



碧生源控股有限公司

Besunyen Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 926

2024

INTERIM REPORT



纤纤茶
BESUNYEN FIT TEA
(保健功能：减肥)

不能代替药物治疗疾病。
保健食品不是药物，
不能代替药物治疗疾病。

润元茶
BESUNYEN HERBIMOUTH TEA
(保健功能：通便)

不能代替药物治疗疾病。
保健食品不是药物，
不能代替药物治疗疾病。

奥利司他胶
ORLISTAT CAPSU
(保健功能：通便)

清源茶
BESUNYEN RELIEF TEA
(保健功能：通便)

不能代替药物治疗疾病。
保健食品不是药物，
不能代替药物治疗疾病。

常菁茶
BESUNYEN SLIMMING TEA
(保健功能：减肥)

净含量：62.5g (2.5g×25袋)

（规格冲饮：罐装）

常润茶
BESUNYEN DETOX TEA
(保健功能：润肠通便)

净含量：62.5g (2.5g×25袋)

（规格冲饮：罐装）

常润茶
BESUNYEN DETOX TEA
(保健功能：润肠通便)

Corporate Profile

Besunyen Holdings Company Limited (the “**Company**”) was established in September 2000 and listed on the Main Board of the Hong Kong Stock Exchange in September 2010 (stock code: HK00926). Besunyen Holdings Company Limited together with its subsidiaries (the “**Group**”) is a leading provider of therapeutic teas in the People’s Republic of China (the “**PRC**”), mainly engaging in the research and development and production of health products and the sale and promotion of medicines and food products. The Group applies “One Focus and Two Dimensions” as its guiding principle: “One Focus” means focusing on herbs and health regimen; and “Two Dimensions” means expanding new businesses in the areas of “weight loss and weight management” as well as “laxative and gastrointestinal health”. By tagging along with the concept of “herbal, healthy, and quality functional tea”, the Group has produced and sold Besunyen Detox Tea (碧生源牌常潤茶) and Besunyen Slimming Tea (碧生源牌常菁茶) (previously known as “碧生源牌減肥茶”) (collectively, the “**Two Teas**”) for more than twenty years. The Group has dedicated itself to further developing the Two Teas and successively launching its product series of functional teas such as Besunyen Fit Tea (碧生源牌纖纖茶) and Besunyen Relief Tea (碧生源牌清源茶) (together with the Two Teas, the “**Four Teas**”). In recent years, the Group has also launched Besunyen Orlistat weight-loss medicines and a series of products that meet the needs of consumers, such as nutrition meal replacements, probiotics and enzymes.

The Group uses natural Chinese herbs and tea leaves as raw materials to research, develop, formulate and produce the Four Teas, providing safe, effective, convenient-to-use and affordable health products for those who have needs in aspects such as laxative and weight management or who are mildly affected by such problems.

The production base of the Group’s Four Teas is located in Fangshan District, Beijing. Its production plant and production process are in compliance with the national GMP standards. Its production facilities implement closed-ended management, and its pelleting facilities and inner packing facilities are class 100,000 clean areas. The Group’s Four Teas products have passed the certifications of ISO9001, ISO22000 and HACCP. Introduced from IMA, an Italian company, its main production equipment is C24 tea bag high-speed machine with a special design of tea bag with its tag linked with “cotton thread nautical knot”, allowing inner bag and outer packaging box shaped up at the same time and completing the packaging process automatically.

The Group’s “Besunyen and Device” trademark was identified as a “China Well-known Trademark” (中國馳名商標) by the former Trademark Office of the State Administration for Industry & Commerce of the PRC in 2013, and its Besunyen brand has been rated as one of the top ten credible brands of health products in China by China Healthcare Association for five consecutive years. The Group obtained the “High-Tech Enterprise Certificate” issued by Beijing Municipal Science and Technology Commission, and was granted the title of “Leading Enterprise in Beijing” issued by Beijing Municipal Bureau of Agriculture and Rural Affairs as well as the titles of “‘Innovative’ Small and Medium-Sized Enterprise in Beijing” and “‘Specialized, Refined, Unique and Innovative’ Small and Medium-Sized Enterprise in Beijing” issued by Beijing Municipal Bureau of Economy and Information Technology. The Group has 26 approvals for health food issued by China Food and Drug Administration, and it has possessed 114 patented technologies awarded by China National Intellectual Property Administration, including 20 invention patents.

In the first half of 2024, the Group’s offline sales business covered about 290,000 over-the-counter (“**OTC**”) pharmacies and pharmaceutical third terminals, spanning across 31 provinces, autonomous regions and municipalities across the country, through the new business partners. The Group’s online e-commerce business has established 63 shops on 18 e-commerce platforms to conduct the sales of the Four Teas, Orlistat and other products of the Group. Proactively adapting to the development of new sales trend, the Group made repeated attempts in respect of new retail including Douyin, Kuaishou, O2O and B2C. The above mature and innovative channels enabled the Group to launch its new products to the market more quickly, thereby maintaining the industrial leading position of the Group in terms of sales of products.

The Group will continue its market-oriented approach while pursuing continuous innovation in terms of technology and quality, strive to provide consumers with more high-quality health products and services, and become a leader in the health industry.

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Corporate Information

DIRECTORS

Executive Directors

Mr. Zhao Yihong
(Chairman and Chief Executive Officer)
Ms. Gao Yan *(Vice Chairman)*
Mr. Yu Hongjiang
*(Executive Vice President, Chief Operating Officer
and Chief Financial Officer)*

Independent Non-executive Directors

Mr. He Yuanping
Mr. Shi Xiangxin
Mr. Feng Bing

AUDIT COMMITTEE

Mr. He Yuanping *(Chairman)*
Mr. Shi Xiangxin
Mr. Feng Bing

REMUNERATION COMMITTEE

Mr. Feng Bing *(Chairman)*
Mr. Zhao Yihong
Mr. Yu Hongjiang
Mr. He Yuanping
Mr. Shi Xiangxin

NOMINATION COMMITTEE

Mr. Shi Xiangxin *(Chairman)*
Mr. Zhao Yihong
Mr. Yu Hongjiang
Mr. He Yuanping
Mr. Feng Bing

STRATEGIC INVESTMENT COMMITTEE

Mr. Yu Hongjiang *(Chairman)*
Mr. Zhao Yihong
Mr. He Yuanping

COMPANY SECRETARY

Mr. Yu Hongjiang

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Corporate Information

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Financial Highlights

THE OPERATION RESULTS OF THE GROUP

The revenue from continuing operations of the Group for the first half of 2024 was RMB254.3 million, representing a decrease of 25.8% as compared with the revenue from continuing operations of RMB342.8 million for the same period of 2023.

The gross profit from continuing operations of the Group for the first half of 2024 was RMB173.4 million, representing a decrease of 22.1% as compared with the gross profit from continuing operations of RMB222.6 million for the same period of 2023. The gross profit margin from continuing operations of the Group for the first half of 2024 was 68.2%, representing an increase of 3.3 percentage points as compared with the gross profit margin from continuing operations of 64.9% for the same period of 2023.

The total operating expenses (including selling and marketing expenses, administrative expenses and research and development costs) from continuing operations of the Group for the first half of 2024 were RMB169.3 million, representing a decrease of 22.6% as compared with the total operating expenses from continuing operations of RMB218.8 million for the same period of 2023.

The total comprehensive income of the Group for the first half of 2024 was RMB8.5 million (for the same period of 2023: the total comprehensive loss was RMB174.5 million).

The total comprehensive income attributable to owners of the Company from continuing operations for the first half of 2024 was RMB8.5 million (for the same period of 2023: the total comprehensive income attributable to owners of the Company from continuing operations was RMB5.1 million). The basic and diluted earnings per share attributable to owners of the Company from continuing operations for the first half of 2024 were both RMB6.39 cents (the basic and diluted earnings per share attributable to owners of the Company from continuing operations for the first half of 2023 were both RMB9.13 cents).

Management Discussion and Analysis

BUSINESS REVIEW

In the first half of 2024, revenue of the Group amounted to RMB254.3 million, representing a decrease of 25.8% as compared with the same period last year, of which revenue from the Four Teas (Besunyen Detox Tea (碧生源牌常潤茶), Besunyen Slimming Tea (碧生源牌常菁茶), Besunyen Fit Tea (碧生源牌纖纖茶) and Besunyen Relief Tea (碧生源牌清源茶)) amounted to RMB135.4 million, representing a decrease of 17.1% as compared with the same period last year, and revenue from weight-loss medicines amounted to RMB82.1 million, representing a decrease of 29.3% as compared with the same period last year. In the first half of 2024, the Group achieved a total comprehensive income of RMB8.5 million, representing an increase of 66.7% as compared with the total comprehensive income from continuing operations of RMB5.1 million for the first half of 2023.

In the first half of 2024, the Group continued to adhere to the keynote of seeking progress while maintaining stability, continued to reduce cost and enhance efficiency, and further optimized its organizational structure to improve operational efficiency. The Group leveraged the advantages of the companies established by former employees of the Group, which are also the Group's joint ventures, as new business partners of the Group that they were better to sell, distribute and serve Besunyen products. Through the concerted effort of the Group and its new business partners, the Group's offline OTC business realized a smooth transition and steady development. Meanwhile, the model of online agency operation has also become more mature, which helped the Group gradually improve online operation efficiency. The new business partnership model has effectively promoted the improvement of the Group's overall operational quality.

The Group continued to exert great efforts on therapeutic teas (i.e. the Four Teas) and weight-loss medicines (namely Orlistat) in the first half of 2024 by continuously expanding the promotion of the Group's products and brand via media including high-speed rail, screen media, Xiaohongshu, KOLs, Douyin and Kuaishou. In the first half of 2024, the Group's offline sales business covered about 290,000 over-the-counter ("OTC") pharmacies and pharmaceutical third terminals, spanning across 31 provinces, autonomous regions and municipalities across the country, through the new business partners. The Group's online e-commerce business has established 63 shops on 18 e-commerce platforms to conduct the sales of the Four Teas, Orlistat and other products of the Group. Proactively adapting to the development of new sales trend, the Group made repeated attempts in respect of new retail including Douyin, Kuaishou, O2O and B2C. Through the above mature and innovative channels, new products of the Group are able to enter the market more quickly, thereby maintaining the industrial leading position of the Group in terms of sales of products.

Management Discussion and Analysis

LONG-TERM STABLE OPERATION OF OFFLINE CHANNELS THROUGH THE NEW BUSINESS PARTNER AGENCY MODEL

The Group reformed the business operation model of its offline OTC channel system. The former core staff originally based in the four major sales regions have established four sales companies, which continue to undertake the OTC channel business of the Group in their respective original management regions and become the new business partners of the Group. These sales companies operate independently and are fully responsible for finance, human resources and business management. The main business of each sales company is to promote the deep layout of Orlistat weight-loss medicine business on top of the focus on the sales of the Four Teas. While stabilizing product prices across various channels, the Group actively expanded its business with its focus on the following areas:

I. Focusing on development with strong partners and binding with chain pharmacies for joint development

In view of the current industry trend of rapid expansion of chain pharmacies, in order to seize the demand for professional team services from chain pharmacies, the Group has joined hands with its new business partners to focus on weight-loss and intestinal management product categories. A comprehensive training system was established together with chain pharmacies, aiming to provide efficient and effective solutions for in-store consumers. The Group also planned marketing programs with chain stores, supervised their implementation and inspected the effectiveness thereof, thus forming strategic cooperation, co-building product categories, and deeply binding with chain pharmacies for joint development.

II. Promoting across multiple platforms, integrating online and offline efforts, and enhancing product strength to boost sales

Through interactive promotion methods such as chain pharmacy membership, O2O and live streaming, the Group actively developed new customers and boosted product sales, while reactivating chain members and increasing the purchase frequency of existing customers. As for the interaction with shop assistants and consumers in the chain system, the Group created a brand zone and made use of banner display, promotion, group buying, lightning deal and other activities to improve the convenience of purchase and enjoy timely promotional events. By integrating online and offline efforts, improving service quality and increasing tasting events, consumer experience and product strength were enhanced which boosted sales transactions.

III. Continuously strengthening price management to ensure the healthy operation of channels

The Group has been strictly managing the selling price of its products. To prevent malicious low pricing and unregulated transregional sales that could harm the market price system, the Group has formulated and consistently implemented management requirements on selling price and unregulated sales. By setting up an effective pricing and product flow supervision mechanism, the Group worked with each new business partner to strengthen the monitoring and management of market selling prices and rectify the price issues identified in a timely manner. This prevents price differences between pharmacy terminal stores, between online platforms, and between online and offline channels, thereby ensuring the healthy operation of all channels.

Management Discussion and Analysis

PROGRESSIVE IMPROVEMENTS IN AGENCY OPERATION MODEL OF THE E-COMMERCE BUSINESS

In the second half of 2023, the e-commerce business launched a new partnership model where the former e-commerce team and social community team went out and established new companies, acting as the agency partners of the Group's e-commerce business. In the first half of 2024, the agency operation model had been progressively improved. The self-financing agency companies have full discretion to operate e-commerce business on various platforms. As such, the processes have been further streamlined, making it more flexible and efficient in responding to market changes. Each agency company has formulated profit-oriented operational strategies to adapt to the rapidly changing e-commerce market environment, and it has adjusted the operational and maintenance strategies of different platforms in real time to ensure healthy business development. Over the past six months, the operating results of e-commerce business on various platforms have improved significantly.

Remarkable results achieved through deepened agency operation and flexible response of traditional e-commerce platforms

I. Deepening of reforms with optimization of service platform cost and significant reduction in operating costs

In terms of service platform operation, a professional team was brought in for specialized management. Through organizational restructuring, it effectively reduced service costs while ensuring normal business operations. In terms of pharmaceutical operation infrastructure, in the first half of 2024, the retail chain pharmacies were transformed into standalone pharmacies, and the structure of commercial distribution companies was consolidated, significantly reducing the infrastructure costs of medicine sales. In terms of non-medicine warehousing management, the Group reduced stocking pressure through warehouse consolidation and optimization, and it also utilized third-party warehousing to improve delivery efficiency, thus effectively lowering the distribution and logistics costs for non-medicine sales.

II. Market penetration with strategic adjustment to e-commerce platforms and precise allocation of expenses

In the first half of 2024, in respect of pharmaceutical e-commerce operations, the Group adjusted its product strategy by introducing a small-packed low-priced product with 6 pills and conducting strict price control. Through close cooperation with platform and channel partners, the Group regained the No. 1 position in the sales volume of Orlistat on Tmall platform. In the e-commerce operations of non-medicine products, the Group insisted on using the Four Teas as core products. In particular, it made continuous efforts in the weight management sector, enhancing the market recognition of the brand and products. Regarding platform strategy, the Group chose a better operational method and platform strategy. The Group changed JD.com platform to a POP store-based operation model and sought stronger support policies for Ali platform. By adhering to refined operations, it achieved cost reduction and efficiency improvement, significantly lowering operational expenses.

Management Discussion and Analysis

III. Diversified development with branding of cross-border business and new market expansion

In the first half of 2024, the Group restarted and optimized its cross-border business and officially launched Besunyen overseas brand. On product imports, the Group jointly launched the self-developed product, namely “Besunyen Vita Eslife WEIGHT HEALTH CAPSULE”, with its partner in New Zealand. The product was also available on major e-commerce platforms in the PRC, achieving sales volume of over 10,000 bottles. On the export front, we have proactively expanded into the U.S. market to deliver the core value and unique charm of the brand to the U.S. customers. Over 10,000 boxes of Besunyen Detox Tea were successfully exported to the U.S. in the first half of the year. Meanwhile, we made our presence on online sales channels such as Tiktok, Amazon and Temu, to achieve the brand’s objective of going overseas.

A distribution system built through innovative and content-driven new business platforms

I. Short-video collaboration and recommendation to enhance brand exposure and reputation

In the first half of 2024, the Group attempted to establish a short video sharing mechanism and extensively cooperated with thousands of short-video KOLs on Douyin platform, setting up a content co-creation and distribution mechanism. Through targeted promotions and novel, approachable methods to engage with consumers, the brand’s exposure and reputation have been effectively enhanced. Meanwhile, taking our new B420 probiotic black coffee as an entry point, we increased the marketing of our branded products and realized a leading position in the probiotic coffee beverage category on Douyin platform.

II. Creation of new products in line with market needs and exploration of new models for live streaming cooperation

After six months of promotion and operation, the Group established a deep cooperative relationship with KOLs on Douyin and Kuaishou platforms. By combining platform data, demand trends and market hotspots, it developed multiple new products and conducted channel marketing through special live-streaming sessions with remarkable results. In particular, during the International Women’s Day on 8 March, the Group collaborated with top-tier KOLs on Kuaishou platform for special product promotions, achieving an impressive GMV of over RMB20,000,000 in a single session. Through continuous exploration, the Group has gradually formed a new operation model on Douyin and Kuaishou, which promoted the orderly and healthy development of new business.

III. Application of product placement within short drama for target audience by closely following short drama marketing hotspots

In the first half of 2024, the Group closely followed the short drama marketing hotspots on platforms such as Douyin and Kuaishou, and achieved significant brand exposure by co-producing and promoting short dramas. Through the attempts of material and brand placements, we established a way to create emotional resonance with consumers and attracted our target consumer group, thereby laying the foundation for future advertising to the brand’s 5A audience.

Management Discussion and Analysis

CONTINUOUS DEVOTION TO TRADITIONAL MEDIA FOR BRAND REJUVENATION

I. Partnering with high-speed rail media to lead the health trend with its charisma and focus on social health concerns

In the first half of 2024, the Group partnered with China's high-speed rail to quickly achieve extensive coverage of a large passenger flow nationwide and effectively achieve penetration of its brand influence. With the high-speed media platform of China's high-speed rail, the leading brand in the big health sector showcased its outstanding value, gaining widespread attention in society and attracting the core consumer groups. This also drew the attention of a large passenger flow and boosted the brand's momentum. Through the collaboration with China's high-speed rail, the Group has brought green, herbal, and healthy quality products to millions of passengers, and taken a more solid step on the road to creating a healthy and better life for users.

II. Placing advertisements via Tikin Media to accurately cover the business weight-loss market

Noticing the urgent need of business people for healthy weight-loss, the Group joined hands with Tikin Media (梯影傳媒) to seize the high ground of traffic of elevators in high-end commercial office buildings in first-tier cities. Its brand information was precisely projected onto the prime position of every elevator projection screen, integrating the advertisements into the daily commute of white-collar workers. This allowed seamless connection of brand information to the target audience, which achieved efficient communication and precise reach. With the help of Tikin Media and through the key touchpoint of elevators in office buildings, a scenario-based marketing platform was built for in-depth interaction between the brand and consumers, effectively awakening consumers' brand memory.

III. Targeting family groups and developing the lower-tier markets under the new retail trend

In the first half of 2024, the Group continued to partner with Xiping elevator advertisement to carve out a precise marketing path to family groups amidst the new retail trend. Xiping Media (喜屏傳媒) has deeply deployed the third- and fourth-tier markets in 209 cities across the country, enabling the Group to accurately target family consumer groups. This has seamlessly integrated products and services, which closely combined the Group's high-quality products and services with the pharmacy channels around the community, and created an online and offline interactive marketing ecosystem. This strategy not only heightened consumers' health awareness but also sped up their purchasing decision-making process, allowing more people to experience the superior quality of Besunyen products.

Management Discussion and Analysis

NEW MEDIA DRIVING SALES GROWTH THROUGH CONTENT MARKETING, FORMAT INNOVATION AND INTEGRATED MARKETING

I. Establishing communication matrix and improving brand image

In terms of brand marketing, the Group has formulated a strategy from single-point communication to a systematic brand communication matrix. By integrating resources from various e-commerce platforms, we have created a complete marketing chain and enhanced brand image and recognition. At the same time, we have also focused on creating a brand marketing content platform, laying the instrument groundwork for building a brand communication matrix.

II. Breaking through bottlenecks of sales growth driven by content marketing

In terms of product marketing, the Group has created a new model to drive sales growth through content marketing. Precise content recommendations focusing on the products were carried out and content monetization paths were designed. Through the promotion of high-quality graphics, videos and other forms on social and e-commerce platforms like Douyin and Xiaohongshu, the Group has effectively enhanced consumer awareness of the products, boosted sales of products such as B420 coffee and PQQ cross-border items, and further expanded its market share.

III. Keeping up with marketing trend and attracting young consumers with innovative approaches

In terms of marketing formats, the Group has adopted new marketing approaches, actively explored innovative approaches such as Douyin short dramas, AI content creation and trending topic marketing, and leveraged popular events and topics to create brand-specific hotspots. These innovative approaches have significantly accelerated the marketing pace, increased the brand's exposure and interaction on social media, and attracted many new users.

CONTINUOUS RESEARCH AND DEVELOPMENT WORK AND GRADUAL ENHANCEMENT OF COMPETITIVENESS

I. Facilitating the deep integration of industry, academia and research institutes

In the first half of 2024, the Group joined hands with a number of universities to continue to facilitate the deep integration of industry, academia and research institutes. Through making use of "Modernization of Chinese Medicine Project", a key research and development plan of the Ministry of Science and Technology, the Group collaborated with Beijing University of Chinese Medicine to conduct human functional clinical trials and registration inspections for new weight-loss and health products, and fully demonstrated the scientificity, efficacy, safety and stability of new health products by relying on the "Demonstration Research and Development Platform for Trial Production of Traditional Chinese Medicine and Compound Health Products". In addition, it developed a horizontal project with Beijing Technology and Business University to conduct an extended research on Detox Tea and Slimming Tea in the health field. The trial results showed that the Two Teas have significant effects in reducing the risks of diseases through dietary intervention, injecting technological content into the Group's core products.

Management Discussion and Analysis

II. Deepening pharmacological research and intellectual property layout

The Group has been progressing with its pharmacological research and patent filings in an orderly manner. In the first half of 2024, the Group conducted research on the functional pharmacology of its products and published 2 academic papers, obtained 1 utility model patent authorization, and obtained 2 new invention patent authorizations in the field of extraction and application of plant active ingredients, which provided scientific basis for the precise development of new health products and effectively protected the achievements of the Company's inventions. In particular, "ZL202211085552 Preparation Method of Liver Protection Composition Containing Ganoderma Spore Powder, Goji Berry and Poria" (含靈芝孢子粉枸杞茯苓的護肝組合物的製備方法) is a technical support patent for the new product of the Group, namely "Besunyen Lingzhi Goji Berry Poria Tea" (碧生源牌靈芝枸杞茯苓茶), achieving the transformation of scientific and technological innovation results into real productive forces. With the aim of developing new products and supported by technological innovation, the Group will accelerate the formation of new quality productive forces.

CONTINUOUS OPTIMIZATION OF PRODUCTION QUALITY MANAGEMENT SYSTEM

The Group has established a comprehensive production quality management system. On the basis of complying with the relevant laws and regulations, the Group has successively passed the ISO9001 quality management system, ISO22000 food safety management system and HACCP key control point system certification, providing a strong guarantee for the Group's high-quality products. As the main body of food safety, the Group has implemented a three-tier management system involving the primary responsible person of the enterprise, the food safety director and the food safety officer. The Company has continuously improved risk control measures, ensuring that risk management is truly implemented to effectively prevent safety hazards in the production process. From factory layout and facilities, production management, raw and auxiliary materials management, warehouse management, inspection management, to model inspection and labelling, the Group has strictly controlled the entire production process, implemented quality management awareness in every aspect of production, and continuously improved product quality.

Management Discussion and Analysis

PROSPECTS

In the second half of 2024, in the face of increasing adverse impacts brought by changes in the current external environment, insufficient effective domestic demand, market changes and severe economic environment, the Group will actively respond to market changes through various means and measures. In the second half of 2024, the Group will keep on consolidating the achievements of reform which, through deepening reforms and optimizing mechanisms, leverage the proactiveness of the Group and the new business partners such as the agency companies and operation service companies which were established during restructuring. This will better focus on Besunyen's main business of health tea and further develop market channels in the areas of "weight loss and weight management" and "laxative and gastrointestinal health". In addition, we will work together to meet the development trend of the online and offline markets and the consumption need of the younger generation, and enhance the Group's competitiveness by leveraging the new media and new retail. Meanwhile, the Group will also continue to expand its multi-channel product layout, refine its offline operations, enhance precision in online e-commerce agency operations, deeply facilitate the development of new retail, and strive for stable development of its core business. As a domestic brand with over 23 years of experience in the health industry, the Group will continue to facilitate the brand building and rejuvenation of Besunyen, and it will also enhance its efforts on brand building and lift up the awareness and reputation of Besunyen brand via scenario-based marketing, integrated media communication, social influence and rejuvenation. By paying close attention to the ever-changing market and consumption demand, the Group will continue to undergo product development to contribute more high-quality products to the development of the big health market and the well-being of Chinese people, satisfy growing pursuit of healthiness among the public, and be a part to make China's health dream come true.

FINANCIAL REVIEW

Revenue

	For the six months ended 30 June			
	2024		2023	
	RMB'000	Percentage of revenue	RMB'000	Percentage of revenue
Revenue:				
Besunyen Detox Tea	46,807	18.4%	56,290	16.4%
Besunyen Slimming Tea	54,352	21.4%	63,587	18.6%
Besunyen Fit Tea	30,994	12.2%	35,374	10.3%
Besunyen Relief Tea	3,270	1.3%	8,023	2.3%
Weight-loss medicines	82,136	32.3%	116,184	33.9%
Other health food	32,152	12.6%	54,419	15.9%
Other medicines	4,575	1.8%	8,951	2.6%
Total	254,286	100.0%	342,828	100.0%

Note: Weight-loss medicines mainly consist of Besunyen Orlistat, other health food mainly consists of health food and other tea products (excluding the Four Teas), and other medicines mainly consist of finished medicines.

Management Discussion and Analysis

The Group's revenue in the first half of 2024 was RMB254.3 million, representing a decrease of 25.8% from RMB342.8 million in the first half of 2023.

In particular, revenue from the Four Teas in the first half of 2024 was RMB135.4 million, representing a decrease of 17.1% from RMB163.3 million in the first half of 2023, revenue from weight-loss medicines in the first half of 2024 was RMB82.1 million, representing a decrease of 29.3% from RMB116.2 million in the first half of 2023, revenue from other health food in the first half of 2024 was RMB32.2 million, representing a decrease of 40.8% from RMB54.4 million in the first half of 2023, and revenue from other medicines in the first half of 2024 was RMB4.6 million, representing a decrease of 48.9% from RMB9.0 million in the first half of 2023.

The decrease in revenue in the first half of 2024 as compared to the first half of 2023 was mainly due to (i) the Group's strategic adjustment and reform of operation model, which resulted in a downward adjustment in the unit price of the Group's core products, namely therapeutic teas; and (ii) the impact of market changes, which led to a 33.0% year-over-year decrease in revenue from weight-loss medicines and other health food as at 30 June 2024.

Cost of Sales, Gross Profit and Gross Profit Margin

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Cost of sales	80,851	120,249
Gross profit	173,435	222,579
Gross profit margin	68.2%	64.9%

The Group's cost of sales in the first half of 2024 was RMB80.9 million, representing a decrease of 32.7% as compared to RMB120.2 million in the first half of 2023. The gross profit margin in the first half of 2024 was 68.2%, representing an increase of 3.3 percentage points as compared to 64.9% in the first half of 2023, which was mainly due to (i) the increase in the proportion of revenue from the Four Teas and weight-loss medicines with higher gross profit and the decrease in the proportion of revenue from other medicines and other health food with lower gross profit; and (ii) the decrease in the procurement cost of weight-loss medicines in the first half of 2024 as compared to the first half of 2023.

Management Discussion and Analysis

Selling and Marketing Expenses

	For the six months ended 30 June			
	2024		2023	
	RMB'000	Percentage of revenue	RMB'000	Percentage of revenue
Marketing and promotion expenses	71,720	28.2%	66,249	19.3%
Advertising costs	26,072	10.3%	21,788	6.4%
Employee benefit expenses	5,721	2.2%	53,963	15.7%
Others	6,463	2.5%	19,956	5.8%
Total	109,976	43.2%	161,956	47.2%

The Group's selling and marketing expenses in the first half of 2024 were RMB110.0 million, representing a decrease of 32.1% from that of RMB162.0 million in the first half of 2023.

The marketing and promotion expenses increased by RMB5.5 million in the first half of 2024 as compared to the first half of 2023, mainly due to the increase in service fee of agency operation at e-commerce platforms.

The advertising costs increased by RMB4.3 million in the first half of 2024 as compared to the first half of 2023, mainly due to the increase in expenditure on advertising activities.

The employee benefit expenses decreased by RMB48.2 million in the first half of 2024 as compared to the first half of 2023, mainly due to the decrease in the number of sales personnel.

Administrative Expenses

	For the six months ended 30 June			
	2024		2023	
	RMB'000	Percentage of revenue	RMB'000	Percentage of revenue
Employee benefit expenses	12,715	5.0%	19,150	5.6%
Professional and consultation service fees	12,681	5.0%	6,638	1.9%
Entertainment and travelling expenses	2,852	1.1%	2,768	0.8%
Office expenses	2,174	0.9%	1,111	0.3%
Others	12,957	5.1%	8,547	2.5%
Total	43,379	17.1%	38,214	11.1%

The Group's administrative expenses in the first half of 2024 were RMB43.4 million, representing an increase of 13.6% from RMB38.2 million in the first half of 2023, mainly due to the increase in professional and consultation service fees.

Management Discussion and Analysis

Research and Development Costs

	For the six months ended 30 June			
	2024		2023	
	RMB'000	Percentage of revenue	RMB'000	Percentage of revenue
Research and development costs	15,958	6.3%	18,609	5.4%

The research and development costs in the first half of 2024 were RMB16.0 million, representing a decrease of RMB2.6 million from RMB18.6 million in the first half of 2023, mainly due to the decrease in the Group's outsourced research and development activities.

Share of Profits of Investments Accounted for Using the Equity Method

The Group's share of profits of investments accounted for using the equity method for the first half of 2024 was RMB1.1 million, which was mainly comprised of the profits of RMB1.1 million from shares held by the Group in the joint ventures, namely Jiangxi Besunyen Trading Co., Ltd. (江西碧生源商貿有限公司), Guangzhou Bihan Network Technology Co., Ltd. (廣州碧瀚網絡科技有限公司) and Beijing Bihan E-commerce Co., Ltd. (北京碧瀚電子商務有限公司).

Taxation

The income tax expenses of the Group in the first half of 2024 were RMB5.3 million, decreased by RMB0.7 million as compared to the income tax expenses of RMB6.0 million in the first half of 2023, which was mainly due to the increase of utilization of deductible losses which were not recognized in the previous years.

Total Comprehensive Income for the Period and Total Comprehensive Income Attributable to Owners of the Company from Continuing Operations

Due to the factors set out above, the total comprehensive income of the Group for the first half of 2024 was RMB8.5 million (for the same period of 2023: the total comprehensive loss was RMB174.5 million).

The total comprehensive income attributable to owners of the Company from continuing operations for the first half of 2024 was RMB8.5 million (for the same period of 2023: the total comprehensive income attributable to owners of the Company from continuing operations was RMB5.1 million). The basic and diluted earnings per share attributable to owners of the Company from continuing operations for the first half of 2024 were both RMB6.39 cents (the basic and diluted earnings per share attributable to owners of the Company from continuing operations for the first half of 2023 were both RMB9.13 cents).

Liquidity and Capital Resources

In the first half of 2024, funds and capital expenditure required in the operation of the Group mainly came from the cash flows from operating activities.

Management Discussion and Analysis

Cash Flows

The following table summarizes the net cash flows of the Group for the six months ended 30 June:

	For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Continuing operations:		
Net cash inflow from operating activities	12,354	44,314
Net cash inflow from investing activities	5,574	76,462
Net cash outflow from financing activities	(2,414)	(85,112)
Discontinued operations:		
Net cash inflow from operating activities	—	43,883
Net cash outflow from investing activities	—	(58,449)
Net cash inflow from financing activities	—	13,799
Net increase in cash and cash equivalents	15,514	34,897
Exchange losses on cash and cash equivalents	(78)	(256)
Cash and cash equivalents at end of period	184,518	264,961

In the first half of 2024, the Group's net cash inflow from operating activities of continuing operations was RMB12.4 million (for the same period of 2023: net cash inflow from operating activities of continuing operations of RMB44.3 million), the decrease was mainly due to the decrease of the operating activities during the period. In the first half of 2024, the Group's net cash inflow from investing activities of continuing operations was RMB5.6 million, which was mainly attributable to the withdrawal of financial assets subscribed by the Group (for the same period of 2023: net cash inflow from investing activities of continuing operations of RMB76.5 million, which was mainly attributable to the disposal of the Company's indirect subsidiaries, namely, Zhongshan Wanhan Pharmacy Co., Ltd. (中山萬漢製藥有限公司), Zhongshan Wanyuan New Medicine Research and Development Co., Ltd. (中山萬遠新藥研發有限公司) and Zhongshan Wanhan Pharmaceutical Co., Ltd. (中山萬漢醫藥有限公司)). In the first half of 2024, the net cash outflow from financing activities of continuing operations was RMB2.4 million, which was mainly attributable to the payment of rents for housing leases (for the same period of 2023: net cash outflow from financing activities of continuing operations of RMB85.1 million, which was mainly attributable to the repayment of borrowings).

Financial Assets Measured at Fair Value through Profit or Loss

As at 30 June 2024, the Group's financial assets measured at fair value through profit or loss amounted to RMB79.8 million (31 December 2023: RMB90.1 million), which mainly included:

- (i) The Group's investment in Vstar Investment Fund Limited Partnership amounting to approximately RMB13.8 million;
- (ii) The Group's investment in ERX Pharmaceuticals Inc. amounting to approximately RMB19.4 million;

Management Discussion and Analysis

- (iii) The Group's investment in Nanjing Jinbi Venture Investment Management Partnership (Limited Partnership) amounting to approximately RMB22.7 million;
- (iv) The Group's financial investments held through Central China Dragon Global Opportunity Fund SP6 which were measured at fair value through profit or loss amounting to approximately RMB23.5 million.

The Company subscribed for the participating shares of Central China Dragon Global Opportunity Fund SP6 (the "**Fund**") for approximately RMB91.8 million in October 2023, and the Fund is principally engaged in managing and holding the investment in wealth management as acquired by the Company through the manager (please refer to the announcements of the Company dated 26 September 2023 and 5 October 2023 for details). The investment objective of the Fund is to provide investors with a stable return through a combination of current income and capital appreciation, with fixed income investment products accounting for not less than 80% and mainly focusing on private and public general bonds, as well as investment products in Asia, America and Europe. Since the Company's subscription, the Fund selected assets in accordance with its established investment strategy.

Given that the Company is the only holder of participating shares in the Fund and the fees paid to the manager are comparable to the services it provided as an agent, the Group treats the Fund as a consolidated structured entity under IFRS Accounting Standards. As at 30 June 2024, except for the abovementioned investments measured at fair value through profit or loss, the Company also held investments, through the Fund, which are measured at amortized cost amounting to approximately RMB66.1 million (please refer to note 9 to the interim condensed consolidated financial information for details), and cash and cash equivalents for investment purpose which were presented as restricted bank deposits amounting to approximately RMB3.9 million.

According to the valuation report dated 28 June 2024, the net asset value of the Fund amounted to approximately RMB92.7 million, representing approximately 13.7% of the Group's total assets. Given that the Group treats the Fund as a consolidated structured entity, for the six months ended 30 June 2024, the Company had, through the Fund, realized gains of RMB128,000 and unrealized gains of RMB2,273,000, and no dividend had been received.

Bank Balances and Cash

The Group's bank balances and cash, comprising cash and cash equivalents, term deposits and restricted bank deposits, amounted to RMB248.1 million as at 30 June 2024 (31 December 2023: RMB288.5 million).

Borrowings and Pledge of Assets

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

As at 30 June 2024, the Group had no pledge of assets (31 December 2023: Nil).

Management Discussion and Analysis

Capital Expenditure

In the first half of 2024, the capital expenditure of the Group amounted to RMB0.6 million (for the same period of 2023: RMB3.1 million). The following table sets forth the capital expenditure paid by the Group for the six months ended 30 June:

	For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Property, plant and equipment	629	3,097
Intangible assets	—	22
Total	629	3,119

Inventories

The Group's inventories include raw materials and packaging materials, work in progress and finished goods as indicated in the following table:

	As at	
	30 June 2024 RMB'000	31 December 2023 RMB'000
Raw materials and packaging materials	4,016	5,111
Work in progress	1,064	1,765
Finished goods	14,778	16,693
	19,858	23,569
Less: provision for impairment	—	—
Total inventories	19,858	23,569

Risks of Foreign Exchange Rate

Almost all of the revenue, costs of sales and expenses of the Group are denominated in Renminbi. Apart from some bank deposits that are denominated in HK dollar and US dollar, most assets and liabilities of the Group are also denominated in Renminbi. Since Renminbi is the functional currency of the Group, risks of foreign exchange rate mainly come from assets denominated in HK dollar and US dollar.

For the six months ended 30 June 2024, the Group did not purchase any foreign exchange, interest rate derivative products or hedging instruments (for the same period of 2023: Nil).

Material Acquisitions or Disposals

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the first half of 2024.

Management Discussion and Analysis

Gearing Ratio

As at 30 June 2024, the Group's gearing ratio (total liabilities divided by total assets, in percentage) was 16.9% (31 December 2023: 21.4%).

Contingent Liabilities and Guarantees

As at 30 June 2024, the Group had no material contingent liabilities and guarantees (31 December 2023: Nil).

Capital Commitments

As at 30 June 2024, capital expenditure for property, plant and equipment as contracted for but not yet incurred amounted to RMB0.2 million (31 December 2023: RMB2.4 million).

As at 30 June 2024, capital investments in a joint venture as contracted for but not yet incurred amounted to RMB0.1 million (31 December 2023: Nil).

Compliance with Laws and Regulations

The Group shall conduct business in compliance with the requirements of various laws and regulations, mainly including the Food Safety Law of the PRC, the Drug Administration Law of the PRC, the Regulations for Implementation of the Drug Administration Law of the PRC, the Environmental Protection Law of the PRC, the Labour Law of the PRC, the Labour Contract Law of the PRC as well as other applicable regulations, policies and normative legal documents issued based on or related to such laws and regulations. The Group's prevailing quality and safety control systems of product production are comprehensive and impose effective control over design and execution. The Group has passed the certifications of quality management systems such as ISO9001, ISO22000 and HACCP, ensuring its product quality and safety in an all-round and in-depth manner. In case of any changes in applicable laws, regulations and normative legal documents related to our principal businesses, the Group would inform relevant staff and operation teams in time. In addition, the Group ensured its compliance with such requirements via numerous measures, such as internal control and approval procedures as well as training and supervision on different business departments.

During the first half of 2024, so far as known to the Directors, there was no non-compliance with any relevant laws and regulations which would have a material impact on the Group.

Management Discussion and Analysis

Relationships with Employees, Suppliers and Customers

The Group endeavors to maintain sustainable development in the long term, continuously create value for its employees and customers, and foster good relationships with its suppliers. The Group understands that employees are its valuable assets, and the realization and enhancement of employees' values will facilitate the achievement of the Group's overall goals. For the six months ended 30 June 2024, the Group provided generous social insurance benefits to its employees to motivate their proactivity at work and heighten their sense of belonging. The Group also understood the importance of maintaining good relationships with its suppliers and customers to the overall development of the Group. The Group placed emphasis on supplier selection and encouraged fair and open competition to foster long-term relationships with quality suppliers on the basis of mutual trust. To maintain the competitiveness of its brand and products, the Group abided by the principles of honesty and trustworthiness and committed itself to consistently providing quality products to establish a reliable service environment for its customers. For the six months ended 30 June 2024, there was no significant or material dispute between the Group and its suppliers and/or customers.

Human Resources Management

The Group regards high-quality employees as its most important resource. As at 30 June 2024, the Group had 151 employees in mainland China and Hong Kong (31 December 2023: 179 employees). For the six months ended 30 June 2024, the staff costs of the Group from continuing operations (including remunerations of the Directors) were RMB24.5 million (for the same period of 2023: RMB81.6 million). Employee remuneration was determined with reference to individual performance, work experience, qualification and prevailing industry practice. Apart from basic remuneration and statutory pension benefit scheme, employee benefits also included discretionary bonus.

The Group places emphasis on the recruitment, motivation and retention of suitable talents. The Group invests considerable efforts in continuous education and training for its employees, so as to keep enhancing the knowledge, skill and team spirit of employees. The Group often provides internal and external training courses to relevant staff members based on various needs.

Report on Review of Interim Financial Information



羅兵咸永道

To the Board of Directors of Besunyen Holdings Company Limited

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 22 to 56, which comprises the interim condensed consolidated balance sheet of Besunyen Holdings Company Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2024 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 9 August 2024

Interim Condensed Consolidated Statement of Comprehensive Income/(Loss)

	Note	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Continuing operations			
Revenue	5	254,286	342,828
Cost of sales	6	(80,851)	(120,249)
Gross profit		173,435	222,579
Other income		6,747	5,345
Selling and marketing expenses	6	(109,976)	(161,956)
Administrative expenses	6	(43,379)	(38,214)
Research and development costs	6	(15,958)	(18,609)
Credit impairment losses		(306)	(487)
Fair value changes on investments measured at fair value through profit or loss		138	279
Other expenses	6	(266)	(25)
Other gains, net	7	1,546	4,638
Loss on disposal of subsidiaries	10	(326)	—
Operating profit		11,655	13,550
Finance income		480	537
Finance costs		(110)	(1,754)
Finance income/(costs), net	8	370	(1,217)
Share of profits/(losses) of investments accounted for using the equity method		1,100	(1,173)
Profit before income tax		13,125	11,160
Income tax expenses	9	(5,312)	(6,030)
Profit for the period from continuing operations		7,813	5,130
Discontinued operations			
Loss for the period from discontinued operations, net of tax	10	—	(179,620)
Profit/(loss) for the period		7,813	(174,490)
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		652	—
Total comprehensive income/(loss) for the period		8,465	(174,490)

Interim Condensed Consolidated Statement of Comprehensive Income/(Loss)

	Note	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Profit/(loss) attributable to:			
Owners of the Company			
— Continuing operations		7,813	5,130
— Discontinued operations		—	(121,349)
		7,813	(116,219)
Non-controlling interests			
— Continuing operations		—	—
— Discontinued operations		—	(58,271)
		—	(58,271)
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		8,465	(116,219)
Non-controlling interests		—	(58,271)
		8,465	(174,490)
Total comprehensive income/(loss) for the period attributable to owners of the Company:			
— Continuing operations		8,465	5,130
— Discontinued operations	10	—	(121,349)
		8,465	(116,219)
Earnings/(losses) per share attributable to the owners of the Company for the period (RMB cents):			
Basic earnings/(losses) per share			
— Continuing operations	11	6.39	9.13
— Discontinued operations		—	(216.06)
		6.39	(206.93)
Diluted earnings/(losses) per share			
— Continuing operations	11	6.39	9.13
— Discontinued operations		—	(216.06)
		6.39	(206.93)

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

Interim Condensed Consolidated Balance Sheet

	Note	As at	
		30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	111,500	117,216
Intangible assets	13	1,938	2,799
Right-of-use assets	22	19,874	22,128
Other non-current assets	14	8,052	9,268
Investments accounted for using the equity method	15	15,888	14,788
Financial asset measured at fair value through profit or loss	16	69,149	68,947
Financial assets measured at amortised cost	17	66,145	—
Deferred income tax assets	24	36,933	41,927
Total non-current assets		329,479	277,073
Current assets			
Inventories	18	19,858	23,569
Trade receivables	19(a)	34,396	48,195
Bills receivable	19(b)	—	4,864
Deposits, prepayments and other receivables	20	34,198	41,577
Financial assets measured at fair value through profit or loss	16	10,659	21,130
Restricted bank deposits		3,875	56,877
Short-term bank deposits	21	59,700	62,576
Cash and cash equivalents		184,518	169,082
Total current assets		347,204	427,870
Total assets		676,683	704,943
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	23	288	288
Share premium		1,039,108	1,039,108
Other reserves		342,399	341,747
Accumulated losses		(819,360)	(827,173)
		562,435	553,970
Non-controlling interests		—	—
Total equity		562,435	553,970

Interim Condensed Consolidated Balance Sheet

	Note	As at	
		30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred government grants		2,119	2,187
Lease liabilities	27	1,552	1,875
Deferred income tax liabilities	24	1,110	1,250
Total non-current liabilities		4,781	5,312
Current liabilities			
Trade and bills payables	25	2,085	16,547
Other payables and accrued expenses	26	100,990	120,004
Contract liabilities		4,299	5,052
Lease liabilities	27	1,797	3,239
Current income tax liabilities		296	819
Total current liabilities		109,467	145,661
Total liabilities		114,248	150,973
Total equity and liabilities		676,683	704,943

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

Interim Condensed Consolidated Statement of Changes in Equity

	Unaudited						
	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Accumulated losses	Total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 31 December 2022	288	1,039,108	342,871	(527,930)	854,337	198,073	1,052,410
Loss for the period	—	—	—	(116,219)	(116,219)	(58,271)	(174,490)
Total comprehensive loss for the period	—	—	—	(116,219)	(116,219)	(58,271)	(174,490)
Transactions with owners in their capacity as owners:							
Disposals of subsidiaries (Note 10)	—	—	—	—	—	(139,802)	(139,802)
Balance at 30 June 2023	288	1,039,108	342,871	(644,149)	738,118	—	738,118
Balance at 31 December 2023	288	1,039,108	341,747	(827,173)	553,970	—	553,970
Profit for the period	—	—	—	7,813	7,813	—	7,813
Other comprehensive income for the period	—	—	652	—	652	—	652
Total comprehensive income for the period	—	—	652	7,813	8,465	—	8,465
Balance at 30 June 2024	288	1,039,108	342,399	(819,360)	562,435	—	562,435

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

Interim Condensed Consolidated Statement of Cash Flows

	Note	Unaudited	
		Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations (continuing operations)		12,693	43,844
Income taxes paid		(819)	—
Interest received		480	470
		12,354	44,314
Discontinued operations		—	43,883
Net cash inflow from operating activities		12,354	88,197
Cash flows from investing activities			
Payments for financial assets measured at fair value through profit or loss		(373,200)	(262,000)
Proceeds from disposals of financial assets measured at fair value through profit or loss		385,174	263,170
Payments for investments measured at fair value through profit or loss		—	(8,000)
Placement of financial asset measured at amortised cost		(63,888)	—
Withdrawal of short-term bank deposits		4,619	—
Decrease in restricted bank deposits		53,002	—
Payments for property, plant and equipment		(629)	(3,097)
Payments for intangible assets		—	(22)
Proceeds from disposals of property, plant and equipment		835	38
Cash outflow/(inflow) from disposals of subsidiaries, net	10	(339)	86,373
		5,574	76,462
Discontinued operations		—	(58,449)
Net cash inflow from investing activities		5,574	18,013
Cash flows from financing activities			
Repayment of borrowings		—	(79,872)
Payments of lease liabilities			
— Principal		(2,304)	(3,725)
— Interest		(110)	(398)
Bank loan interest and other finance costs paid		—	(1,117)
		(2,414)	(85,112)
Discontinued operations		—	13,799
Net cash outflow from financing activities		(2,414)	(71,313)

Interim Condensed Consolidated Statement of Cash Flows

	Note	Unaudited	
		Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
Net increase in cash and cash equivalents		15,514	34,897
Cash and cash equivalent at beginning of period		169,082	230,320
Exchange losses on cash and cash equivalents		(78)	(256)
Cash and cash equivalents at end of period		184,518	264,961
— Cash at bank and on hand		184,518	264,961

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

Notes to the Interim Condensed Consolidated Financial Information

1. GENERAL INFORMATION

Besunyen Holdings Company Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company’s registered office is The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands.

The ultimate parent undertaking of the Company is Moonlight Family Trust which incorporated in the British Virgin Islands. The address of the Moonlight Family Trust’s principal place of business is 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are manufacturing and sales of therapeutic tea products, including Detox tea, Slimming tea, Fit tea, Relief tea and other tea products, and sales of weight-loss and other medicines.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

This interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), unless otherwise stated.

This interim condensed consolidated financial information for the six months ended 30 June 2024 has been reviewed, not audited.

This unaudited interim condensed consolidated financial information was approved for issue by the board of directors of the Company on 9 August 2024.

2. BASIS OF PREPARATION

The Group’s interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard 34 (“**IAS 34**”) “Interim Financial Reporting”. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2023 (the “**2023 Annual Financial Statements**”), which have been prepared in accordance with International Financial Reporting Standards (“**IFRS Accounting Standards**”), and any public announcement made by the Company during the current period and up to date of approval of this unaudited interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information

2. BASIS OF PREPARATION *(Continued)*

The accounting policies adopted are consistent with those of 2023 Annual Financial Statements, except for the adoption of amended standards as set out below.

(a) Amended standards adopted by the Group

The Group has applied the following amended standards for the first time to financial reporting periods commencing 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants — Amendments to IAS 1
- Lease liability in sale and leaseback — Amendments to IFRS 16
- Supplier Finance Arrangements — Amendments to IAS 7 and IFRS 7

The adoption of these amended standards did not have any material impact on the accounting policies of the Group and the presentation of the interim condensed consolidated financial information.

(b) Amended standards not yet adopted

Certain amended standards as below have been published that are not mandatory for 30 June 2024 reporting period and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

These amended standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Notes to the Interim Condensed Consolidated Financial Information

3. ESTIMATES

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

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2023 Annual Financial Statements.

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (primarily foreign exchange risk), credit risk, liquidity risk and fair value risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2023 Annual Financial Statements.

There have been no significant changes in the risk management policies since 31 December 2023.

4.2 Liquidity risk

There was no material change in the contractual undiscounted cash out flows for financial liabilities.

The Group is not subject to any significant liquidity risk in view of the sufficiency of its working capital.

Notes to the Interim Condensed Consolidated Financial Information

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)***4.3 Fair value risk**

The Group had two types of financial assets measured at fair value which are equity investments and debt investment as at 30 June 2024 (31 December 2023: three which are bills receivables carried at fair value through other comprehensive income, equity investments and debt investment), and had no financial liabilities measured at fair value.

The bills receivable carried at financial assets measured at fair value through other comprehensive income are all bank acceptance notes with maturity dates within 6 months, whose fair value approximates to their carrying amount, where the contractual cash flow was solely principal and interest. The Group's business model is achieved both by collecting contractual cash flows and selling of these assets (Note 19).

The financial assets measured at fair value through profit or loss represented the Group's wealth management products purchased from bank, equity investments and debt investments (Note 16).

The following table presents the Group's financial assets that are measured at fair value as at 30 June 2024 and 31 December 2023 on a recurring basis:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 30 June 2024				
Financial assets				
Financial assets measured at fair value through profit or loss	10,659	—	69,149	79,808
	10,659	—	69,149	79,808
At 31 December 2023				
Financial assets				
Financial assets measured at fair value through profit or loss	21,130	—	68,947	90,077
Financial assets measured at fair value through other comprehensive income	—	—	4,864	4,864
	21,130	—	73,811	94,941

Notes to the Interim Condensed Consolidated Financial Information

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)***4.3 Fair value risk** *(Continued)*

The following table presents the changes in level 3 instruments for the six months ended 30 June 2024:

	Financial assets measured at fair value through profit or loss RMB'000	Financial assets measured at fair value through other comprehensive income RMB'000
Opening balance 31 December 2023	68,947	4,864
Additions	373,200	27,297
Disposals	(374,396)	(32,161)
Gains recognised in "Fair value changes on investments measured at fair value through profit or loss"	111	—
Gains recognised in other comprehensive income	91	—
Gains recognised in "other gains, net"	1,196	—
Closing balance 30 June 2024	69,149	—

5. SEGMENT AND REVENUE INFORMATION

The executive directors of the Company, identified as the chief operating decision makers ("CODM"), review the Group's internal reporting in order to assess performance and allocate resources.

The CODM had identified the manufacturing and sales of tea products (including Detox tea, Slimming tea, Fit tea, Relief tea and others) and sales of weight-loss and other medicines as separate reportable segments, namely the tea products segment and the weight-loss and other medicines segment.

The CODM evaluates the performance of the reportable segments based on their revenue, gross profit and operating results which derived from gross profit deducting selling and marketing expenses and research and development costs. The CODM does not assess the assets and liabilities of the operating segments to allocate resources.

Notes to the Interim Condensed Consolidated Financial Information

5. SEGMENT AND REVENUE INFORMATION (Continued)

The segment results from continuing operations for the six months ended 30 June 2024 are as follows:

	Tea products segment RMB'000	Weight-loss and other medicines segment RMB'000	Total RMB'000
Total revenue	167,576	86,710	254,286
Revenue from external customers	167,576	86,710	254,286
Timing of revenue recognition at a point in time	167,576	86,710	254,286
Cost of sales	(39,212)	(41,639)	(80,851)
Gross profit	128,364	45,071	173,435
Selling and marketing expenses	(51,206)	(58,770)	(109,976)
Research and development costs	(5,316)	(10,642)	(15,958)
Segment results	71,842	(24,341)	47,501
Administrative expenses			(43,379)
Credit impairment losses			(306)
Fair value changes on financial assets measured at fair value through profit or loss			138
Other income			6,747
Other gains, net			1,546
Other expenses			(266)
Loss on disposal of subsidiary			(326)
Operating profit			11,655
Finance income			480
Finance costs			(110)
Finance costs, net			370
Share of profits of investments accounted for using the equity method			1,100
Profit before income tax			13,125
Income tax expenses			(5,312)
Profit for the period from continuing operations			7,813
Other segment information:			
Depreciation	(8,670)	(553)	(9,223)
Amortisation	(155)	(57)	(212)

Notes to the Interim Condensed Consolidated Financial Information

5. SEGMENT AND REVENUE INFORMATION (Continued)

The segment results from continuing operations for the six months ended 30 June 2023 are as follows:

	Tea products segment RMB'000	Weight-loss and other medicines segment RMB'000	Total RMB'000
Total revenue	217,694	125,134	342,828
Revenue from external customers	217,694	125,134	342,828
Timing of revenue recognition at a point in time	217,694	125,134	342,828
Cost of sales	(56,264)	(63,985)	(120,249)
Gross profit	161,430	61,149	222,579
Selling and marketing expenses	(99,496)	(62,460)	(161,956)
Research and development costs	(8,353)	(10,256)	(18,609)
Segment results	53,581	(11,567)	42,014
Administrative expenses			(38,214)
Credit impairment losses			(487)
Fair value changes on financial assets measured at fair value through profit or loss			279
Other income			5,345
Other gains, net			4,638
Other expenses			(25)
Operating profit			13,550
Finance income			537
Finance costs			(1,754)
Finance costs, net			(1,217)
Share of losses of investments accounted for using the equity method			(1,173)
Profit before income tax			11,160
Income tax expenses			(6,030)
Profit for the period from continuing operations			5,130
Other segment information:			
Depreciation	(12,305)	(2,678)	(14,983)
Amortisation	(271)	(237)	(508)

For the six months ended 30 June 2024, the revenue of approximately RMB27,064,000 was derived from a Group's joint venture as well as a distributor, Jiangxi Besunyen Trading Co., Ltd. (江西碧生源商貿有限公司) ("Jiangxi Besunyen Trading"), which accounted for 10.6% of the Group's total revenue from continuing operations and was primarily attributable to the tea products segment. Other than Jiangxi Besunyen Trading, the revenue derived from any of the remaining individual external customers were less than 10% of the Group's total revenue from continuing operations.

Notes to the Interim Condensed Consolidated Financial Information

5. SEGMENT AND REVENUE INFORMATION (Continued)

For the six months ended 30 June 2023, the revenue of approximately RMB62,747,000 was derived from an e-commerce platform (“**Customer A**”), which accounted for 18.3% of the Group’s total revenue from continuing operations and was primarily attributable to the weight-loss and other medicines segment. Other than Customer A, the revenues derived from any of the remaining individual external customers were less than 10% of the Group’s total revenue from continuing operations.

6. EXPENSES BY NATURE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Continuing operations		
Changes in inventories of finished goods and work in progress	2,616	12,060
Raw materials and consumables used	66,220	93,850
Marketing and promotion expenses	50,656	62,597
Advertising costs	26,072	21,788
Employee benefit expenses	24,549	81,599
Outsourced operating services fee	21,065	3,652
Professional and consulting service fees	12,682	6,639
Researching and development outsource expenses	11,892	13,672
Depreciation and amortisation	9,435	15,491
Logistics expenses	3,956	7,766
Entertainment and travelling expenses	3,042	7,033
Maintenance and testing costs	2,424	2,835
Office expenses	2,174	1,111
Stamp duties, property and other taxes	1,074	1,145
Rental expenses (Note)	987	790
Others	11,586	7,025
Total cost of sales, selling and marketing expenses, administrative expenses, research and development costs and other expenses	250,430	339,053

Note:

Rental expenses derived from short-term leases and leases of low-value assets which are charged on a straight-line basis to profit or loss.

Notes to the Interim Condensed Consolidated Financial Information

7. OTHER GAINS, NET

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Continuing operations		
Net foreign exchange gains	239	3,527
Change in fair value of financial assets measured at fair value through profit or loss	1,324	1,170
Net losses on disposals of land use rights and property, plant and equipment	(23)	(29)
Donation	(690)	(400)
Others	696	370
Other gains, net	1,546	4,638

8. FINANCE INCOME/(COSTS), NET

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Continuing operations		
Interest income from financial assets held for cash management purpose	480	537
Finance income	480	537
Interest expenses:		
— for borrowings	—	(1,118)
— for lease liabilities	(110)	(398)
Guarantee fee for bank borrowings	—	(238)
Finance costs	(110)	(1,754)
Finance income/(costs), net	370	(1,217)

9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Continuing operations		
Current income tax	296	94
Deferred income tax	5,016	5,936
Income tax expenses	5,312	6,030

Notes to the Interim Condensed Consolidated Financial Information

9. INCOME TAX EXPENSES (Continued)

The Company was incorporated in the Cayman Islands and the Company's subsidiary, Besunyen Investment (BVI) Co., Ltd. was incorporated in the British Virgin Islands ("BVI") and they are tax exempted under the tax laws of the Cayman Islands and the BVI respectively.

The Company is a Hong Kong tax resident and subject to Hong Kong profit tax.

Hong Kong profits tax is subject to the two-tiered profits tax regime, under which the tax rate is 8.25% for assessable profits in the first HK\$2 million and 16.5% for any assessable profits in excess.

Tibet Besunyen Trading Co., Ltd. and Tibet Qianruiwanfu Venture Investment Co., Ltd. ("**Qianruiwanfu**"), the subsidiaries of the Group, are entitled to the preferential policy of Encouraged Industries in the West Regions in Tibet from establishment to 31 December 2030, for which the applicable income tax rate is 15% (2023: 15%).

Beijing Outsell Health Product Development Co., Ltd. is entitled to the preferential policy of High and New Technology Enterprise ("**HNTE**") from 2023 to 2025, for which the applicable income tax rate is 15% (2023: 15%).

Jiangsu Besunyen Ecommerce Co., Ltd., the subsidiary of the Group, is entitled to the preferential policy of Small and Micro-sized enterprises from establishment to 30 June 2024, for which the applicable income tax rate is 5%.

All other PRC subsidiaries of the Group are subject to the statutory corporate income tax rate of 25% (2023: 25%).

10. DISPOSALS OF SUBSIDIARIES

(a) Disposal of Kangbaina

Pursuant to an equity transfer agreement entered into by Qianruiwanfu and an independent third party, Zhuhai Hengqin Duomei Medical Technology Co., Ltd. ("**Hengqin Duomei**") dated on 20 November 2023, Qianruiwanfu has agreed to dispose 100% equity interests in Kangbaina, which is a wholly-owned subsidiary of Qianruiwanfu, to Hengqin Duomei, at a cash consideration of RMB3,000,000. On 10 April 2024, the disposal of Kangbaina was completed, and resulted in a net loss of approximately RMB326,000.

Notes to the Interim Condensed Consolidated Financial Information

10. DISPOSALS OF SUBSIDIARIES *(Continued)***(a) Disposal of Kangbaina** *(Continued)*

- (i) Details of net loss on the disposal were as below:

	Six months ended 30 June 2024 RMB'000
Total cash consideration (note)	3,000
Carrying amount of net assets of Kangbaina at the date of disposal	(3,326)
Net loss on the disposal of Kangbaina	(326)

Note:

The consideration of RMB3,000,000 was prepaid by Hengqin Duomei on 29 December 2023 as deposits for the transaction.

- (ii) The carrying amounts of net assets of Kangbaina as at the date of disposal was as below:

	As at 10 April 2024 RMB'000
Property, plant and equipment (Note 12)	93
Intangible assets (Note 13)	649
Inventories	101
Trade receivables and bills receivable	2,629
Deposits, prepayment and other receivables	348
Cash and cash equivalents	339
Total assets	4,159
Deferred income tax liabilities	(162)
Trade and bills payables	(80)
Other payables and accrued expenses	(438)
Contract liabilities	(153)
Total liabilities	(833)
Carrying amount of net assets of Kangbaina at the date of disposal	3,326

Notes to the Interim Condensed Consolidated Financial Information

10. DISPOSALS OF SUBSIDIARIES *(Continued)***(a) Disposal of Kangbaina** *(Continued)*

(iii) The cash flows from the disposal of Kangbaina were as below:

	Six months ended 30 June 2024 RMB'000
Cash received	—
Cash and cash equivalents disposed	(339)
Cash outflow from disposal of Kangbaina, net	(339)

(b) Disposals of Target Companies

On 5 May 2023, Qianruiwanfu entered into an equity transfer agreement with Zhuhai Jiatai Chengzhang Investment Co., Ltd. (the “**Purchaser**”), which is controlled by Ms. Peng Wei (a substantial shareholder of the Company) and the Target Companies, which are subsidiaries of the Group, pursuant to which Qianruiwanfu has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire 51% equity interest in each of the Target Companies at the total cash consideration of RMB137,700,000.

The associated assets and liabilities were consequently classified to assets classified as held for sale and liabilities associated with assets classified as held for sales respectively as at 5 May 2023. As the Target Companies are a single cash generating unit (the “**CGU**”) of the Group, and is a separate major line of the weight-loss and other medicines segment, the profit or loss of the Target Companies for period then ended were presented as “discontinued operations” in the interim condensed consolidated statement of comprehensive income.

On 30 June 2023, the disposals of the Target Companies was completed.

Notes to the Interim Condensed Consolidated Financial Information

10. DISPOSALS OF SUBSIDIARIES *(Continued)***(b) Disposals of Target Companies** *(Continued)*

- (i) Loss for the period from discontinued operations of Target Companies was as below:

	Six months ended 30 June 2023 RMB'000
Loss for the period	(167,225)
Net loss on the disposals	(8,547)
	<u>(175,772)</u>
Loss for the period from discontinued operations attributable to:	
— Owner of the Company	(117,501)
— Non-controlling interests	(58,271)

- (ii) The cash flows from the disposals of Target Companies were as below:

	Six months ended 30 June 2023 RMB'000
Cash consideration received	137,700
Transaction costs paid	(431)
Cash and cash equivalents disposed	(50,896)
Proceeds from disposals of Target Companies, net	<u>86,373</u>

(c) Disposal of Henan Xueyinghua

Pursuant to an equity transfer agreement entered into by Qianruiwanfu and a third party, Tibet Jing Zhiyuan Trading Co., Ltd. (the “**Jing Zhiyuan**”) dated on 8 September 2023, Qianruiwanfu has agreed to dispose 100% equity interests in Henan Xueyinghua, which is a wholly-owned subsidiary of Qianruiwanfu, to Jing Zhiyuan, at a cash consideration of RMB14.8million.

As Henan Xueyinghua is a single CGU of the Group, and is a separate line of the weight-loss and other medicines segment, the profit or loss of Henan Xueyinghua for years then ended were presented as “discontinued operations” in the consolidated statement of comprehensive income.

On 19 September 2023, the disposal of Henan Xueyinghua was completed and resulted in a net loss of approximately RMB16.74 million.

Notes to the Interim Condensed Consolidated Financial Information

10. DISPOSALS OF SUBSIDIARIES *(Continued)***(c) Disposal of Henan Xueyinghua** *(Continued)*

- (i) Re-presentation of comparative figures:

The comparative figures of this interim condensed consolidated financial information have been re-presented in relation to abovementioned discontinued operations, and the loss for the six months ended 30 June 2023 from discontinued operations of Henan Xueyinghua was as below:

	Six months ended 30 June 2023 RMB'000
Revenue	214
Cost of sales, selling and marketing expenses and administrative expenses	(4,413)
Other gains, net	68
Loss before income tax	(4,131)
Income tax credit	283
Loss for the period	(3,848)

11. EARNINGS/(LOSSES) PER SHARE**(a) Basic**

Basic earnings/(losses) per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2024	2023
Profit/(loss) attributable to owners of the Company (RMB'000)		
— Continuing operations	7,813	5,130
— Discontinued operations	—	(121,349)
	7,813	(116,219)
Weighted-average number of ordinary shares in issue	122,265,585	56,164,008
Basic earnings/(losses) per share (RMB cents per share)		
— Continuing operations	6.39	9.13
— Discontinued operations	—	(216.06)
	6.39	(206.93)

Notes to the Interim Condensed Consolidated Financial Information

11. EARNINGS/(LOSSES) PER SHARE *(Continued)***(b) Diluted**

There were no unvested restricted shares or share options which would result in dilutive effect to the Group as at 30 June 2024 and 2023. Accordingly, the diluted earnings/(losses) per share is same as the basic earnings/(losses) per share for the six months ended 30 June 2024 and 2023.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings and facilities RMB'000	Plant and machinery RMB'000	Furniture and others RMB'000	Construction in progress RMB'000	Total RMB'000
COST					
At 31 December 2023	157,136	200,028	50,451	2,178	409,793
Additions	—	177	133	1,535	1,845
Transfer	3,713	—	—	(3,713)	—
Disposals/write-off	(1,971)	(1,034)	(936)	—	(3,941)
Disposal of subsidiary (Note 10)	(9,537)	—	(711)	—	(10,248)
At 30 June 2024	149,341	199,171	48,937	—	397,449
ACCUMULATED DEPRECIATION					
At 31 December 2023	72,178	186,627	32,744	—	291,549
Charge for the period	4,331	1,219	1,287	—	6,837
Disposals/write-off	(1,862)	(620)	(828)	—	(3,310)
Disposal of subsidiary (Note 10)	(8,420)	—	(707)	—	(9,127)
At 30 June 2024	66,227	187,226	32,496	—	285,949
ACCUMULATED IMPAIRMENT					
At 31 December 2023	1,028	—	—	—	1,028
Disposal of subsidiary (Note 10)	(1,028)	—	—	—	(1,028)
At 30 June 2024	—	—	—	—	—
NET BOOK VALUE					
At 30 June 2024	83,114	11,945	16,441	—	111,500
At 31 December 2023	83,930	13,401	17,707	2,178	117,216

Notes to the Interim Condensed Consolidated Financial Information

13. INTANGIBLE ASSETS

	Goodwill	Trade-marks and brand name	Computer software	Exclusive medicine distribution right	Patents and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST						
At 31 December 2023	4,116	15,587	10,879	2,938	313	33,833
Write-off	—	—	(78)	—	—	(78)
Disposal of subsidiary (Note 10)	(4,116)	(1,900)	—	—	—	(6,016)
At 30 June 2024	—	13,687	10,801	2,938	313	27,739
ACCUMULATED AMORTISATION						
At 31 December 2023	—	13,891	10,006	2,938	83	26,918
Charge for the period	—	108	94	—	10	212
Write-off	—	—	(78)	—	—	(78)
Disposal of subsidiary (Note 10)	—	(1,203)	(48)	—	—	(1,251)
At 30 June 2024	—	12,796	9,974	2,938	93	25,801
ACCUMULATED IMPAIRMENT						
At 31 December 2023	4,116	—	—	—	—	4,116
Disposal of subsidiary (Note 10)	(4,116)	—	—	—	—	(4,116)
At 30 June 2024	—	—	—	—	—	—
NET BOOK VALUE						
At 30 June 2024	—	891	827	—	220	1,938
At 31 December 2023	—	1,696	873	—	230	2,799

14. OTHER NON-CURRENT ASSETS

	As at	
	30 June 2024	31 December 2023
	RMB'000	RMB'000
Prepayment for purchases of intangible assets	11,050	11,050
Prepayment for construction of property, plant and equipment	2	1,218
	11,052	12,268
Impairment on prepayment for intangible assets	(3,000)	(3,000)
Total other non-current assets	8,052	9,268

Notes to the Interim Condensed Consolidated Financial Information

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the interim condensed consolidated balance sheet are as follows:

	As at	
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Joint ventures	15,888	14,788

The amounts recognised in the interim condensed consolidated statement of comprehensive income are as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Joint ventures	1,100	(1,173)

Movements in the Group's interest in the joint ventures are as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Beginning of the period	14,788	29,196
Share of profits/(losses) for the period	1,100	(1,173)
End of the period	15,888	28,023

16. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Current assets		
Investments in debt securities (b)	10,659	21,130
	10,659	21,130
Non-current assets		
Equity investments in private companies (c)	32,707	32,618
Investments in funds (d)	36,442	36,329
	69,149	68,947
	79,808	90,077

Notes to the Interim Condensed Consolidated Financial Information

16. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

(Continued)

Note:

- (a) The Group's wealth management products and structured deposits purchased from commercial financial institutes are denominated in RMB. The returns of these wealth management products and structured deposits are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, they are measured at fair value through profit or loss, and the fair values are based on discounted cash flow using the expected return based on management estimation and are within level 3 of the fair value hierarchy. There are no balance amounts as at 31 December 2023 and 30 June 2024.
- (b) The investments in debt securities are fixed-rate corporate bonds denominated in US\$, and are mainly issued by corporates and banks and the fair value of such debt securities was determined based on quoted price on bond market.

For the six months ended 30 June 2024, the Group disposed one fixed-rate bond whose principal amounting to US\$1,494,000 (equivalent to RMB10,523,000) and realised related gain amounting to RMB128,000.

- (c) The fair values of equity investments in private companies are measured using a valuation technique with unobservable inputs and hence classified as level 3 of the fair value hierarchy.
- (d) The fair values of investments in funds are measured using a valuation technique with unobservable inputs and hence classified as level 3 of the fair value hierarchy.

17. FINANCIAL ASSET MEASURED AT AMORTISED COST

	As at	
	30 June 2024	31 December 2023
	RMB'000	RMB'000
Financial asset measured at amortised cost	66,145	—

Note:

As at 30 June 2024, the Group's financial asset measured at amortised costs represents a private loan subscribed by Central China Dragon Global Opportunity Fund SP6 ("GOSP6"), which is the consolidated structured entity of the Group. Under the private loan investment agreement entered by counterparties, the above-mentioned three-year private loan is secured by the equity interests of a private company held by the borrower, and the fixed interest rate is 8% per annum.

Notes to the Interim Condensed Consolidated Financial Information

18. INVENTORIES

	As at	
	30 June 2024 RMB'000	31 December 2023 RMB'000
Raw materials and packaging materials	4,016	5,111
Work in progress	1,064	1,765
Finished goods	14,778	16,693
	19,858	23,569
Less: Provision for impairment	—	—
	19,858	23,569

19. TRADE RECEIVABLES AND BILLS RECEIVABLE

	As at	
	30 June 2024 RMB'000	31 December 2023 RMB'000
Trade receivables	34,466	48,286
Less: Loss allowance	(70)	(91)
	34,396	48,195

- (a) The Group normally allows a credit period of 30–90 days to its customers. The following is an aging analysis of trade receivables (net of loss allowance) based on the goods delivery dates, which approximated to their invoice dates:

	As at	
	30 June 2024 RMB'000	31 December 2023 RMB'000
0 to 90 days	34,055	47,740
91 to 180 days	285	316
181 to 365 days	46	55
Over 365 days	10	84
	34,396	48,195

- (b) As at 30 June 2024, there was no bills receivable. As at 31 December 2023, bills receivable amounted to RMB4,864,000 were all bank acceptance notes with maturity date within 6 months and classified as financial assets measured at fair value through other comprehensive income, included in "Bills receivable".

Notes to the Interim Condensed Consolidated Financial Information

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at	
	30 June 2024 RMB'000	31 December 2023 RMB'000
Prepayments for advertisement expenses	—	7,323
Prepayments to suppliers	14,589	15,779
Other receivables	16,556	16,098
Others	3,053	2,377
	34,198	41,577

21. SHORT-TERM BANK DEPOSITS

	As at	
	30 June 2024 RMB'000	31 December 2023 RMB'000
Short-term bank deposits	59,700	62,576

22. RIGHT-OF-USE ASSETS

	As at	
	30 June 2024 RMB'000	31 December 2023 RMB'000
Land use rights	16,531	16,956
Office premises and staff quarters	3,343	5,172
	19,874	22,128

23. SHARE CAPITAL

	Number of shares	Amount US\$	Share capital RMB'000
Ordinary shares of US\$0.0003333332 each			
Authorised:			
At 30 June 2024 and 31 December 2023	150,000,000	50,000	341
Issued and fully paid:			
At 30 June 2024 and 31 December 2023	122,265,585	40,755	288

Notes to the Interim Condensed Consolidated Financial Information

24. DEFERRED INCOME TAX**Deferred income tax assets**

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
At beginning of period	42,625	73,098
Charged to profit or loss	(5,129)	(6,081)
Disposals of subsidiaries (Note 10)	—	(19,173)
At end of period	37,496	47,844

Deferred income tax liabilities

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
At beginning of period	(1,948)	(49,659)
Credited/(charged) to profit or loss	113	(4,519)
Disposals of subsidiaries (Note 10)	162	45,298
At end of period	(1,673)	(8,880)

Note:

The net balance of deferred income tax assets and liabilities is RMB563,000 as at 30 June 2024 (31 December 2023: RMB698,000).

25. TRADE AND BILLS PAYABLES

The aging of the trade and bills payables based on their respective invoice and issue dates were as follows:

	As at	
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
0 to 90 days	1,881	15,925
91 to 180 days	101	12
Over 180 days	103	610
	2,085	16,547

Notes to the Interim Condensed Consolidated Financial Information

26. OTHER PAYABLES AND ACCRUED EXPENSES

	As at	
	30 June 2024 RMB'000	31 December 2023 RMB'000
Accrued expenses	8,527	22,611
Indirect taxes and surcharge payable	5,402	5,155
Payroll and welfare payable	21,769	30,260
Accrued sales rebate	6,542	9,037
Payables to suppliers for:		
— purchases of property, plant and equipment	4,890	4,890
— advertisement	12,610	3,962
— purchases of e-commerce platform service	13,162	12,991
Other guarantee deposits received	1,641	1,661
Deposits received in connection with disposal of a subsidiary (Note 10(a))	—	3,000
Others	26,447	26,437
	100,990	120,004

27. LEASE LIABILITIES

	As at	
	30 June 2024 RMB'000	31 December 2023 RMB'000
Current lease liabilities	1,797	3,239
Non-current lease liabilities	1,552	1,875
Total lease liabilities	3,349	5,114

For the six months ended 30 June 2024, the weighted-average lessee's incremental borrowing rate applied to the recognition of lease liabilities was 5.59% (2023: 5.59%).

28. DIVIDEND

Pursuant to the board resolution on 9 August 2024, the Board has resolved to recommend for declaration and payment of an interim dividend of HK\$0.9 per share (approximately HK\$110,039,000 in aggregate) for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil), subject to the approval by the shareholders of the Company at the forthcoming extraordinary general meeting to be held on 2 September 2024. The interim dividend will be paid on or about 23 September 2024 to the shareholders whose names appear on the register of members of the Company on 9 September 2024.

Notes to the Interim Condensed Consolidated Financial Information

29. COMMITMENTS

(a) Capital commitments

As at 30 June 2024, capital expenditure for property, plant and equipment as contracted for but not yet incurred amounted to RMB240,000 (31 December 2023: RMB2,400,000).

As at 30 June 2024, capital investments in a joint venture contracted for but not yet incurred amounted to RMB90,000 (31 December 2023: nil).

(b) Operating lease commitments

The Group leases various office premises and staff quarters under non-cancellable short-term operating leases agreements. There was no future minimum lease payments contracted for at the balance sheet dates but not recognised as liabilities as at 30 June 2024 and 31 December 2023.

30. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related because they are subject to common control, common significant influence or joint control in the controlling shareholder's families. Members of key management and their close family member of the Group are also considered as related parties.

The directors are of the view that the following parties are other related parties excluding subsidiaries and associates that had transactions or balances with the Group:

Name	Relationship with the Group
Jiangxi Besunyen Trading	Joint venture
Jiangsu Besunyen Trading Co., Ltd. ("Jiangsu Besunyen Trading") 江蘇碧生源商貿有限公司	Joint venture
Jiangxi Besunyen Technology Co., Ltd. ("Jiangxi Besunyen Technology") 江西碧生源科技有限公司	Joint venture
Jiangxi Besunyen Biotechnology Co., Ltd. ("Jiangxi Besunyen Biotechnology") 江西碧生源生物有限公司	Joint venture
Guangzhou Bihan Network Technology Co., Ltd. ("Guangzhou Bihan Network Technology") 廣州碧瀚網絡科技有限公司	Joint venture
Hangzhou Bihan Network Technology Co., Ltd. ("Hangzhou Bihan Network Technology") 杭州碧瀚網絡科技有限公司	Joint venture

Notes to the Interim Condensed Consolidated Financial Information

30. RELATED PARTY TRANSACTIONS (Continued)

Name	Relationship with the Group
Beijing Bihan E-commerce Co., Ltd. (“ Beijing Bihan E-commerce ”) 北京碧瀚電子商務有限公司	Joint venture
Beijing Zhongke Huikai Technology Co., Ltd. (“ Beijing Zhongke Huikai Technology ”) 北京中科匯凱科技有限公司	Joint venture
Beijing Bisheng Juyuan Enterprise Management Consulting Co., Ltd. (“ Beijing Bisheng Juyuan ”) 北京碧生聚源企業管理諮詢有限公司	Joint venture
Jiangxi Besunyen Health Food Sales Co., Ltd. (“ Jiangxi Besunyen Health Food Sales ”) 江西碧生源保健食品銷售有限公司	Subsidiary of a joint venture
Jiangxi Yide Trading Co., Ltd. (“ Jiangxi Yide Trading ”) 江西壹得商貿有限公司	Subsidiary of a joint venture
Beijing Biyu E-commerce Co., Ltd. (“ Beijing Biyu E-commerce ”) 北京碧語電子商務有限公司	Subsidiary of a joint venture
Hangzhou Biyu E-commerce Co., Ltd. (“ Hangzhou Biyu E-commerce ”) 杭州碧語電子商務有限公司	Subsidiary of a joint venture
Hangzhou Bihan E-commerce Co., Ltd. (“ Hangzhou Bihan E-commerce ”) 杭州碧瀚電子商務有限公司	Subsidiary of a joint venture
Hangzhou Bixing E-commerce Co., Ltd. (“ Hangzhou Bixing E-commerce ”) 杭州碧興電子商務有限公司	Subsidiary of a joint venture
Hangzhou Biwan Network Technology Co., Ltd. (“ Hangzhou Biwan Network Technology ”) 杭州碧萬網絡科技有限公司	Subsidiary of a joint venture
Jiangxi Besunyen Juxin Trading Co., Ltd. (“ Jiangxi Besunyen Juxin Trading ”) 江西碧生源聚鑫商貿有限公司	Subsidiary of a joint venture
Jiangxi Besunyen Yide Trading Co., Ltd. (“ Jiangxi Besunyen Yide Trading ”) 江西碧生源易得商貿有限公司	Subsidiary of a joint venture

Notes to the Interim Condensed Consolidated Financial Information

30. RELATED PARTY TRANSACTIONS *(Continued)*

The following significant transactions were carried out between the Group and its related parties during the reporting period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Transactions with related parties:

	Six month ended 30 June	
	2024 RMB'000	2023 RMB'000
Sale of goods to:		
— Jiangxi Besunyen Trading	27,090	—
— Jiangxi Besunyen Technology	22,799	—
— Jiangsu Besunyen Trading	17,578	—
— Jiangxi Besunyen Biotechnology	15,713	—
— Jiangxi Besunyen Health Food Sales	543	—
— Jiangxi Yide Trading	1,515	—
	85,238	—
Provision of rental services to:		
— Hangzhou Biyu E-commerce	12	—
— Hangzhou Bixing E-commerce	12	—
— Hangzhou Bihan E-commerce	12	—
— Hangzhou Bihan Network Technology	30	—
	66	—

Notes to the Interim Condensed Consolidated Financial Information

30. RELATED PARTY TRANSACTIONS (Continued)**(a)** Transactions with related parties: (Continued)

	Six month ended 30 June	
	2024	2023
	RMB'000	RMB'000
Purchase of operating services from:		
— Beijing Bihan E-commerce	2,812	—
— Hangzhou Bihan E-commerce	2,534	—
— Guangzhou Bihan Network Technology	2,023	—
— Hangzhou Bixing E-commerce	2,357	—
— Hangzhou Bihan Network Technology	1,750	—
— Beijing Biyu E-commerce	1,437	—
— Hangzhou Biyu E-commerce	1,481	—
	14,394	—

(b) Outstanding balances arising from sales/purchases of goods and services:

	As at	
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Balances due from related parties		
Accounts receivable from:		
— Jiangxi Besunyen Trading	—	1,312
— Jiangsu Besunyen Trading	808	415
— Jiangxi Yide Trading	884	—
	1,692	1,727
Deposits from:		
— Beijing Bihan E-commerce	800	800
— Hangzhou Bihan Network Technology	800	800
— Guangzhou Bihan Network Technology	800	800
— Beijing Zhongke Huikai Technology	82	—
	2,482	2,400

Notes to the Interim Condensed Consolidated Financial Information

30. RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances arising from sales/purchases of goods and services: (Continued)

	As at	
	30 June 2024 RMB'000	31 December 2023 RMB'000
Balances due to related parties		
Contract liabilities from:		
— Jiangxi Besunyen Biotechnology	—	360
— Jiangxi Besunyen Technology	291	—
— Jiangxi Besunyen Health Food Sales	754	—
	1,045	360
Other payables to:		
— Jiangxi Besunyen Technology	6	—
Advance payments received from:		
— Hangzhou Biyu E-commerce	12	—
— Hangzhou Bixing E-commerce	12	—
— Hangzhou Bihan E-commerce	12	—
— Hangzhou Bihan Network Technology	30	—
	66	—

As at 30 June 2024 and 31 December 2023, there were no non-trade balances with related parties, and all balances with related parties were non interest bearing and of a trade nature. Due to their short maturity period, their fair value was similar to their carrying amount.

(c) Key management compensation

Key management includes Chief Executive Officer, Chief Financial Officer and Vice Presidents. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Salaries, bonus and other allowances	4,759	4,687
Pension cost — defined contribution plan	163	143
	4,922	4,830

Notes to the Interim Condensed Consolidated Financial Information

31. EVENTS OCCURRING AFTER THE REPORTING PERIOD

After the balance sheet date, the Board proposed a declaration and payment of an interim dividend for the six months ended 30 June 2024. Further details are disclosed in Note 28.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, so far as known to the Directors, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) to be and were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”):

Name of Director/ Chief Executive	Nature of interest	Number of Shares/options	Number of options granted under the Share Option Scheme	Approximate percentage of total issued Shares (%) ⁽⁸⁾
Mr. ZHAO Yihong	Beneficial owner, interest of his spouse, founder of a discretionary trust and interest of corporation controlled by the Director ⁽¹⁾⁽³⁾	62,975,657 ^{(1)(L)}	200,000 ^{(1)(L)}	51.51%
Ms. GAO Yan	Beneficial owner and interest of her spouse ⁽²⁾⁽³⁾	62,975,657 ^{(2)(L)}	200,000 ^{(2)(L)}	51.51%
Mr. YU Hongjiang	Beneficial owner	1,280,025 ^{(4)(L)}	1,222,000 ^{(4)(L)}	1.05%
Mr. HE Yuanping	Beneficial owner	100,000 ^{(5)(L)}	100,000 ^{(5)(L)}	0.08%
Mr. SHI Xiangxin	Beneficial owner	100,000 ^{(6)(L)}	100,000 ^{(6)(L)}	0.08%
Mr. FENG Bing	Beneficial owner	100,000 ^{(7)(L)}	100,000 ^{(7)(L)}	0.08%

Other Information

- (1) Mr. Zhao Yihong, executive Director, beneficially owns 100,000 options granted under the Share Option Scheme and 313,017 Shares directly. Mr. Zhao is the sole director of Foreshore Holding Group Limited and Better Day Holdings Limited. Mr. Zhao is also deemed or taken to be interested in the following Shares for the purposes of the SFO:
 - (i) 61,219,437 Shares which are beneficially owned by Foreshore Holding Group Limited, a company which is controlled by Mr. Zhao;
 - (ii) 1,069,128 Shares which are beneficially owned by Better Day Holdings Limited, a company which is controlled by Mr. Zhao; and
 - (iii) 100,000 options granted under the Share Option Scheme and 174,075 Shares, which are beneficially owned by Ms. Gao Yan, Mr. Zhao's spouse.
- (2) Ms. Gao Yan, executive Director, beneficially owns 100,000 options granted under the Share Option Scheme and 174,075 Shares directly. Ms. Gao is also deemed or taken to be interested in the following Shares for the purposes of the SFO:
 - (i) 100,000 options granted under the Share Option Scheme and 313,017 Shares, which are beneficially owned by Mr. Zhao Yihong, Ms. Gao's spouse;
 - (ii) 61,219,437 Shares which are deemed to be beneficially owned by Mr. Zhao as controlling shareholder of Foreshore Holding Group Limited; and
 - (iii) 1,069,128 Shares which are deemed to be beneficially owned by Mr. Zhao as controlling shareholder of Better Day Holdings Limited.
- (3) The entire issued share capital of Foreshore Holding Group Limited is directly owned by Sea Network Holdings Limited. The entire issued share capital of Sea Network Holdings Limited is held by TMF Trust (HK) Limited, in its capacity as the trustee of a family trust established by Mr. Zhao Yihong as the settlor for the benefit of himself and his family members.
- (4) Mr. Yu Hongjiang, executive Director, beneficially owns 1,222,000 options granted under the Share Option Scheme and 58,025 Shares directly.
- (5) Mr. He Yuanping, independent non-executive Director, beneficially owns 100,000 options granted under the Share Option Scheme.
- (6) Mr. Shi Xiangxin, independent non-executive Director, beneficially owns 100,000 options granted under the Share Option Scheme.
- (7) Mr. Feng Bing, independent non-executive Director, beneficially owns 100,000 options granted under the Share Option Scheme.
- (8) This is calculated based on 122,265,585 Shares, being the number of Shares in issue as at 30 June 2024.

* The letter "L" denotes the person's long position in such Shares.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, so far as known to the Directors, persons (other than the Directors or chief executive of the Company) who had an interest in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO were as follows:

Substantial Shareholders	Number of Shares	Approximate percentage of total issued Shares (%)⁽³⁾
Foreshore Holding Group Limited ⁽¹⁾	61,219,437 ^(L)	50.07%
Sea Network Holdings Limited ⁽¹⁾	61,219,437 ^(L)	50.07%
TMF Trust (HK) Limited ⁽¹⁾	61,219,437 ^(L)	50.07%
Ms. PENG Wei ⁽²⁾	10,279,150 ^(L)	8.41%
Everyoung Investment Holdings Limited ⁽²⁾	9,281,250 ^(L)	7.59%

(1) The entire issued share capital of Foreshore Holding Group Limited is directly owned by Sea Network Holdings Limited. The entire issued share capital of Sea Network Holdings Limited is held by TMF Trust (HK) Limited, in its capacity as the trustee of a family trust established by Mr. Zhao Yihong as the settlor for the benefit of himself and his family members.

(2) The entire issued share capital of Everyoung Investment Holdings Limited is directly owned by Ms. Peng Wei. Ms. Peng beneficially owns 997,900 Shares.

(3) This is calculated based on 122,265,585 Shares, being the number of Shares in issue as at 30 June 2024.

* The letter "L" denotes the person's long position in such Shares.

Save as disclosed above, as at 30 June 2024, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The adoption of the share option scheme of the Company (the "Share Option Scheme") has been approved by the Board on 8 March 2024 and by the shareholders at the extraordinary general meeting held on 11 April 2024. The Share Option Scheme shall be valid for a period of ten years from the date of shareholders' approval. Except for the Share Option Scheme, the Company does not adopt any other share schemes as at the date of this report.

Purpose

The purpose of the Share Option Scheme is to provide an incentive to motivate, attract and retain eligible participants and to encourage eligible participants to optimize their performance efficiency, enhance the value of the Company and promote the long-term growth of the Company. The Share Option Scheme will provide the eligible participants to have a personal stake in the Company to achieve its intended purpose.

Other Information

Eligible participants

Eligible participants for the Share Option Scheme include: (a) directors and employees of the Company or any of its subsidiaries (including persons who are granted share options under the scheme as an inducement to enter into employment contracts with these companies) (the “**Employee Participants**”); and (b) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company.

Number of Shares available for issue

The maximum number of Shares available for issue under the Share Option Scheme is 12,226,558, being 10% of issued Shares of the Company on the date of this report.

Maximum entitlement of each participant

For any twelve-month period up to and including the grant date, the aggregate number of Shares issued and to be issued in respect of all share options granted to such Eligible Participant (excluding any share options lapsed in accordance with the terms of the Share Option Scheme) shall not in aggregate exceed 1% of the total number of Shares in issue on the grant date.

Consideration for the acceptance of share option

The consideration for the acceptance of share option is HK\$1.00, which shall in no circumstances be refundable.

Vesting period

The vesting period of the share options shall be at least twelve months, and the Board may at its discretion grant a shorter vesting period to an Employee Participant in the following circumstances: (a) grants of “make-whole” share options to new joiners to replace the share options they forfeited when leaving the previous employers; (b) grants to an Employee Participant whose employment is terminated due to death or occurrence of any out-of-control event; (c) grants that are made in batches during a year for administrative and compliance reasons, which include share options that should have been granted earlier if not for such administrative or compliance reasons had to wait for the subsequent batch; (d) grants of share options with a mixed or accelerated vesting schedule such as where the share options may vest evenly over a period of twelve months; or (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria as determined in the conditions of grant.

Exercise period

Subject to any provisions for early termination contained in the Share Option Scheme, the share options may be exercised any time during the period determined by the Board in its absolute discretion, provided that such period shall not exceed the period of ten years from the grant date.

Exercise price

The Exercise price shall be determined by the Board at its absolute discretion, provided that it shall be not less than the highest of: (a) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the grant date of share options, which must be a business day; (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five consecutive business days immediately preceding the grant date of share options; and (c) the nominal value of the Share on the grant date of share options.

Other Information

OPTIONS DETAILS

On 8 May 2024, the Company granted 12,226,000 share options under the Share Option Scheme. Please see the table below for details.

Date of grant	Share options		Exercise period	Exercise Price	Fair value of
	granted	Vesting period			option at
				HK\$	grant date
					HK\$
08.05.2024	12,226,000	To be determined	To be determined	2.822	Not applicable ^(note)

Note:

Under IFRS, share options are not considered to have been formally granted as key elements, such as the vesting conditions, have not been determined at this time. The “grant date” under IFRS will be formalized when the Company has finalized all the terms of the share options.

The following table discloses the movement of the Company’s options held by the Directors, employees and related entity participant under the Share Option Scheme for the six months ended 30 June 2024:

	Date of grant	Vesting period	Granted during the period	Cancelled during the period	Lapsed during the period	Exercised during the period	Outstanding at 30/6/2024
	(note 1)		(note 2)				
Executive directors							
Zhao Yihong	08.05.2024	To be determined	100,000	—	—	—	100,000
Gao Yan	08.05.2024	To be determined	100,000	—	—	—	100,000
Yu Hongjiang	08.05.2024	To be determined	1,222,000	—	—	—	1,222,000
			1,422,000	—	—	—	1,422,000
Independent non-executive directors							
He Yuanping	08.05.2024	To be determined	100,000	—	—	—	100,000
Shi Xiangxin	08.05.2024	To be determined	100,000	—	—	—	100,000
Feng Bing	08.05.2024	To be determined	100,000	—	—	—	100,000
			300,000	—	—	—	300,000
Employees aggregate	08.05.2024	To be determined	9,282,000	—	—	—	9,282,000
Related entity participant (note 3)	08.05.2024	To be determined	1,222,000	—	—	—	1,222,000
			10,504,000	—	—	—	10,504,000
	Total		12,226,000	—	—	—	12,226,000
Exercise price (HK\$)			2.822	—	—	—	2.822
Exercisable at the end of the period							—

Other Information

Notes:

1. The closing price of the Company's shares immediately before the date of grant was HK\$2.61.
2. On 8 May 2024, the Company granted a total of 12,226,000 share options to 16 eligible participants in accordance with the terms of the Share Option Scheme. As at 30 June 2024, none of these share options had been vested to the grantees. The share options will be vested on the business day immediately following the date on which the relevant vesting conditions are satisfied and 12 months from the date of grant for employee participants (including Directors) and related entity participants, respectively. Vesting conditions include conditions relating to the achievement in respect of the Group as a whole, its principal businesses and operations, geographic markets and/or performance of Eligible Participants, such as one or more key performance indicators and/or financial indicators (including but not limited to revenue, profit, cash flows and other indicators). The exercise period of these share options is ten years from the date of grant.
3. As disclosed in the announcement of the Company dated 8 May 2024, the 1,222,000 Share Options were granted to Mr. Zhao Yiyin, the general manager of e-commerce business of an associated company of the Company. The Board is of the view that maintaining stable cooperation with and procuring continuous contributions from such Related Entity Participant is crucial to the sustainable development of the Group. Such associated company provides the Group with business operating services related to e-commerce and marketing as well as service guarantee.
4. As at 30 June 2024, the number of shares available for future grant under the Share Option Scheme was 558 shares, and the number of shares which may be issued in respect of share options granted under the Share Option Scheme divided by the weighted average number of shares of the Company in issue was approximately 9.9995%.

Under IFRS, share options are not considered to have been formally granted as key elements, such as the vesting conditions, have not been determined at this time. The "grant date" under IFRS will be formalized when the Company has finalized all the terms of the share options. Accordingly the Group did not recognize expense for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil) in relation to the Share Option Scheme of the Company.

CORPORATE GOVERNANCE

For the six months ended 30 June 2024, the Company has applied the principles and complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules, except for code provision C.2.1 of the CG Code.

Other Information

CODE PROVISION C.2.1

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. The roles of both Chairman and Chief Executive Officer are performed by Mr. Zhao Yihong. Mr. Zhao is a co-founder of the Group and has 34 years of experience in food and beverage industry in the PRC. The Board believes that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group's business strategies currently and in the foreseeable future. The Board is of the view that as all major decisions are made in consultation with members of the Board which comprises experienced and professional individuals (including three independent non-executive Directors), a balance of power and authority is adequately ensured. The Group will nevertheless review the structure from time to time in light of the prevailing circumstances.

AUDIT COMMITTEE

As at the date of this interim report, the audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. He Yuanping, a Director with the appropriate professional qualifications and serving as the chairman of the Audit Committee, Mr. Shi Xiangxin and Mr. Feng Bing. The Audit Committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2024 and this interim report, the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters.

REVIEW OF INTERIM RESULTS

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2024 has been reviewed by PricewaterhouseCoopers, the auditor of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own securities dealing code for the Directors. Having made specific inquiries of all Directors, all Directors confirmed that they complied with the required standard as set out in the Model Code during the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company or sell any treasury shares during the six months ended 30 June 2024. As at 30 June 2024, the Company did not hold any treasury shares.

CHANGES IN THE INFORMATION OF DIRECTORS

There has been no change in the information of the Directors from the date of the 2023 annual report to the date of this interim report that is required to be disclosed under Rule 13.51B(1) of the Listing Rules.

Other Information

INTERIM DIVIDEND

The Board has resolved to recommend the declaration and payment of an interim dividend of HK\$0.9 per share, HK\$110,039,026.5 in aggregate, out of the share premium account for the six months ended 30 June 2024. The declaration and payment of the interim dividend out of the share premium account is conditional upon the satisfaction of the following conditions: (a) the passing of an ordinary resolution by the shareholders at the extraordinary general meeting to be held by the Company on 2 September 2024 approving the declaration and payment of the interim dividend out of the share premium account pursuant to the articles of association of the Company; and (b) the Directors being satisfied that there are no reasonable grounds for believing that the Company is, immediately following the payment of the interim dividend, unable to pay its debts as they fall due in the ordinary course of business. Subject to the fulfilment of the above conditions, the interim dividend will be paid on or about 23 September 2024 to the shareholders whose names appear on the register of members of the Company on 9 September 2024. For further details of the interim dividend, please refer to the circular of the Company dated 13 August 2024 and the interim results announcement of the Company dated 9 August 2024.

SUBSEQUENT EVENTS

Subsequent to 30 June 2024, the Board has recommended the declaration and payment of an interim dividend for the six months ended 30 June 2024, details of which are set out in the section headed "Interim Dividend" and Note 28 to the Interim Condensed Consolidated Financial Statements. Save as disclosed above, no significant event affecting the Group has occurred subsequent to 30 June 2024 and up to the date of this interim condensed consolidated financial information.

On behalf of the Board

ZHAO Yihong

Chairman

Hong Kong, 9 August 2024