b>13.46</b>	10.24
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>NOTES</i>	As at <b>30 June 2024</b> <i>RMB'000</i> (unaudited)	As at 31 December 2023 <i>RMB'000</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment		153,011	157,092
Right-of-use assets		39,165	33,758
Intangible assets		9,704	9,704
Goodwill		–	6,280
Interest in an associate		1,500	1,500
Deposits paid for acquisition of property, plant and equipment		1,739	173
Financial assets at fair value through profit or loss ("FVTPL")		126,127	136,143
Time deposits		279,425	272,447
Deferred tax assets		76,124	76,989
		<b>686,795</b>	694,086
<b>Current assets</b>			
Inventories		158,110	268,033
Trade and other receivables	12	120,634	87,632
Tax recoverable		5,912	836
Amounts due from related parties		60,360	12,800
Other financial assets at amortised cost		253,051	143,902
Time deposits		1,542,979	1,737,883
Bank balances and cash		842,328	890,973
		<b>2,983,374</b>	3,142,059
<b>Current liabilities</b>			
Trade and other payables	13	396,718	435,921
Contract liabilities		53,857	334,744
Dividend payable		85,792	–
Amounts due to related parties		43,084	69,552
Lease liabilities		13,416	11,208
Income tax payables		15,972	16,318
Contingent consideration as liability at FVTPL		3,092	–
		<b>611,931</b>	867,743
<b>Net current assets</b>		<b>2,371,443</b>	2,274,316
<b>Total assets less current liabilities</b>		<b>3,058,238</b>	2,968,402

	<b>As at 30 June 2024 RMB'000 (unaudited)</b>	As at 31 December 2023 RMB'000 (audited)
<b>Non-current liabilities</b>		
Lease liabilities	20,583	16,812
Deferred tax liabilities	10,363	11,406
Contingent consideration as liability at FVTPL	–	2,712
	<u>30,946</u>	<u>30,930</u>
<b>Net assets</b>	<b><u>3,027,292</u></b>	<b><u>2,937,472</u></b>
<b>Capital and reserves</b>		
Share capital	2	2
Reserves	<u>3,023,300</u>	<u>2,927,363</u>
Equity attributable to owners of the Company	<u>3,023,302</u>	2,927,365
Non-controlling interests	<u>3,990</u>	<u>10,107</u>
<b>Total equity</b>	<b><u>3,027,292</u></b>	<b><u>2,937,472</u></b>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements of Cheerwin Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board (the “**IASB**”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than change in accounting policies resulting from application of amendments to International Financial Reporting Standards (“**IFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

### Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

### 3. REVENUE AND SEGMENT INFORMATION

#### (i) Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Revenue by types of products or services		
Household care ( <i>Note i</i> )	1,163,557	1,043,854
Pets and pet products	47,633	45,243
Personal care	34,752	42,596
Others ( <i>Note ii</i> )	3,194	1,068
	<hr/>	<hr/>
Total	<b>1,249,136</b>	<b>1,132,761</b>
	<hr/>	<hr/>
Timing of revenue recognition		
At a point in time	<b>1,249,136</b>	<b>1,132,761</b>
	<hr/>	<hr/>

*Notes:*

- (i) Household care included household insecticides and repellents, household cleaning and air care products.
- (ii) Others included numerous household supplies, appliances, other products and testing services, none of them accounted for a material portion individually.

#### (ii) Transaction price allocated to the remaining performance obligations for contracts with customers

As at 30 June 2024, the Group had aggregate amount of the transaction price allocated to remaining performance obligations (unsatisfied or partially unsatisfied) amounted to approximately RMB53,857,000 (unaudited) (31 December 2023: RMB334,744,000 (audited)). The amounts were equivalent to the contract liabilities as at 30 June 2024 and 31 December 2023, which represented payments received from customers by the Group while the underlying goods are yet to be delivered.

Based on the information available to the Group at the end of the reporting period, the management of the Group expects the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts as at 30 June 2024 and 31 December 2023 will be recognised as revenue within next twelve months.

#### (iii) Segment information

Revenue and operating result of the Group are reported to the executive directors of the Company, being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and performance assessment. The accounting policies are the same as the Group’s accounting policies. No other analysis of the Group’s results nor assets and liabilities is regularly provided to the CODM for review and the CODM reviews the overall results and financial position of the Group as a whole. Accordingly, the CODM has identified one operating segment and only entity-wide disclosures on revenue, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

(iv) **Geographic information**

The Group principally operates in the People's Republic of China (the "PRC"), which is also the place of domicile. The Group's revenue is almost all derived from operations in the PRC and the Group's non-current assets are almost all located in the PRC.

(v) **Information about major customers**

Revenue attributed from customers that accounted for 5% or more of the Group's total revenue are as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Customer A ( <i>Note</i> )	<b>113,647</b>	145,774

*Note:* Customer A represented a group of entities under common control of the controlling shareholders of the Company. No single entity other than Customer A contributes 5% or more of total revenue of the Group for the respective periods.

**4. OTHER INCOME**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Government grants ( <i>Note</i> )	<b>9,018</b>	5,538
Bank interest income	<b>43,910</b>	37,217
Interest income from other financial assets at amortised cost	<b>5,164</b>	10,135
Investment income from financial assets at FVTPL	<b>1,416</b>	566
Others	<b>489</b>	356
	<b>59,997</b>	53,812

*Note:* The amount represented subsidy income received from certain government authorities in the PRC for the purpose of giving immediate financial support to the Group with no future obligations.

## 5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
(Losses) gains on disposal of property, plant and equipment	(1)	76
Donations	(50)	(150)
Foreign exchange (losses) gains, net	(1,237)	3,342
Loss on fair value changes of a financial asset at FVTPL	(10,016)	–
Loss on fair value changes of contingent consideration as liability at FVTPL	(380)	–
	<u>(11,684)</u>	<u>3,268</u>

## 6. SELLING AND DISTRIBUTION EXPENSES

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Staff costs	56,768	45,508
Offline channel promotion expenses	38,540	42,625
E-commerce channel promotion expenses	136,226	91,057
Advertising service expenses	11,754	19,646
Transportation and storage expenses	59,062	56,677
Marketing expenses	10,330	8,784
Others	5,067	502
	<u>317,747</u>	<u>264,799</u>

## 7. FINANCE COST

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest expense on lease liabilities	<u>738</u>	<u>465</u>

## 8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Enterprise Income Tax (“EIT”):		
Current tax	48,627	53,239
Overprovision in prior year	(4,257)	(2,911)
	<u>44,370</u>	<u>50,328</u>
Deferred tax	(178)	(11,950)
	<u>44,192</u>	<u>38,378</u>

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act, Cap 22 of the Cayman Islands and is exempted from the Cayman Islands income tax.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the PRC EIT rate of subsidiaries of the Group operating in the PRC was 25% for both periods, except for those described below.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Anfu Cheerwin Rihua Company Limited has been qualified as a New and Hi-Tech Enterprise and entitled to a preferential tax rate of 15% from 2019 to 2024 granted by the local tax authority.

## 9. PROFIT FOR THE PERIOD

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Profit for the period has been arrived at after charging (crediting):		
– Directors' remuneration	7,990	9,792
Other staff costs:		
– Salaries and other allowances	97,232	78,587
– Contributions to retirement benefits scheme	6,489	6,043
– Share-based payment expenses	382	918
	<u>112,093</u>	<u>95,340</u>
Total staff costs ( <i>Note i</i> )		
Depreciation of property, plant and equipment	10,919	12,733
Depreciation of right-of-use assets	7,285	4,608
Amortisation of intangible assets	–	159
	<u>18,204</u>	<u>17,500</u>
Total depreciation		
Less: capitalised in inventories	(3,221)	(3,341)
	<u>14,983</u>	<u>14,159</u>
Impairment losses recognised on goodwill included in		
– Administrative expenses	6,280	–
Auditor's remuneration	2,173	1,626
Research and development costs (included in administrative expenses)	13,029	14,081
Cost of inventories recognised as an expense ( <i>Note ii</i> )	670,319	663,194
	<u>670,319</u>	<u>663,194</u>

### Notes:

- (i) Total staff costs have been charged to the condensed consolidated statement of profit or loss and other comprehensive income as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Staff costs included in cost of inventories	13,696	9,053
Selling and distribution expenses	56,768	45,508
Administrative expenses	41,629	40,779
	<u>112,093</u>	<u>95,340</u>

- (ii) Amount included reversal of write-down of inventories of approximately RMB194,000 (unaudited) (six months ended 30 June 2023: write-down of inventories of RMB1,786,000 (unaudited)).

## 10. DIVIDENDS

During the current interim period, a final dividend of RMB0.0640 per ordinary share (equivalent to HK\$0.0705 per ordinary share) in respect of the year ended 31 December 2023 (six months ended 30 June 2023: RMB0.0220 per ordinary share (equivalent to HK\$0.0251 per ordinary share) in respect of the year ended 31 December 2022) was declared to owners of the Company. The aggregate amount of the final dividend amounted to approximately RMB85,333,000 (six months ended 30 June 2023: RMB29,333,000) was paid on 8 July 2024.

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of RMB0.0538 per ordinary share (equivalent to HK\$0.0588 per ordinary share) amounting to RMB71,733,000 in aggregate (six months ended 30 June 2023: RMB0.0410 per ordinary share (equivalent to HK\$0.0447 per ordinary share) amounting to RMB54,667,000 in aggregate) will be paid to owners of the Company whose names appear in the Register of Members on 17 September 2024.

## 11. EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Earnings for the purposes of calculating basic earnings per share (profit for the period attributable to the owners of the Company)	<b>179,461</b>	136,502
	<b>No. of Shares</b>	No. of Shares
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>1,333,334</b>	1,333,334

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of the Company's shares for both six months ended 30 June 2024 and 2023 since the grant date of those share options.

## 12. TRADE AND OTHER RECEIVABLES

	As at <b>30 June</b> <b>2024</b> <i>RMB'000</i> <b>(unaudited)</b>	As at 31 December 2023 <i>RMB'000</i> (audited)
Trade receivables	<b>56,661</b>	16,510
Less: Allowance for credit losses	<b>(2,879)</b>	(894)
	<b>53,782</b>	15,616
Prepayments for purchase of raw materials	<b>7,594</b>	7,137
Prepaid promotion service expenses	<b>10,516</b>	8,516
Other tax recoverables	<b>23,651</b>	41,639
Receivables from payment intermediaries ( <i>Note a</i> )	<b>10,926</b>	3,882
Other receivables ( <i>Note b</i> )	<b>14,165</b>	10,842
	<b>120,634</b>	87,632

### *Notes:*

- (a) Receivables from payment intermediaries represent the sales received by Alipay, Jingdong and other platforms on behalf of the Group for the online platform sales. The balance will be transferred back to the bank accounts of the Group upon the Group's instruction.
- (b) Other receivables represent advances to staff and other miscellaneous deposits, which are unsecured, non-interest bearing and repayable in 12 months.

### **Trade receivables**

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit limit to each customer on an individual basis. Credit limits attributed to customers are reviewed regularly.

The Group generally requires advance payments from majority of its customers before delivery of goods. For certain customers, the Group allows credit terms of 30 to 60 days from the invoice date for trade receivables.



The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date which approximated the revenue recognition date at the end of each reporting period:

	<b>As at 30 June 2024 RMB'000 (unaudited)</b>	As at 31 December 2023 RMB'000 (audited)
Within 30 days	<b>22,943</b>	7,427
31 – 60 days	<b>28,796</b>	7,543
61 – 90 days	<b>1,990</b>	646
91 – 120 days	<b>53</b>	–
	<b><u>53,782</u></b>	<b><u>15,616</u></b>

As at 30 June 2024, included in the Group's trade receivables balance are debtors with an aggregate carrying amount of approximately RMB2,179,000 (unaudited) (31 December 2023: RMB8,189,000 (audited)) which are past due as at the reporting date. In particular, for trade receivable past due as at 30 June 2024, carrying amount of approximately RMB580,000 (unaudited) (31 December 2023: RMB4,629,000 (audited)) is due from one single customer. The directors of the Company are of the opinion that there has not been a significant change in credit quality and the balances are still considered fully recoverable considering factors such as historical settlement patterns from and on-going business relationship with this customer. The entire balance has been fully settled subsequently.

The Group applies the simplified approach to provide for expected credit losses (“ECL”) prescribed by IFRS 9 “Financial Instruments”, which permits the use of the lifetime expected loss provision for trade receivables.

Trade receivables with significant balances and credit-impaired are assessed for ECL individually. The remaining trade receivables are assessed collectively, grouped by internal credit rating taking into account past due status of respective receivables. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

During the six months ended 30 June 2024, the Group recognised credit loss allowance of approximately RMB1,985,000 (unaudited) (six months ended 30 June 2023: RMB938,000 (unaudited)) for trade receivables.

### 13. TRADE AND OTHER PAYABLES

	As at <b>30 June</b> 2024 <i>RMB'000</i> (unaudited)	As at 31 December 2023 <i>RMB'000</i> (audited)
Trade payables	159,208	170,201
Accrued sales rebates ( <i>Note</i> )	117,975	182,340
Other accrued expenses	47,772	31,820
Accrued staff payroll and welfare	40,229	32,086
Construction costs payables	3,786	3,810
Other tax payables	17,602	6,268
Other payables	10,146	9,396
	<b>396,718</b>	<b>435,921</b>

*Note:* The accrued sales rebates will be settled in cash or through offsetting future sales orders, at the discretion of the Group's customers.

#### Trade payables

The credit period of trade payables is normally within 20 to 60 days from the invoice date.

The following is an aged analysis of trade payables, presented based on the invoice date at the end of each reporting period:

	As at <b>30 June</b> 2024 <i>RMB'000</i> (unaudited)	As at 31 December 2023 <i>RMB'000</i> (audited)
Within 30 days	64,454	109,495
31 – 60 days	60,999	41,828
61 – 90 days	24,432	10,881
Over 90 days	9,323	7,997
	<b>159,208</b>	<b>170,201</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### Revenue

The Group derived its revenue primarily from the sales of (i) household care products; (ii) pet and pet products; (iii) personal care products; and (iv) others to customers through our omni-channel sales and distribution network. Our revenue is stated net of allowances for returns, sales discounts, rebates and value-added tax.

Our revenue increased by 10.3% from RMB1,132.8 million for the six months ended 30 June 2023 to RMB1,249.1 million for the six months ended 30 June 2024. The increase was attributable to the Group's success in capturing market opportunities and actively promoting the rapid development of product categories and sales channels.

#### Revenue by product categories

	Six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Household Care <sup>(1)</sup>	1,163,557	93.1	1,043,854	92.1
Pets and Pet Products	47,633	3.8	45,243	4.0
Personal Care	34,752	2.8	42,596	3.8
Others <sup>(2)</sup>	3,194	0.3	1,068	0.1
<b>Total</b>	<b>1,249,136</b>	<b>100.0</b>	<b>1,132,761</b>	<b>100.0</b>

#### Notes:

- (1) Household Care included household insecticide and repellent products, household cleaning and air care products.
- (2) Others included numerous household supplies, appliances, other products and testing services, and none of them accounted for a material portion individually.

Our revenue from household care products increased by 11.5% from RMB1,043.9 million for the six months ended 30 June 2023 to RMB1,163.6 million for the six months ended 30 June 2024.

Our revenue from pets and pet products increased by 5.3% from RMB45.2 million for the six months ended 30 June 2023 to RMB47.6 million for the six months ended 30 June 2024.

Our revenue from personal care products decreased by 18.4% from RMB42.6 million for the six months ended 30 June 2023 to RMB34.8 million for the six months ended 30 June 2024.

## Revenue by sales channels

	Six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Online Channels <sup>(1)</sup>	405,854	32.5	341,297	30.1
Offline Channels <sup>(2)</sup>	843,282	67.5	791,464	69.9
<b>Total</b>	<b>1,249,136</b>	<b>100.0</b>	<b>1,132,761</b>	<b>100.0</b>

Notes:

- (1) Online channels included self-operated online stores, online distributors, and community e-commerce platforms.
- (2) Offline channels included offline distributors, retail channel (Liby Channel), corporate and institutional customers, overseas distributors, and OEM business, etc..

Revenue from online channels increased by 18.9% from RMB341.3 million for the six months ended 30 June 2023 to RMB405.9 million for the six months ended 30 June 2024.

Revenue from offline channels increased by 6.5% from RMB791.5 million for the six months ended 30 June 2023 to RMB843.3 million for the six months ended 30 June 2024.

## Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 23.8% from RMB467.8 million for the six months ended 30 June 2023 to RMB579.0 million for the six months ended 30 June 2024. Our gross profit margin increased by 5.1 percentage points from 41.3% for the six months ended 30 June 2023 to 46.4% for the six months ended 30 June 2024, primarily due to the improvement of the Group's brand influence and the continuous optimization of category and channel structures, along with ongoing enhancements in supply chain operational efficiency.

## Gross profit and gross profit margin by product categories

	Six months ended 30 June			
	2024		2023	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
Household Care <sup>(1)</sup>	540,137	46.4	429,954	41.2
Pets and Pet Products	23,601	49.5	20,551	45.4
Personal Care	14,716	42.3	18,161	42.6
Others <sup>(2)</sup>	557	17.4	(885)	(82.9)
<b>Total</b>	<b>579,011</b>	<b>46.4</b>	<b>467,781</b>	<b>41.3</b>

Notes:

- (1) Household Care included household insecticide and repellent products, household cleaning and air care products.
- (2) Others included numerous household supplies, appliances, other products and testing services and none of them accounted for a material portion individually.

Our gross profit of household care products for the six months ended 30 June 2024 was RMB540.1 million, whereas the gross profit margin has increased from 41.2% for the six months ended 30 June 2023 to 46.4% for the six months ended 30 June 2024.

Our gross profit of pets and pet products for the six months ended 30 June 2024 was RMB23.6 million, whereas the gross profit margin has increased from 45.4% for the six months ended 30 June 2023 to 49.5% for the six months ended 30 June 2024.

Our gross profit of personal care products for the six months ended 30 June 2024 was RMB14.7 million, whereas the gross profit margin has decreased from 42.6% for the six months ended 30 June 2023 to 42.3% for the six months ended 30 June 2024.

***Gross profit and gross profit margin by sales channels***

	Six months ended 30 June			
	2024		2023	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
Online Channels <sup>(1)</sup>	220,644	54.4	164,235	48.1
Offline Channels <sup>(2)</sup>	358,367	42.5	303,546	38.4
<b>Total</b>	<b>579,011</b>	<b>46.4</b>	<b>467,781</b>	<b>41.3</b>

Notes:

- (1) Online channels included self-operated online stores, online distributors, and community e-commerce platforms.
- (2) Offline channels included offline distributors, retail channel (Liby Channel), corporate and institutional customers, overseas distributors, and OEM business, etc..

Our gross profit of online channels for the six months ended 30 June 2024 was RMB220.6 million, whereas the gross profit margin has increased from 48.1% for the six months ended 30 June 2023 to 54.4% for the six months ended 30 June 2024.

Our gross profit of offline channels for the six months ended 30 June 2024 was RMB358.4 million, whereas the gross profit margin has increased from 38.4% for the six months ended 30 June 2023 to 42.5% for the six months ended 30 June 2024.

### **Other Income**

Our other income increased by 11.5% from RMB53.8 million for the six months ended 30 June 2023 to RMB60.0 million for the six months ended 30 June 2024 primarily due to the increase of governmental subsidy and bank interest income. Our other income as a percentage of our total revenue remained stable at 4.8% and 4.8% for the six months ended 30 June 2023 and 2024, respectively.

### **Selling and Distribution Expenses**

Our selling and distribution expenses increased by 20.0% from RMB264.8 million for the six months ended 30 June 2023 to RMB317.7 million for the six months ended 30 June 2024, primarily attributable to the impact of the increase in overall revenue scale of the Group, which was in line with the growth of our business.

### **Administrative Expenses**

Our administrative expenses increased by 2.6% from RMB84.6 million for the six months ended 30 June 2023 to RMB86.8 million for the six months ended 30 June 2024, primarily attributable to the impairment loss in goodwill.

### **Other Gains and Losses**

We recorded other losses of RMB11.7 million for the six months ended 30 June 2024, as compared to other gains of RMB3.3 million for the same period in 2023, primarily relating to the fair value change of the Group's investments and the impact of exchange rate fluctuation.

### **Finance Cost**

Our finance cost remain relatively stable at RMB0.5 million and RMB0.7 million for the six months ended 30 June 2023 and for the six months ended 30 June 2024, respectively.

### **Profit before Tax**

As a result of the foregoing, our profit before income tax increased by 26.4% from RMB174.1 million for the six months ended 30 June 2023 to RMB220.1 million for the six months ended 30 June 2024.

## **Income Tax Expense**

Our income tax expense increased by 15.1% from RMB38.4 million for the six months ended 30 June 2023 to RMB44.2 million for the six months ended 30 June 2024, mainly due to the increase in our profit before tax. Our effective tax rate remained relatively stable at 22.0% and 20.1%, respectively, for the six months ended 30 June 2023 and for the six months ended 30 June 2024, which lower than the PRC statutory income tax rate of 25% primarily because one of our subsidiaries enjoyed a preferential income tax rate of 15% since 2019 which is a qualified high-tech enterprise.

## **Profit for the Period**

As a result of the foregoing, our profit increased by 29.6% from RMB135.7 million for the six months ended 30 June 2023 to RMB175.9 million for the Reporting Period. Our net profit margin increased from 12.0% for the six months ended 30 June 2023 to 14.1% for the six months ended 30 June 2024.

## **Operating Cash Flows**

Net operating cash outflow for the six months ended 30 June 2024 was RMB159.7 million, as compared to net operating cash outflow of RMB74.0 million for the six months ended 30 June 2023, resulting from our profit before tax of RMB220.1 million, adjustment of non-cash and non-operating items, movements in working capital, and income tax paid.

## **Capital Expenditures**

Our capital expenditures increased from RMB14.4 million for the six months ended 30 June 2023 to RMB19.6 million for the six months ended 30 June 2024. Our capital expenditures were used primarily for acquisition of property, plant and equipment and right-of-use assets. We financed our capital expenditures primarily through our cash generated from our operating activities.

## **Financial Position**

Historically, we funded our operations primarily with net cash generated from our business operations. After the global offering of the Company (the “**Global Offering**”), we intend to finance our future capital requirements through the same sources of funds above, together with the net proceeds we received from the Global Offering.

As at 30 June 2024, we had RMB2,664.7 million in cash and cash equivalents and time deposits, most of which were denominated in RMB.

## **Gearing Ratio**

The gearing ratio (calculated using total interest bearing debt (consists of current and non-current lease liabilities) divided by total equity, multiplied by 100%) increased from 1.0% as at 31 December 2023 to 1.1% as at 30 June 2024, primarily due to the increase in the Group's right-of-use assets and lease liabilities.

## **Significant Investments Held**

The Group maintains a portfolio of investments which generate steady income with potential of capital appreciation. The Group did not hold other significant investments which constitutes a fair value of 5% or above of the total assets of the Group as at 31 December 2023 and 30 June 2024 respectively.

## **Funding and Treasury Policy**

The Group adopts a stable approach on its finance and treasury policy, aiming to maintain an optimal financial position, the most economic finance costs, and minimal financial risks. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its current business operations as well as its future investments and expansion plans.

## **Material Acquisitions and Future Plans for Major Investment**

During the six months ended 30 June 2024, the Group did not conduct any material acquisitions or disposals. In addition, save for the expansion plans as disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 26 February 2021 (the "**Prospectus**"), the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

## **Exposure to Fluctuations in Exchange Rates**

The Group operates mainly in China with most of its transactions settled in RMB. However, the Group is exposed to foreign exchange risk arising mainly from deposits denominated in USD and Hong Kong dollars. The Group closely monitors the exchange rate fluctuations and reviews its foreign exchange risk management strategies from time to time. The Board may consider hedging foreign exchange exposures where appropriate in order to minimize its foreign exchange risk.



## Pledge of Assets

The Group did not have any pledged assets as at 30 June 2024 and 31 December 2023.

## Contingent Liabilities

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

## Human Resources

As at 30 June 2024, the number of employees of the Group was 1,140 as compared to 909 as at 30 June 2023. The total cost of staff, including basic salary and wages, social insurance and bonus, for the six months ended 30 June 2024 increased to RMB112.1 million, as compared to RMB95.3 million for the same period in 2023. The increase was mainly due to the need to expand the business of offline pet stores and the increase in performance awards granted to employees.

## OTHER INFORMATION

### Use of Proceeds from Global Offering

The shares of the Company (the “**Shares**”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 10 March 2021 (the “**Listing Date**”). The Company received net proceeds (after deduction of the underwriting commissions and related costs and expenses) from the Global Offering of approximately RMB2,418.8 million (equivalent to approximately HK\$2,883.8 million). The Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus. The details of intended application of net proceeds from the Global Offering are set out as follows:

Item	Approximate % of total net proceeds	Net proceeds from the Global Offering (RMB million)	Unutilised net amount as at 31 December 2023 (RMB million)	Actual net amount utilised during the Reporting Period (RMB million)	Actual net amount utilised up to 30 June 2024 (RMB million)	Unutilised net amount as at 30 June 2024 (RMB million)	Expected timeline of full utilisation of the unutilised proceeds
Research and development of new products, upgrade of existing products and development of new brands and categories	7.1%	171.8	129.9	8.6	50.5	121.3	Expected to be fully utilised by the end of 2026
Facilitate the construction and upgrade of relevant research and development centers and support their research activities	10.2%	246.7	246.7	–	–	246.7	Expected to be fully utilised by the end of 2026

Item	Approximate % of total net proceeds	Net proceeds from the Global Offering (RMB million)	Unutilised net amount as at 31 December 2023 (RMB million)	Actual net amount utilised during the Reporting Period (RMB million)	Actual net amount utilised up to 30 June 2024 (RMB million)	Unutilised net amount as at 30 June 2024 (RMB million)	Expected timeline of full utilisation of the unutilised proceeds
Motive existing research personnel and recruit additional experienced and talented personnel for our research and development team	2.7%	65.3	65.3	–	–	65.3	Expected to be fully utilised by the end of 2026
Further develop online distribution channels	10.0%	241.9	60.9	60.9	241.9	–	Not applicable
Further enhance our offline distribution network	5.0%	120.9	97.8	2.9	26.0	94.9	Expected to be fully utilised by the end of 2026
Establish and optimise our overseas online and offline sales network and develop new markets	5.0%	120.9	120.9	–	–	120.9	Expected to be fully utilised by the end of 2026
Enhance our market penetration in lower-tier cities	5.0%	120.9	112.2	1.0	9.7	111.2	Expected to be fully utilised by the end of 2026
Invest in online brand marketing activities to enhance brand and product awareness and educate customers	10.0%	241.9	145.5	9.4	105.8	136.1	Expected to be fully utilised by the end of 2026
Establish overseas supply chain to improve our cost advantage for our overseas operations	1.5%	36.3	36.3	–	–	36.3	Expected to be fully utilised by the end of 2026
Upgrade our existing production facilities and existing production lines at our Anfu and Panyu plants, and to establish new production lines to increase production capacity and efficiency	1.5%	36.3	36.3	–	–	36.3	Expected to be fully utilised by the end of 2026
Establish a supply chain base in Shanghai which include a warehouse and a logistic center and offices	7.0%	169.3	169.3	–	–	169.3	Expected to be fully utilised by the end of 2026

Item	Approximate % of total net proceeds	Net proceeds from the Global Offering (RMB million)	Unutilised net amount as at 31 December 2023 (RMB million)	Actual net amount utilised during the Reporting Period (RMB million)	Actual net amount utilised up to 30 June 2024 (RMB million)	Unutilised net amount as at 30 June 2024 (RMB million)	Expected timeline of full utilisation of the unutilised proceeds
Deepen our digitalisation strategy, enhance information technology infrastructure, and further develop our technology and data-driven middle-office for our supply chain management, consumer community and proprietary platform operation and distribution channel management to improve operating efficiency	10.0%	241.9	234.7	1.2	8.4	233.5	Expected to be fully utilised by the end of 2026
Strategic acquisitions of upstream and downstream businesses to acquire external high quality, complementary technologies, brands and businesses	15.0%	362.8	200.2	11.5	174.1	188.7	Expected to be fully utilised by the end of 2026
Working capital and other general corporate purposes	10.0%	241.9	241.9	–	–	241.9	Expected to be fully utilised by the end of 2026
<b>Total</b>	<b>100.0%</b>	<b>2,418.8</b>	<b>1,897.9</b>	<b>95.5</b>	<b>616.4</b>	<b>1,802.4</b>	

As at 30 June 2024, the remaining proceeds of approximately RMB1,802.4 million (equivalent to approximately HK\$1,974.8 million) will continue to be used in accordance with the purposes as set out in the Prospectus and follow the expected implementation timetable as disclosed in the Prospectus. Majority of the unutilised net proceeds are deposited with reputable banks in Hong Kong or the PRC as at 30 June 2024.

## **INTERIM DIVIDEND**

The Board resolved to declare the payment of an interim dividend of RMB0.0538 per Share (equivalent to HK\$0.0588 per Share) for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB0.0410 per Share), and the dividend payout ratio remained stable at 40.0% for the six months ended 30 June 2024 (dividend payout ratio for the six months ended 30 June 2023: 40.0%), on or around Thursday, 10 October 2024 to the shareholders of the Company (the “**Shareholder(s)**”) whose names appear on the register of members of the Company on Tuesday, 17 September 2024.

The interim dividend shall be declared in RMB and paid in Hong Kong dollars. The interim dividend payable in Hong Kong dollars will be converted from RMB at the average central parity rate of RMB to Hong Kong dollars as announced by the People’s Bank of China for the period from Monday, 19 August 2024 to Friday, 23 August 2024.

As at the date of this announcement, there are no treasury shares held by the Company (whether held or deposited in the Central Clearing and Settlement System, or otherwise).

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Friday, 13 September 2024 to Tuesday, 17 September 2024, both days inclusive, during which period no share transfers of the Company will be registered. To qualify for the interim dividend, all transfers forms accompanied by the relevant share certificates must be lodged for registration with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, 12 September 2024.

## **CORPORATE GOVERNANCE**

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance. During the Reporting Period, the Company has complied with all applicable code provisions under the CG Code and adopted most of the best practices set out therein except for the following provision.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

However, the Company does not have a separate chairman and chief executive officer and the responsibilities of both chairman and chief executive officer vest in Ms. Chen Danxia. The Board believes that vesting the responsibilities of both chairman and chief executive officer in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. Besides, with three independent non-executive Directors out of a total of eight Directors in the Board, there will be sufficient independent voice within the Board to protect the interests of the Company and the Shareholders as a whole.

Therefore, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions since the Listing Date. Having been made specific enquiries, all of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES**

During the Reporting Period, there are no treasury shares held by the Company.

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares).

## **PUBLIC FLOAT**

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules as at the date of this announcement. The Company maintained the minimum level of public float of 25% of its total number of issued Shares.

## **EVENTS AFTER THE PERIOD**

Subsequent to the Reporting Period, the Company has the following changes regarding its composition of the Directors and senior management:

- (a) Mr. Xie Rusong (謝如松) resigned as an executive Director (effective on 16 July 2024).
- (b) Ms. Wang Dong (王冬) appointed as an executive Director (effective on 16 July 2024) and ceased to act as the joint company secretary of the Company (effective on 26 August 2024).
- (c) Mr. Lv Yongji (呂永吉) appointed as an executive Director (effective on 16 July 2024).
- (d) Mr. Zheng Canjie (鄭燦杰) appointed as a joint company secretary of the Company (effective on 26 August 2024).

For details of the changes of executive Directors and joint company secretary of the Company, please refer the announcements published by the Company on 16 July 2024 and 26 August 2024 respectively.

Save as disclosed above, there is no significant subsequent event after the Reporting Period.

## **AUDIT COMMITTEE**

The Board has established the Audit Committee, which comprises three independent non-executive Directors, namely, Mr. Chan Wan Tsun Adrian Alan (Chairman), Mr. Guo Sheng and Dr. Yu Rong and one non-executive Director, namely Mr. Chen Zexing. The Audit Committee has adopted written terms of reference which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and the Stock Exchange).

The Audit Committee has, together with the senior management of the Company, reviewed the accounting principles and practices adopted by the Group as well as the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 have also been reviewed by the Company's independent auditor, Messrs. Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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

This interim results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.cheerwin.com](http://www.cheerwin.com). The interim report of the Company for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be despatched to the Shareholders upon their request and published on the respective websites of the Stock Exchange and the Company in accordance with the requirements under the Listing Rules.

By order of the Board  
**Cheerwin Group Limited**  
**Chen Danxia**

*Executive Director, Chairman and Chief Executive Officer*

Hong Kong, 26 August 2024

*As at the date of this announcement, the Board comprises Ms. Chen Danxia, Ms. Wang Dong, Mr. Zhong Xuyi and Mr. Lv Yongji as executive Directors; Mr. Chen Zexing as non-executive Director; and Dr. Yu Rong, Mr. Guo Sheng and Mr. Chan Wan Tsun Adrian Alan as independent non-executive Directors.*