



巨子生物控股有限公司

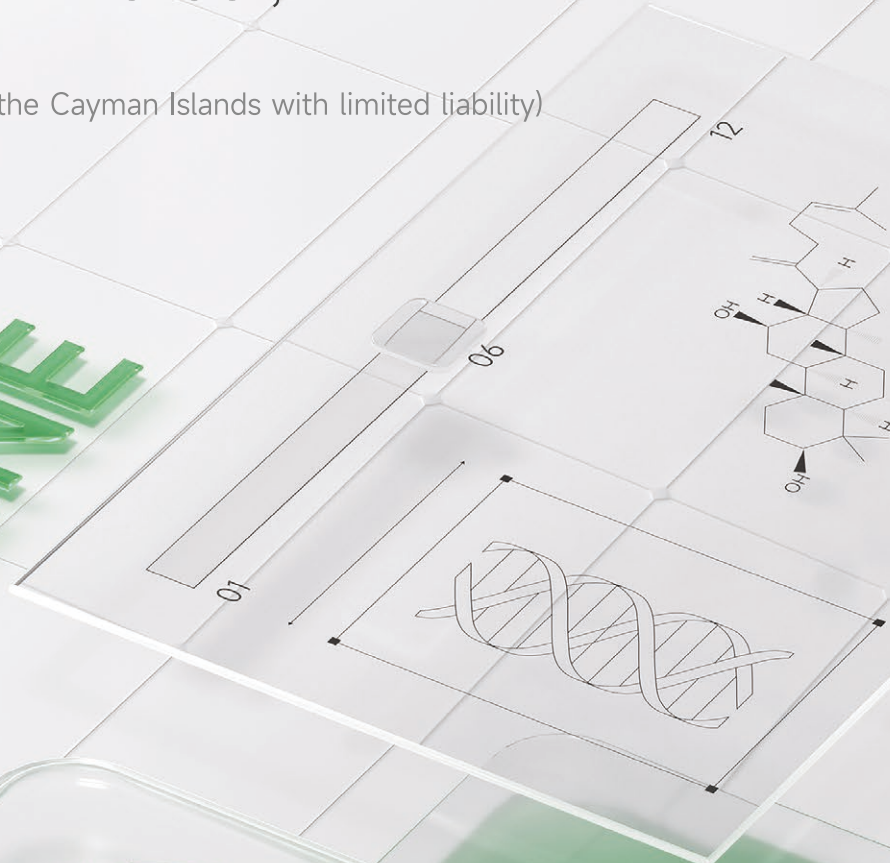
GIANT BIOGENE HOLDING CO., LTD

(An exempted company incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的獲豁免有限公司)

Stock Code 股份代號: 2367

GIANT
BIOGENE



2024 中期報告
2024 INTERIM REPORT

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**GIANT
BIOGENE**



CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Yan Jianya (嚴建亞)
(Chairman and chief executive officer)
Ms. Ye Juan (葉娟)
Ms. Fang Juan (方娟)
Ms. Zhang Huijuan (張慧娟)
Ms. Yan Yubo (嚴鈺博)

Independent Non-executive Directors

Mr. Huang Jin (黃進)
Mr. Shan Wenhua (單文華)
Ms. Wong Sze Wing (黃斯穎)

AUDIT COMMITTEE

Ms. Wong Sze Wing (黃斯穎) (Chairperson)
Mr. Huang Jin (黃進)
Mr. Shan Wenhua (單文華)

REMUNERATION COMMITTEE

Mr. Shan Wenhua (單文華) (Chairman)
Mr. Yan Jianya (嚴建亞)
Ms. Wong Sze Wing (黃斯穎)

NOMINATION COMMITTEE

Mr. Yan Jianya (嚴建亞) (Chairman)
Mr. Huang Jin (黃進)
Mr. Shan Wenhua (單文華)

CORPORATE GOVERNANCE COMMITTEE

Mr. Yan Jianya (嚴建亞) (Chairman)
Ms. Fang Juan (方娟)
Mr. Shan Wenhua (單文華)

JOINT COMPANY SECRETARIES

Ms. Yan Yubo (嚴鈺博)
Ms. Yuen Wing Yan, Winnie (袁穎欣) (FCG HKFCG(PE))

AUTHORIZED REPRESENTATIVES

Mr. Yan Jianya (嚴建亞)
Ms. Yuen Wing Yan, Winnie (袁穎欣)

REPORTING ACCOUNTANT AND INDEPENDENT AUDITOR

Ernst & Young

Certified Public Accountant
Registered Public Interest Entity Auditor
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COMPANY'S LEGAL ADVISORS

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As to Cayman Islands laws:

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COMPANY'S WEBSITE

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STOCK CODE

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HONG KONG SHARE REGISTRAR

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16 Harcourt Road
Hong Kong

Corporate information

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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REGISTERED OFFICE

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PRINCIPAL BANKERS

China Merchants Bank Co., Ltd. (Xi'an High-tech Sub-branch)

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Yanta District, Xi'an
Shaanxi Province, PRC

Shanghai Pudong Development Bank Co., Ltd. (Xi'an Branch)

No. 6 Jinye Road
High-tech Development Zone
Yanta District, Xi'an
Shaanxi Province, PRC

Chang'an Bank Co., Ltd. (Xi'an High-tech Sub-branch)

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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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5/F, Manulife Place
348 Kwun Tong Road
Kowloon, Hong Kong

FINANCIAL HIGHLIGHTS

RESULTS

	Six months ended 30 June		
	2024 (unaudited)	2023 (unaudited)	Changes (%)
	(RMB in thousands except for percentages)		
Revenue	2,540,432	1,605,698	58.2
Gross profit	2,093,240	1,350,996	54.9
Profit before tax	1,155,190	775,583	48.9
Profit for the period	980,550	666,023	47.2
Profit for the period attributable to the owners of parent company	983,164	666,940	47.4
Profit for the period attributable to non-controlling interests	(2,614)	(917)	185.1

ASSETS AND LIABILITIES

	30 June 2024 (unaudited)	31 December 2023 (audited)	Changes (%)
		(RMB in thousands except for percentages)	
Total assets	7,780,641	4,973,078	56.5
Total liabilities	1,805,793	602,028	200.0
Total equity	5,974,848	4,371,050	36.7
Non-current assets	1,092,431	837,999	30.4
Current assets	6,688,210	4,135,079	61.7
Current liabilities	1,755,647	530,612	230.9
Net current assets	4,932,563	3,604,467	36.8
Non-current liabilities	50,146	71,416	(29.8)
Total equity	5,974,848	4,371,050	36.7

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

We are committed to bringing technology from the laboratory to daily life and aim to become a leading enterprise in the field of beauty and health in China. During the Reporting Period, Euromonitor International, the world's leading market research organization, issued an article in which the Company was recognized as the "Global Leader in Recombinant Collagen", which further consolidated the Company's position as a global leader in the field of recombinant collagen. In the first half of 2024, although the external environment was still full of challenges, we carried out our research and development activities and submitted applications for new technology and products according to our established plan and schedule, launched new flagship products to enhance our product mix, increased and intensified the promotion and marketing efforts for the Company and its brand, expanded the reach of the channels and continued to optimize the capability of omni-channel operations. We will keep upholding our original commitment and make solid and steady strides, so as to bring better experience to the consumers and make contribution to the healthy development of the industry.

During the Reporting Period, our sales revenue amounted to RMB2,540 million, representing a year-on-year increase of 58.2%; our adjusted profit amounted to RMB1,030 million, representing a year-on-year increase of 51.8%.

Continuing to Consolidate the Technology Leadership Position Driven by Research and Development

To realize the long-term development, it is vital for the Company to set its base on scientific technology and focus on putting effort into research and development and innovation. During the Reporting Period, the Company's research and development expenditure was RMB49 million, representing a year-on-year increase of 43.2%. Research and development expenditure accounted for 1.9% of our revenue. As of the end of the Reporting Period, the Company had over 100 projects under research. During the Reporting Period, we continued to advance the clinical applications for the recombinant collagen skin rejuvenation products.

Our technology has been recognized by professionals and has maintained its leading edge. During the Reporting Period, the China Petroleum and Chemical Industry Federation hosted an appraisal meeting on the scientific and technological achievements of "Yeast-Made Low Immunoregeneration Recombinant Collagen and its Application", which was jointly completed by Northwest University (西北大學) and Xi'an Giant Biogene Technology Co., Ltd. (西安巨子生物基因技術股份有限公司). The appraisal committee unanimously concluded that Yeast-Made Low Immunoregeneration Recombinant Collagen and its Application has reached the international leading standards as a whole.

As of the end of the Reporting Period, the Company had 133 granted patents and patent applications, of which 40 were added during the Reporting Period. The Company was granted three international invention patents by PCT, namely, a pharmaceutical composition containing ginsenosides Rh3, PPD and Rh2, a ginsenoside composition with the function of preventing and controlling alcoholic fatty liver, and a pharmaceutical composition and its use, which was a major breakthrough of the Company's scientific and technological innovations and intellectual property rights, and provided a strong support for the future conversion of scientific research results and the internationalization process.

Optimizing the Product Matrix, with Star Products Growing with the Trend and New Products Being Launched

A product is the link between consumers and the brand, and the vehicle that creates trust. As consumers' preference returned to the essence of skincare products, premium products would be the Company's key to success. As the first enterprise in the world to achieve commercial mass production of recombinant collagen skincare products, we have been offering to the consumers more and better products, ranging from medical devices to functional skincare products, so as to reach and serve a wider range of would-be customers through our product matrix. We have extended the user consumption cycle and improved average revenue per customer, and thus consolidated the brand's mindshare and enhance our brand equity. During the Reporting

Management discussion and analysis

Period, the classic star products under our brands maintained a steady growth, and we gradually extended our new series lines and strengthened our product layout in high mindshare categories such as creams and essence, in an effort to achieve more balanced and sustainable growth.

With the brand philosophy of “Skin problems, find Comfy (皮膚有問題·就找可復美)”, Comfy insists on implementing our product strategy of “synergy of medical device and cosmetics (械妝協同)”. Our star product Comfy Recombinant Collagen Dressing (“**Collagen Dressing**”) of the medical device series has been the best seller for more than a decade since its launch in 2011. In the 618 shopping festival in 2024 (“**618 Shopping Festival in 2024**”), the Collagen Dressing once again ranked No. 1 in Tmall’s Wound Dressing Category, No. 1 in Tmall’s Medical Dressing Hot List and No. 1 in JD.com’s Medical Beauty Care Category during the Reporting Period.

Comfy Human-like Recombinant Collagen Restoration Single Use Essence (可復美 Human-like 重組膠原蛋白肌禦修護次拋精華) (“**Comfy Collagen Stick** (可復美膠原棒)”), with its outstanding quality and our extensive marketing efforts, continued to turn strangers into our customers and thus steadily enhanced its reputation and increased its sales volume, and has grown into the Company’s No. 1 star single product. During the 618 Shopping Festival in 2024, Comfy Collagen Stick proudly ranked top on a number of lists on mainstream e-commerce platforms, including TOP1 in the Facial Essence Category on Tmall (天貓面部精華類目TOP1), TOP1 in the Liquid Essence Hot Sales List on Tmall (天貓液態精華熱賣榜TOP1), TOP1 in Repair Essence Hot List on Tmall (天貓修復精華熱賣榜TOP1), and TOP1 in the Liquid Essence Hot Sales List in Domestic Products Category on Douyin (抖音液態精華類目國貨TOP1). In the future, we will continue to tap the growth potential of Comfy Collagen Stick through attracting new customers and operations, innovative marketing campaigns for our products and our brands, and omni-channel efforts.

During the Reporting Period, Comfy brand further expanded its series matrix and proudly launched the new “Focus Series”, which focused on people with sub-healthy skin conditions and targeted to improve

the sub-healthy skin conditions such as uneven skin tone, poor or dull complexion, sudden face sunken and swollen face from its root causes including staying up late and waking up early, heavy workloads, emotional fluctuations and ultraviolet radiation damage, which would provide a better solution for repairing sub-healthy skin conditions. In April 2024, Comfy Focus Cream (可復美焦點面霜) was launched. As the first core product of the series, Comfy Focus Cream adopts the Company’s proprietary 3R light-emulsion time repair system (3R光奕律時修護體系), which takes keratinocytes as the breakthrough point and uses a multi-channel approach to solve the sub-healthy skin problem, to bring out the brightness, elasticity and toughness of skin in three steps. During the 618 Shopping Festival in 2024, Focus Cream was ranked TOP1 on Tmall’s New Cream List (天貓面霜新品榜TOP1) and TOP1 on Douyin’s Popularity List of Brand Collagen Creams (抖音品牌膠原蛋白霜人氣榜TOP1), reflecting the outstanding quality of the product, its precise and fast reactive positioning for targeted consumers, and the initial success of our innovative promotion and customer operations, which has laid a foundation for the medium- and long-term growth of the single product, series, and even the brand, and Focus Essence (焦點精華), Focus Mask (焦點面膜) and Focus Spreading Mask (焦點塗抹面膜) have been launched one after another, which has begun to form a product matrix to provide consumers with a full range of repair solutions. In June 2024, Comfy Regular Series (可復美秩序系列) launched the new Comfy Regular Pimple Stick (可復美秩序點痘棒), which adopts the “S+” Ginseng Extract Dual-Action Acne Cleansing Power System (參萃淨痘雙效動力系統), and is based on the core of the Company’s proprietary research on rare ginsenosides CK, with dual formulas to deal with acne-prone skins day and night, deflating acne at night time and lightening marks at day time. During the 618 Shopping Festival in 2024, the Regular Pimple Stick ranked TOP1 in the Restoration Essence of New Product List on Tmall (天貓修復精華新品榜TOP1), together with the existing Regular Series of single products, building a complete oil control acne product portfolio.

During the Reporting Period, the Comfy brand achieved revenue of RMB2,071 million, representing a year-on-year increase of 68.6%.

Management discussion and analysis

We are committed to cultivating the brand's mindset of "Proprietary Recombinant Collagen Anti-Aging" for Collgene. During the Reporting Period, Inner Vitality Series (蘊活系列) was launched, Collgene Roll Eye Cream (可麗金膠捲眼霜), Face Cream (面霜), Eye Mask (眼膜) and other major single products were also launched one after another. Collgene Roll Face Cream (可麗金膠捲面霜) adopts the "five causes and four steps" anti-wrinkle and firming formula system developed by the Company to tackle the internal and external causes of skin aging by building a four-step anti-wrinkle and firming chain with layers of support to realize the "internal firming, external lifting, and bright complexion". Collgene, together with Beauty Evolution, a prestige ingredient testing platform, conducted a 100-person trial use activity for Collgene Roll Eye Cream and Collagen Roll Face Cream, with a 99% positive feedback rate for the two products, and a score of 4.64 points which was higher than the industry's average score for eye creams and face creams. This was a true feedback of the trial use that confirmed the high quality of Collgene's star products. Meanwhile, we continued to strengthen the construction and investment in public domain channels to optimize the channel structure and enhance brand awareness. During the Reporting Period, Collgene brand achieved revenue of RMB396 million, representing a year-on-year increase of 23.6%.

Intensifying Universal Marketing Efforts, Delivering Corporate and Brand Value Propositions, and Enhancing the Influence in the Industry

We continued to promote the healthy development of recombinant collagen in the field of scientific research and practical application through various academic exchange activities and seminars so that the Chinese-developed ingredients would be able to go further, and continued to strengthen the image of the Company as a leader in recombinant collagen. During the Reporting Period, the Company and its brands were invited to participate in a number of academic conferences in the plastic and dermatology industry, including the 2024 Fifth Academic Exchange Conference of Plastic Surgery Ceremony (2024第五屆整形大典學術交流大會), the 23rd International Congress of Plastic & Reconstructive Surgery in Shanghai and the 13th International Symposium on Plastic & Cosmetic Surgery in Shanghai (第二十三

屆上海國際整形美容外科會議暨第十三屆上海整形美容論壇), the 17th Mevos International Congress of Aesthetic Surgery and Medicine (第十七屆美沃斯國際醫學美容大會), the 29th Annual Meeting of Chinese Society of Dermatology (CSD) 2024 (CSD2024中華醫學會第二十九次皮膚性病學術年會), and the 19th Chinese Medical Association Aesthetic Medicine Conference (中華醫學會第十九次醫學美容學術大會), with authoritative experts and industry peers to exchange earnestly the news of industry and academic achievements, to jointly promote the development of new technology and the innovative application, and to help the industry continue to prosper and develop. Meanwhile, the seminars on "Recombinant Collagen" were successfully held in Anhui and Shandong during the Reporting Period, which continued to help the deeply integration of scientific research and clinical application of the recombinant collagen industry in China and explore the future development of the recombinant collagen industry together.

As the application of recombinant collagen in the beauty industry increased rapidly, we further increased our marketing efforts for our brands to the public. With the integration of the scientific descriptions with brand propositions and through various online and offline activities, we reached out to the consumers to increase our brand popularity and enhance our interaction with them, so as to achieve a professional and sincere brand communication. In March 2024, Comfy announced Ye Shiwen, a world champion swimmer, as its essence brand ambassador to further connect the consumers with our shared ideas of dedication, professionalism, discipline and growth to excellence, and to advocate our brand values of "truth, goodness and beauty". On 20 May 2024, China's Valentine's Day, Comfy carried out a special program titled "Love Has No Expiry And Goes Far Beyond Today" to launch the limited-edition of Comfy "Luck Stick (幸運棒)", aiming to encourage people to show their unlimited love with little things in daily lives. In May and June 2024, Comfy joined Xiaohongshu to roll out an essence cream under a new flagship product IP, with scenario-based demonstration, comprehensive content matrix to highlight its features, and multi-account and multi-touchpoint exposure to enhance its popularity, reaching a total of more than 200 million views. While the new products were being brought to the market,

Management discussion and analysis

we also expanded our consumer reach and earned a positive reputation for our brand. In addition, Comfy launched a campaign for recycling empty bottles with the theme of “All things, cycling round and round and living together, will return to beauty”, in order to encourage consumers to practice green life, to interact with consumers effectively, and advocate our brand value proposition of sustainable development.

In addition to online channels, we also conducted a variety of offline promotion campaigns for the brands. In April 2024, the Company and its brands were invited to China International Consumer Products Expo for three consecutive years and to Xi’an Famous Consumer Products Trading Project Signing Ceremony, which showcased the strength of China’s brands to the global consumers. During the Reporting Period, Comfy and Collgene placed advertisements in transportation hubs such as Xi’an Xianyang International Airport and Xi’an North Railway Station, on outdoor LED screens of commercial centers, including Chongqing Jiefangbei Building, Chongqing Guanyinqiao Sky Street and Wuhan World City Guanggu Pedestrian Street, as well as on community screen swipers, elevator signboards and smart screens in Beijing, Shanghai, Guangzhou, Shenzhen, Xi’an and Chengdu, etc., enabling the brands to reach a wider consumer base and leave an indelible impression.

Expanding Channel Touchpoints, Refining Customer Experience, Products and Stores, and Improving Operational Efficiency

We insisted on the implementation of omni-channel layout that features offline and online channels with both professionals and public as targeted audience. For offline channels, we deepened those targeted at professionals, and consolidated our leading position in public and private hospitals and clinics, while strengthening product mix and optimized our operations in pharmacies and CS/KA stores to provide differentiated shopping experience. As of the end of the Reporting Period, our products were sold through offline direct sales and distributors channels to approximately 1,500 public hospitals, approximately 2,700 private hospitals and clinics, approximately 650 pharmacy chain brands and about 6,000 CS/KA stores in China. In addition, since the opening of the first offline Comfy outlet at the end of 2023, we have been gradually exploring the extension of the offline

business layout, and have opened approximately 10 offline stores in shopping centers in key cities such as Xi’an, Chongqing and Chengdu, etc as of the end of the Reporting Period. Notably, Comfy’s first flagship store in the country, which commenced operation in Chongqing Wanxiang City on 16 June 2024, is consisted of skin testing area, product experience area and beauty care area, creating a one-stop shopping and skin care center and thus offering consumers a new skin treatment experience with higher level of sophistication, professionalism and technology.

We also engaged in sales and promotions through e-commerce and social media platforms such as Tmall, Douyin, JD.com, Xiaohongshu and Kwai. During the Reporting Period, we expanded our team and kept pace with changes through rapid iteration. We grasped opportunities to refine customer experience, products and stores for wider customer base, and at the same time improved marketing efficiency to drive healthy growth in multiple categories. In Tmall, we focus on building strategic new products and relied on brand users for promotion to improve operational efficiency, thereby realizing sequential growth. We also leveraged on the hot-selling products to unceasingly deepen the penetration in related categories and expand the customer base for the brands. In Douyin, on the one hand, we adjusted our broadcasting strategy to control and stabilize customers’ unit purchase price, with a view to acquiring new users; on the other hand, we restructured our live broadcasts, innovated the contents, and continued to improve the conversion efficiency through the concept of differentiated product grouping. In JD.com, we completed the switch to two categories by operating simultaneously health and cosmetics items, while building resources with the platform, investing in the relationship with high-quality people for platform operation, and optimizing the large single product matrix. In Xiaohongshu, we constructed a live broadcasting room for brand image, emphasizing the creation of brand concept, and kept expanding the base of more quality customers with the output of high-quality content. All major e-commerce channels achieved faster growth during the Reporting Period, with the online omni-channel GMV growth rates of Comfy and Collgene exceeding 60% and 100% respectively during the 618 Shopping Festival in 2024.

Management discussion and analysis

During the Reporting Period, our direct sales channels and distribution channels generated revenue of RMB1,838 million and RMB702 million, accounting for 72.4% and 27.6% of the total, respectively. Revenue contribution from direct sales increased by 4.9 percentage points year on year.

Steadily Expanding Production and Ensuring Product Supply and Quality

We have pushed ahead with the planned expansion of production capacity to ensure the supply of high-quality products, so as to meet the ever-growing demand from consumers. During the Reporting Period, the Company added 1 cosmetic product line and 1 medical device line, and continued our construction of a new medical device factory and a new health product factory, of which the new medical device factories are expected to be put into operation successively within this year. In the “Commitment to Quality and Integrity of Products and Services (產品和服務質量誠信承諾)” campaign launched by the China Association for Quality Inspection on the International Consumers’ Rights Day (國際消費者權益日) on 15 March 2024, the Company was honored with the awards of “National Model Enterprise of Products and Services Quality Integrity (全國產品和服務質量誠信示範企業)”, “National Leading Brand in Quality in the Recombinant Collagen Industry (全國重組膠原蛋白行業質量領先品牌)”, and “National Consumer Quality Reputation Guaranteed Product (全國消費者質量信譽保障產品)”, which reflect that the technological strength, brand influence, and product quality of the Company are highly recognized by all walks of life and consumers.

Actively Undertaking Social Responsibility and Promoting the Healthy Development of the Industry

We emphasize participation in public welfare and charitable activities, and actively undertake our corporate social responsibility. During the Reporting Period, we joined hands with Shaanxi Charity Federation (陝西省慈善聯合會) to launch the “Guardian of Educators – Women’s Day Activity (守護教育工作者·三八節暖春愛心行動)”, donating more than RMB5 million worth of loving products to frontline educators and healthcare workers to

convey respect and care. On the 18th Skincare Day on 25 May (525護膚日), we joined hands with the Chinese Medical Doctor Association (中國醫師協會) and the Cosmetic Dermatology Branch of the Chinese Medical Doctor Association (中國醫師協會皮膚科醫師分會) to have collaboration with hundreds of public hospitals, OTC pharmacy chains, and other channels, delivering scientific and rational skin care concepts to consumers through authoritative experts’ popularization of the science, free clinic for the public, lectures and samples distribution.

As a leading company, we also attach great importance to the health of the industry, and hope to practice high-quality and sustainable development from ourselves. On 15 March 2024, taking International Consumers’ Rights Day as an opportunity, we jointly announced the “Giant Biogene’ 315 Transparency Commitment (巨子315透明承諾)” with Xinhua News Network, the Swimming World Champion & Comfy Essence Brand Ambassador Ye Shiwen, Senior Lawyer Liu Siyuan, and Senior Media Personality Zhang Chun to promote the information transparency on recombinant collagen products, in an effort to create a safe and secure market environment for consumption, and to promote the transparent and standardized development of recombinant collagen.

II. BUSINESS OUTLOOK

Looking ahead to the second half of 2024, we will continue to invest in research and development, further enrich our raw material reserves and product layout, and continue to make progress in clinical application for the three types of medical devices. We will take new products and new series as the starting point, improve stores operation, expand customer base, and fully explore the growth opportunities of various platforms, so as to lay a solid foundation for the balanced growth of the brand in the medium to long term. We will intensify our efforts to build our corporate brand and invest more in the marketing of our brands, so as to attract consumers across the board with multiple touchpoints and promote our brand values. We hope to work together with our peers to create a bright future for Chinese ingredients and national cosmetics brands.

III. OPERATING RESULTS

Revenue

For the six months ended 30 June 2024, our total revenue was RMB2,540.4 million, representing an increase of 58.2% from total revenue of RMB1,605.7 million for the six months ended 30 June 2023. Such increase was mainly attributable to our continued expansion of product categories, deepening of online and offline channels, creation of star products and strengthening of marketing during the Reporting Period, which further increased the influence of our products and brands and resulted in a faster growth in sales revenue.

(i) Revenue by Product Category

We sell products under multiple product categories in the beauty and health sectors in China, namely (i) professional skin treatment products, and (ii) functional foods and others. The following table sets forth the breakdown of our revenue by product category (medical dressings classified as medical devices) for the periods indicated:

	For the six months ended 30 June			
	2024		2023	
	Amount (Unaudited)	%	Amount (Unaudited)	%
	(RMB in millions other than percentages)			
Professional skin treatment products				
– functional skincare products	1,939.6	76.4	1,197.0	74.5
– medical dressings	592.2	23.3	397.8	24.8
Functional foods and others	8.6	0.3	10.9	0.7
Total	2,540.4	100.0	1,605.7	100.0

Our overall growth in revenue was primarily driven by the sales growth of professional skin treatment products, as we continued to strengthen our marketing activities across all channels, as well as solid growth in our best-selling classic products, rapid growth in our star products and successful new product launches.

Management discussion and analysis

(ii) Revenue by Sales Channel

During the Reporting Period, we sold our products through direct sales and sales to our distributors. We directly sold products to (i) consumers through direct-to-customer (DTC) stores on e-commerce and social media platforms; (ii) e-commerce platforms; and (iii) hospitals, clinics, pharmacy chains, cosmetic store chains and supermarket chains. We also engaged distributors to sell and distribute our products to individual consumers, hospitals, clinics, pharmacy chains, cosmetic store chains and supermarket chains. The following table sets forth the breakdown of our revenue by sales channel in absolute amounts and as a percentage of our total revenue for the periods indicated:

	For the six months ended 30 June			
	2024		2023	
	Amount (Unaudited)	%	Amount (Unaudited)	%
	(RMB in millions other than percentages)			
Direct sales				
– Online direct sales through our DTC stores	1,603.2	63.1	977.2	60.9
– Online direct sales to e-commerce platforms	167.4	6.6	68.8	4.3
– Offline direct sales	67.6	2.7	37.1	2.3
Subtotal	1,838.2	72.4	1,083.1	67.5
Sales to distributors	702.3	27.6	522.6	32.5
Total	2,540.4	100.0	1,605.7	100.0

Direct sales*Online direct sales through our DTC stores*

During the Reporting Period, revenue from online direct sales through our DTC stores amounted to RMB1,603.2 million, representing an increase of 64.1% as compared to the corresponding period in 2023 and accounting for 63.1% of total revenue for the Reporting Period. Such increase was attributable to (1) our continued refinement of operations on multiple online platforms, which resulted in rapid growth in revenue from e-commerce platforms such as Tmall and Douyin; (2) the rapid increase in revenue from essence products and smear masks, such as the revenue contributed by Comfy Human-like Recombinant Collagen Restoration Single Use Essence (可復美Human-like重組膠原蛋白肌禦修護次拋精華) and Collgene Human-like Collagen LIFTACTIV Tightening Mask (可麗金Human-like膠原蛋白賦能珍萃緊致駐顏面膜); (3) the further enriched product matrix and the ongoing launch of new products including Face Cream; and (4) enhancement of brand recognition and affection through brand marketing and promotions to promote sales volume and revenue growth.

Management discussion and analysis

Online direct sales to e-commerce platforms

During the Reporting Period, revenue from online direct sales to e-commerce platforms amounted to RMB167.4 million, representing an increase of 143.3% as compared to the corresponding period in 2023, accounting for 6.6% of total revenue for the Reporting Period. Such increase was driven by our continuous optimization of our platform marketing strategies and product mix, which drove sales and revenue growth.

Offline direct sales

During the Reporting Period, revenue from offline direct sales amounted to RMB67.6 million, representing an increase of 82.2% as compared to the corresponding period in 2023 and accounting for 2.7% of total revenue for the Reporting Period. Such increase was attributable to the fact that, on the one hand, we continued to increase the number of stores and product coverage of our offline direct sales customers, such as pharmacy and cosmetic chains, and strengthened our store marketing activities and staff training, which drove the growth of revenue from this channel, and on the other hand, we continued to open offline Comfy flagship stores and standard stores in Xi'an, Chengdu, Chongqing and other cities, which increased the number of points of contact for sales, and thus further enhanced our revenue.

Sales to distributors

During the Reporting Period, revenue from sales to distributors amounted to RMB702.3 million, representing an increase of 34.4% as compared to the corresponding period in 2023, accounting for 27.6% of total revenue for the Reporting Period. Such increase was driven by our continued efforts to advance the coverage on the pharmacy and cosmetic chains, as well as the product coverage and distribution revenues.

(iii) Revenue by Brand

During the Reporting Period, we generated revenue primarily from the sales of products under Comfy and Collgene. The following table sets forth a breakdown of our revenue by brand for the periods indicated:

	For the six months ended 30 June			
	2024		2023	
	Amount (Unaudited)	%	Amount (Unaudited)	%
	(RMB in millions other than percentages)			
Professional skin treatment products				
– Comfy	2,070.9	81.5	1,228.2	76.4
– Collgene	396.1	15.6	320.5	20.0
– Other brands	64.9	2.6	46.1	2.9
Functional foods and others	8.6	0.3	10.9	0.7
Total	2,540.4	100.0	1,605.7	100.0

Professional skin treatment products

Comfy

During the Reporting Period, the sales revenue from Comfy amounted to RMB2,070.9 million, representing an increase of 68.6% as compared to the corresponding period in 2023 and accounting for 81.5% of total revenue for the Reporting Period. Such growth was attributable to (1) the further increase in brand influence as a result of our continued expansion of online and offline sales channels and optimization of our operating strategies; (2) the continued growth in revenue from star products such as Comfy Human-like Recombinant Collagen Restoration Single Use Essence (可復美Human-like重組膠原蛋白肌禦修護次拋精華); and (3) the continued expansion of products in the category of creams and other products such as the launch of the new product, Comfy Recombinant Collagen Luminous and Repair Essence Cream (可復美重組膠原蛋白光奕律時修護精華霜), contributing to the incremental revenue.

Collgene

During the Reporting Period, the sales revenue from Collgene amounted to RMB396.1 million, representing an increase of 23.6% as compared to the corresponding period in 2023 and accounting for 15.6% of total revenue for the Reporting Period. Such increase was attributable to (1) our continued expansion of online channels to further enhance brand awareness; and (2) the continued upgrading and iterative launch of new products, such as Collgene Recombinant Collagen Embodied Lifting and Firming Anti-Wrinkle Essence (可麗金重組膠原蛋白蘊活提拉緊塑抗皺精華霜) and Collgene Recombinant Collagen Embodied Three Dimensional Firming and Light Lines Essence Eye Cream (可麗金重組膠原蛋白蘊活立體緊致淡紋精華眼霜), which contributed to incremental revenue.

Other Brands

During the Reporting Period, the sales revenue from other brands amounted to RMB64.9 million, representing an increase of 40.8% as compared to the corresponding period in 2023 and accounting for 2.6% of total revenue for the Reporting Period. Such increase was mainly due to the growth in sales volume of products from the brand Ke Yu (可預).

Functional foods and others

During the Reporting Period, the sales revenue from functional foods and others amounted to RMB8.6 million, representing a decrease of 21.1% as compared to the corresponding period in 2023 and accounting for 0.3% of total revenue for the Reporting Period. Such decrease was mainly attributable to adjustments to functional food channels and promotion strategies.

Cost of sales

For the six months ended 30 June 2024, cost of sales amounted to RMB447.2 million, representing an increase of 75.6% from RMB254.7 million for the six months ended 30 June 2023. Such increase was mainly attributable to the increase in product sales volume, which resulted in (1) the increase in total material costs from RMB199.5 million for the same period in 2023 to RMB314.2 million for the Reporting Period; (2) the corresponding increase in logistics expenses; and (3) the purchase of new equipment and the increase in the number of frontline staff for the purpose of expanding the scale of regeneration, which directly led to the increase in manufacturing expenses and labor costs.

Gross profit and gross profit margin

For the six months ended 30 June 2024, gross profit amounted to RMB2,093.2 million, representing an increase of 54.9% from RMB1,351.0 million for the six months ended 30 June 2023, which was mainly due to the increase in sales revenue.

Gross profit margin decreased from 84.1% for the six months ended 30 June 2023 to 82.4% for the six months ended 30 June 2024, which was mainly due to the expansion of product types and increased cost of sales.

Selling and distribution expenses

For the six months ended 30 June 2024, selling and distribution expenses amounted to RMB892.0 million, representing an increase of 60.7% from RMB555.2 million for the six months ended 30 June 2023. Such increase was mainly due to the increase in online marketing expenses as a result of the rapid expansion of our online direct sales channels.

Management discussion and analysis

Research and development costs

For the six months ended 30 June 2024, research and development costs amounted to RMB48.7 million, representing an increase of 43.2% from RMB34.0 million for the six months ended 30 June 2023, and accounting for 1.9% and 2.1% of our revenue for the six months ended 30 June 2024 and for the six months ended 30 June 2023, respectively. Such increase was mainly attributable to higher employee compensation expenses as a result of our continued investment in basic research and research and development of our pipeline products, as well as the increase in the number of research and development personnel.

Other income

For the six months ended 30 June 2024, other income amounted to RMB52.4 million, representing an increase of 57.4% from RMB33.3 million for the six months ended 30 June 2023. Such increase was mainly attributable to the increase in interest income.

Other gains, net

For the six months ended 30 June 2024, other net gains amounted to RMB17.8 million, representing a decrease of 37.9% from RMB28.6 million for the six months ended 30 June 2023. Such gain was mainly attributable to the fair value gains on financial assets at fair value through profit or loss.

Administrative expenses

For the six months ended 30 June 2024, administrative expenses amounted to RMB65.7 million, representing an increase of 38.3% from RMB47.5 million for the six months ended 30 June 2023, which was mainly attributable to the increase in employee compensation expenses due to increase in the number of management personnel.

Income tax expense

For the six months ended 30 June 2024, income tax expense amounted to RMB174.6 million, representing an increase of 59.3% from RMB109.6 million for the six months ended 30 June 2023, which was mainly due to the increase in our taxable revenue.

Profit for the period

As a result of the foregoing, for the six months ended 30 June 2024, profit for the period amounted to RMB980.6 million, representing an increase of 47.2% from RMB666.0 million for the six months ended 30 June 2023.

Basic and diluted earnings per share

For the six months ended 30 June 2024, the basic earnings per share amounted to RMB0.99, representing an increase of 47.8% from RMB0.67 for the six months ended 30 June 2023. For the six months ended 30 June 2024, the diluted earnings per share amounted to RMB0.97, representing an increase of 47.0% from RMB0.66 for the six months ended 30 June 2023. The increase in basic and diluted earnings per share was mainly due to the increase in profit for the year.

Gearing ratio

Gearing ratio represents the percentage of interest-bearing borrowings to total equity. As of 30 June 2024, we did not have any outstanding bank loans or other borrowings. As a result, gearing ratio was not applicable as of 30 June 2024.

INTEREST EXPENSE OF BANK AND OTHER BORROWINGS

As of 30 June 2024, the Group had no bank and other borrowings, and incurred no related interest expenses.

TREASURY POLICY

If the Company determines that its cash requirements exceed the amount of cash and cash equivalents then on hand, it may seek to issue equity or debt securities or obtain credit facilities.

PLEDGE OF ASSETS

As of 30 June 2024, the Group did not pledge any assets.

MATERIAL INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2024, the Group had no material investments with a value of 5% or more of the Group's total assets as at 30 June 2024 (including any investment in an investee company with a value of 5% or more of the Group's total assets as at 30 June 2024), nor had any material acquisitions or disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group had no specific plan for material investments and purchase of capital assets as of 30 June 2024.

LIQUIDITY AND CAPITAL RESOURCES

As of 30 June 2024, our liquidity amounted to RMB4,564.4 million, which consisted of cash and cash equivalents, representing an increase of 82.3% from RMB2,504.0 million for the year ended 31 December 2023.

RISK MANAGEMENT

Foreign Currency Risk

The Group has transactional currency exposures. Such exposures arise from currencies other than the units' functional currencies. As the Board considered foreign currency exposure to be insignificant to the Group, it did not use any financial instruments such as forward exchange rate contract to hedge the risks.

Credit Risk

Receivable balances are monitored on an on-going basis, and the Group's exposure to bad debts risk is not significant. As of the end of the Reporting Period, the Group was subject to concentrations of credit risk to some extent, as our cash and cash equivalents were deposited in a few financial institutions. As of the end of the Reporting Period, the cash and cash equivalents were deposited in highly trustworthy financial institutions without significant credit risk. There are no significant concentrations of credit risk within the Group in respect of trade and other receivables.

Liquidity Risk

In the management of the liquidity risk, our Group monitors and maintains a level of cash and cash equivalents which are deemed adequate by the management of the Group to finance our operations and mitigate the effects of fluctuations in cash flows.

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

As of 30 June 2024, our capital commitments mainly consisted of plant, machinery and buildings amounting to RMB239.8 million. The Company recorded capital expenditures of RMB164.7 million for the six months ended 30 June 2024, which were primarily used for construction of new plants and purchase of production line equipment.

EMPLOYEES, TRAINING AND REMUNERATION POLICIES

As of 30 June 2024, the Group had 1,512 full-time employees, the majority of whom were based in Shaanxi Province, China. The following table sets forth the number of employees of the Group categorized by function as of 30 June 2024:

Function	Number of Employees	% of Total
Manufacturing	604	39.9
Research and development	175	11.6
Sales and marketing	454	30.0
General and administration	279	18.5
Total	1,512	100.0

Our success depends on our ability to attract, retain and motivate qualified personnel. We recruit employees through channels such as campus recruitment and experienced personnel hiring to reach talents with education background in relevant subjects or work experiences in relevant industries for our research and development, sales, management, operation and other teams. We evaluate each candidate based on his/her educational background, expertise, necessary skills, interview performance, relevant experience, and professional ethics. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives. We have adopted a comprehensive training protocol, pursuant to which we provide pre-employment training to our new employees and pre-job transfer training to internal transferred employees, and continuing technical training to our employees on a regular basis. We also provide necessary training to employees who are responsible for quality control to ensure that they are competent for their work.

In December 2021, the Company adopted a restricted share unit (the "RSU") scheme (the "RSU Scheme") to improve the Group's employee incentive and remuneration mechanism, attract and retain the senior management team and core talents. The maximum number of underlying shares of all RSUs granted under the RSU Scheme in aggregate shall not exceed 19,000,000 shares, representing approximately 1.85% of the total issued share capital of the Company as of the date of this report. Prior to the Company's listing on the Stock Exchange, 83 RSU Scheme participants had been granted RSUs under the RSU Scheme involving a total of 19,000,000 underlying shares.

On 17 August 2023, the 2023 share option scheme (the "2023 Share Option Scheme") and the 2023 share award scheme (the "2023 Share Award Scheme") were adopted at the general meeting of the Company. The purposes of these schemes were, among others, to attract suitable talents to promote further growth and development of the Group. The maximum number of shares may be issued pursuant to the 2023 Share Option Scheme and the 2023 Share Award Scheme in aggregate will be 99,500,000 shares, representing 9.68% of the total number of shares in issue of the Company as of the date of this report. The maximum number of shares may be issued to service provider participants pursuant to the 2023 Share Option Scheme and the 2023 Share Award Scheme in aggregate will be 19,900,000 shares, representing 1.94% of the total number of shares in issue of the Company as of the date of this report. On 28 December 2023, the Company granted an aggregate of 20,000,000 options to 128 eligible participants pursuant to the 2023 Share Option Scheme to subscribe for ordinary shares of US\$0.00001 each in the share capital of the Company. For details, please refer to the announcement of the Company published on the Stock Exchange on 28 December 2023.

OTHER INFORMATION

INTERIM DIVIDENDS

The Board has resolved not to recommend the distribution of interim dividends for the six months ended 30 June 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of its shareholders. The Directors are aware of the importance of incorporating elements of good corporate governance into the Group's management structure and internal control procedures to achieve effective accountability.

The Company has adopted the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix C1 to the Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions set out in the Corporate Governance Code for the six months ended 30 June 2024, save for the deviations from code provision C.2.1.

According to code provision C.2.1 under the Corporate Governance Code, the roles of chairman of the board of directors and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman of the board of directors and chief executive officer should be clearly established and set out in writing. The roles of chairman of the Board and the chief executive officer are currently performed by Mr. Yan Jianya as the two functions have not been separated by the Company. In view of Mr. Yan's substantial contribution to the Group since its establishment and his extensive experience, the Company considers that having Mr. Yan Jianya acting as both the chairman of the Board and chief executive officer will provide strong and consistent leadership to the Group and facilitate the efficient execution of the business strategies of the Company. The Company considers it appropriate and beneficial to its business development and prospects that Mr. Yan Jianya continues to act as both the chairman of the Board and chief executive officer, and therefore it is currently not proposed to separate the functions of chairman of the Board and chief executive officer.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions of the Company. Having made specific enquiry to all Directors, all Directors confirmed that they have fully complied with all relevant requirements set out in the Model Code during the Reporting Period and up to the date of this report.

The Company has also established and implemented policies and procedures for the disclosure of information (including but not limited to the disclosure of inside information), including monitoring potential inside information, ensuring that relevant facts and circumstances that are material to the Company's share price are promptly identified and assessed, and bringing such matters to the attention of the Board as necessary to determine whether a disclosure is required. Directors, senior management and relevant employees who are in possession of inside information or potential inside information are required to take reasonable steps to preserve confidentiality and ensure that its recipients are aware of their obligations to maintain confidentiality.

CHANGES IN INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

During the Reporting Period, there are no changes in the information of Directors and senior management which are required to be disclosed under Rule 13.51B(1) of the Listing Rules.

Other information

INTERESTS AND/OR SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

So far as is known to the Directors or chief executive of the Company, as of 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which are required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO); or (b) recorded in a register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are set out below:

Name of Director or chief executive	Nature of interest	Number of Shares interested ⁽¹⁾	Approximate percentage of shareholding in the Company as of 30 June 2024 ⁽²⁾
Mr. Yan Jianya ("Mr. Yan")	Interest of spouse; beneficiary of a trust ⁽³⁾⁽⁴⁾	589,350,972	57.32%
Ms. Ye Juan ⁽⁵⁾	Beneficiary of a trust	1,049,800	0.10%
Ms. Fang Juan ⁽⁶⁾	Beneficiary of a trust	1,157,601	0.11%
Ms. Zhang Huijuan ⁽⁷⁾	Beneficiary of a trust	1,240,000	0.12%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 1,028,220,000 Shares in issue as at 30 June 2024.
- (3) Mr. Yan is the spouse of Dr. Fan Daidi ("Dr. Fan"). As such, he is deemed to be interested in the 582,004,935 Shares held by Dr. Fan in the Company.
- (4) As at 30 June 2024, under the RSU Scheme adopted by the Company on 8 December 2021, Mr. Yan, the executive Director, is entitled to RSUs equivalent to 7,346,037 Shares (subject to vesting conditions), which are held under a trust pursuant to the RSU Scheme.
- (5) As at 30 June 2024, under the RSU Scheme adopted by the Company on 8 December 2021, Ms. Ye Juan, the executive Director, is entitled to RSUs equivalent to 449,800 Shares (subject to vesting conditions), which are held under a trust pursuant to the RSU Scheme. On 28 December 2023, Ms. Ye Juan was granted 600,000 options pursuant to the share option scheme adopted by the Company on 17 August 2023.
- (6) As at 30 June 2024, under the RSU Scheme adopted by the Company on 8 December 2021, Ms. Fang Juan, the executive Director, is entitled to RSUs equivalent to 557,601 Shares (subject to vesting conditions), which are held under a trust pursuant to the RSU Scheme. On 28 December 2023, Ms. Fang Juan was granted 600,000 options pursuant to the share option scheme adopted by the Company on 17 August 2023.
- (7) As at 30 June 2024, under the RSU Scheme adopted by the Company on 8 December 2021, Ms. Zhang Huijuan, the executive Director, is entitled to RSUs equivalent to 640,000 Shares (subject to vesting conditions), which are held under a trust pursuant to the RSU Scheme. On 28 December 2023, Ms. Zhang Huijuan was granted 600,000 options pursuant to the share option scheme adopted by the Company on 17 August 2023.

Other information

INTERESTS AND/OR SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors or chief executive of the Company, as of 30 June 2024, the following persons (other than Directors or chief executive of the Company) had the following interests and/or short positions in the Shares or underlying Shares of our Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Capacity and nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the Company as of 30 June 2024 ⁽²⁾
Dr. Fan	Interest in controlled corporation ⁽³⁾	581,104,935	56.52%
	Interest in controlled corporation ⁽⁴⁾	900,000	0.09%
	Interest of spouse ⁽⁵⁾	7,346,037	0.71%
Juzi Holding ⁽³⁾	Beneficial owner	581,104,935	56.52%
Refulgence Holding ⁽³⁾	Interest in controlled corporation	581,104,935	56.52%
Trident Trust Company (B.V.I.) Limited ⁽³⁾	Trustee	581,104,935	56.52%
E Fund Management Co., Ltd. ⁽⁶⁾	Investment manager	50,067,000 ⁽⁶⁾	5.03% ⁽⁶⁾

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 1,028,220,000 Shares in issue as at 30 June 2024.
- (3) Juzi Holding is wholly owned by Refulgence Holding, the holding vehicle for the benefit of the FY Family Trust with Dr. Fan as the settlor and beneficiary. Refulgence Holding is legally owned by Trident Trust Company (B.V.I.) Limited as trustee for the benefit of the FY Family Trust. As such, each of Dr. Fan, Refulgence Holding and Trident Trust Company (B.V.I.) Limited is deemed to be interested in the 581,104,935 Shares held by Juzi Holding in the Company.
- (4) Healing Holding is wholly owned by Dr. Fan. As such, Dr. Fan is deemed to be interested in the 900,000 Shares held by Healing Holding in the Company.
- (5) As at 30 June 2024, under the RSU Scheme adopted by the Company on 8 December 2021, Mr. Yan, the executive Director, is entitled to RSUs equivalent to 7,346,037 Shares (subject to vesting conditions), which are held under a trust pursuant to the RSU Scheme. Dr. Fan is the spouse of Mr. Yan. As such, she is deemed to be interested in the 7,346,037 Shares.
- (6) According to the disclosure of interest forms submitted by E Fund Management Co., Ltd. on 18 March 2024, it held 50,067,000 Shares of the Company, representing 5.03% of approximate percentage of shareholding in the Company based on the total number of issued shares of the Company of 995,000,000 Shares as at 18 March 2024, or 4.87% of approximate percentage of shareholding in the Company based on the total number of 1,028,220,000 Shares of the Company in issue as at 30 June 2024.

Except as disclosed above, the Directors or chief executive of the Company are not aware of any other person who had any interests and/or short positions in the Shares or underlying shares of our Company as at 30 June 2024 which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of the share capital carrying rights to vote in all circumstances at general meetings of our Company.

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

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

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

As approved by the Shareholders at the annual general meeting on 13 June 2024, the Company has adopted the fourth amended and restated Memorandum and Articles of Association to (i) update and bring the then existing Memorandum and Articles of Association in line with the relevant amendments to the Listing Rules in respect of the electronic dissemination of corporate communications by listed issuers (effective from 31 December 2023); and (ii) make other consequential and housekeeping amendments to better align with the wordings and requirements under the applicable laws of the Cayman Islands and the Listing Rules. For details, please refer to the announcements of the Company dated 25 March 2024 and 13 June 2024, and the circular dated 29 April 2024, respectively.

EMPLOYEE INCENTIVE PLANS

RSU Scheme

The following is a summary of the principal terms of the RSU Scheme adopted by us on 8 December 2021. No further RSUs will be granted under the RSU Scheme after the Listing.

Purposes. The purposes of the RSU Scheme are to (i) improve the employee incentive and remuneration mechanism of the Group and align the interests of our Shareholders and employees to promote the Group's development in the long run; and (ii) attract and retain our senior management team and core talents, motivate their initiatives and creativity so as to enhance the operation efficiency and management performance of the Group.

RSU Scheme Limit. The maximum number of Shares underlying all RSUs granted under the RSU Scheme in aggregate shall not exceed 19,000,000 Shares, representing approximately 1.85% of the total issued share capital of the Company (excluding treasury shares) as at the date of this report. All the RSUs with a total of 19,000,000 underlying Shares had been granted prior to the Listing, and no further RSUs will be granted under the RSU Scheme after the Listing. There is no maximum entitlement of each participant under the RSU Scheme as the RSU Scheme was adopted before the adoption date of the current effective Chapter 17 of the Listing Rules.

Term of the RSU Scheme. Subject to any early termination upon occurrence of any termination events, the RSU Scheme shall be valid and effective for a period of ten years, commencing on the date of adoption of the RSU Scheme by the Board. The remaining life of the RSU Scheme is seven years.

Grant Prices. The grant prices of RSUs granted to each participant of the RSU Scheme are RMB4.74 per share (granted on 8 December 2021) and RMB20 per share (granted on 26 September 2022), respectively. The grant prices were determined by multiplying the latest round of financing price by a certain discount rate, and it shall not, in principle, be lower than the audited net carrying amount of asset per share and the par value per share. The Grantee shall pay the grant price within the period stated in the Grant Notice.

Participants. Participants of the RSU Scheme (the "RSU Participant(s)") include (i) the Directors, members of senior and middle level management team, core talents of the Group and any other persons as the Board may deem necessary to incentivize; and (ii) any professional consultant to the Group as recognized by the Board and other person who, in the opinion of the Board, has made or will make contribution to the Group.

Vesting of RSUs. The RSUs granted to each RSU Participant are expected to be vested in five equal instalments, with 20% of the total number of Shares granted to such RSU Participant being vested after each of the twelve months starting from the date of grant, subject to any adjustment by the Board taking into consideration, among others, the business performance of the Company and results of the annual performance review of such RSU Participant.

Prior to the vesting date, the Board will review whether the vesting conditions have been satisfied. If the vesting conditions have been satisfied, the Board will serve a vesting notice to such RSU Participant. If such RSU Participant fails to satisfy the vesting conditions, the Board will decide whether to delay the vesting of the relevant RSUs or declare lapse of relevant RSUs.

Other information

Details of the RSUs granted to Directors, connected persons of our Company and the five highest paid employees of the Group are set out as below:

RSU Participants	Relationship with the Company	Date of grant	Number of underlying Shares granted	Shares that are not vested and subject to the unlocking conditions as of 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Shares that are not vested and subject to the unlocking conditions as of 30 June 2024
Mr. Yan	Chairman of the Board, executive Director and chief executive officer	2021/12/8	5,107,833	3,064,700	-	-	-	-	3,064,700
		2022/9/26	5,351,669	4,281,337	-	-	-	-	4,281,337
Ms. Ye Juan	Executive Director and senior vice president	2021/12/8	475,000	285,000	-	-	-	-	285,000
		2022/9/26	206,000	164,800	-	-	-	-	164,800
Ms. Fang Juan	Executive Director and senior vice president	2021/12/8	633,333	380,000	-	-	-	-	380,000
		2022/9/26	222,000	177,601	-	-	-	-	177,601
Ms. Yan Yajuan	Senior vice president, an associate of Mr. Yan	2021/12/8	522,500	313,500	-	-	-	-	313,500
		2022/9/26	215,000	172,000	-	-	-	-	172,000
Ms. Zhang Huijuan	Executive Director and chief financial officer	2022/9/26	800,000	640,000	-	-	-	-	640,000
<i>Sub-total</i>			13,533,335	9,478,938	-	-	-	-	9,478,938
Employees other than the Directors, connected persons or the five highest paid employees of the Group		2021/12/8	2,615,665	1,569,399	-	-	-	-	1,569,399
		2022/9/26	2,851,000	2,313,264	-	-	-	-	2,313,264
Total			19,000,000	13,361,601	-	-	-	-	13,361,601

As of 30 June 2024, a total of 10,459,502 underlying Shares, representing 1.02% of the total number of issued Shares, were granted to Mr. Yan, the Chairman, executive Director and chief executive officer of the Company under the RSU Scheme; in which, no underlying Shares have been vested during the Reporting Period. Save as disclosed above, as of 30 June 2024, there were no RSU Participants to whom the number of underlying Shares granted or to be granted exceeded 1% of the total number of issued Shares.

Other information

2023 Share Option Scheme and 2023 Share Award Scheme

The following summarizes the principal terms of the 2023 Share Option Scheme and 2023 Share Award Scheme (collectively, “**2023 Schemes**”) adopted by us on 17 August 2023. Terms used herein shall have the same meaning as those defined in the circular of the Company dated 31 July 2023.

Purposes. The purposes of the 2023 Schemes are to provide an opportunity for the Participants to have a personal stake in the Company, to recognize, motivate and provide incentives to the Participants, to attract and retain the best available personnel, to provide additional incentives to the Participants, to promote the success of the business of the Group, and for such other purposes as the Board may approve from time to time.

Participant(s). Including: (i) Employee Participant(s): director (excluding the independent non-executive directors) or employee (whether full time or part time) of any member of the Group (including any person who is granted Option(s) or Awarded Share(s) as an inducement to enter into employment contract with any member of the Group); (ii) Related Entity Participant(s): director, supervisor or employee of the following: a “holding company” of the Company (as defined in the SFO); a “subsidiary” of a holding company of the Company (as defined in the SFO) other than the Group; or an “associate” of the Company (as defined in the Listing Rules); and (iii) Service Provider Participant(s): persons (including entities) providing services to the Group on a continuing basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group as determined by the Board (or CEO, a committee or any other authorized agent(s) as deemed appropriate at the sole discretion of the Board) pursuant to the terms of in the 2023 Schemes.

Scheme Limit and Service Provider Sublimit. The maximum number of Shares issuable pursuant to the 2023 Schemes in aggregate will be 99,500,000 Shares, being 9.68% of the total number of Shares in issue (excluding treasury shares) as at the date of this report. The maximum number of Shares issuable to Service Provider Participants pursuant to the 2023 Schemes in aggregate will be 19,900,000 Shares, being 1.94% of the total number of Shares in issue (excluding treasury shares) as at the date of this report.

Maximum Entitlement for Each Participant. Where any grant of Options or Awarded Shares to a Participant would result in the total number of Shares issued and to be issued in respect of all Options and awards granted (excluding any Options and awards lapsed in accordance with the terms of the 2023 Schemes or any other schemes of the Company) under the 2023 Schemes in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of Shares in issue, such grant must be separately approved by the Shareholders in general meeting with such Participant and his/her close associates (or associates if the Participant is a connected person) abstaining from voting.

Vesting Period. The minimum vesting period for an Option or an Awarded Share, in general, is 12 months before the Option or the Awarded Share can be exercised. A shorter vesting period may be granted to a Participant at the discretion of the Board (or the CEO, a committee or any other authorized agent(s) as deemed appropriate at the sole discretion of the Board) as deemed appropriate at the sole discretion of the Board if such grants are:

- (a) grants of “make-whole” Options or Awarded Shares to new joiners to replace the share awards they forfeited when leaving the previous employer;
- (b) grants to a Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event, which includes scenarios as illustrated in the terms of the 2023 Schemes and would serve as compassionate arrangements for relevant Participants in line with market practice;

Other information

- (c) grants that are made in batches during a year for administrative and compliance reasons, which include Option(s) or Awarded Share(s) that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which Option(s) or Awarded Share(s) would have been granted;
- (d) grants with a mixed or accelerated vesting schedule such as where Option(s) or Awarded Share(s) may vest evenly over a period of 12 months under, including but not limited to, the circumstances set out in the terms of 2023 Schemes, which gives the Company more flexibility in providing incentives to the Participants and is in line with market practice; or
- (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria, in which the Company expects the Participants to achieve their performance targets as soon as possible by offering immediate vesting upon fulfilment of the performance targets, and the Participants could be incentivized to the largest extent.
- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Share Option Offer Date;
- (b) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the Share Option Offer Date; and
- (c) the par value per Share on the date of grant, provided that in the event of fractional prices, the Exercise Price per Share shall be rounded upwards to the nearest whole cent.

Option exercise period. Option exercise period shall be a period to be determined and notified by the CEO or any other authorized agent(s) as deemed appropriate at the sole discretion of the Board in its absolute discretion to each Grantee as being the period during which an Option may be exercised, and in any event, such period shall expire at the close of business on the business day immediately preceding the tenth anniversary of the date of the grant of the Options.

Option Exercise Price. No amount shall be payable for the application or acceptance of any Option. The Option Exercise Price shall be a price to be solely determined by the Board (or CEO, a committee or any other authorized agent(s) as deemed appropriate at the sole discretion of the Board) in its absolute discretion and notified to a Participant, but in any case the Option Exercise Price shall be at least the highest of:

Awarded Share Purchase Price. The purchase price (if any) in respect of any particular Award shall be such price as the Board (or CEO, a committee or any other authorized agent(s) as deemed appropriate at the sole discretion of the Board) may in its absolute discretion determine at the time of grant of the relevant Award (and shall be stated in the Grant Notice) and taking into consideration of the factors such as prevailing closing price of the Shares, the purpose of the 2023 Share Award Scheme, the performance of the relevant Participant(s) and his/her potential and expected contribution to the growth and development of the Company. For avoidance of doubt, the Awards under the 2023 Share Award Scheme could be exercised at nil consideration or at certain price. If there is purchase price for the Awarded Shares, the Grantee shall pay the price within the period stated in the Grant Notice.

Remaining Lives of Schemes. The 2023 Schemes shall be valid and effective for a period of 10 years commencing on the Adoption Date. The remaining lives of the 2023 Schemes are 9 years as of the date of this report.

The Company granted an aggregate of 20,000,000 Options (the "Option(s)") to 128 eligible Participants (the "Grantees") on 28 December 2023 to subscribe for ordinary shares of US\$0.00001 each in share capital of the Company. As of the date of this report, no share award has been granted under the 2023 Share Award Scheme.

Other information

Details of Options granted to Directors and senior management of the Company and associates of Directors are set out as below:

Grantees	Relationship with the Company	Date of grant	Number of Options granted	Outstanding as of 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of 30 June 2024
Ms. Fang Juan	Executive Director and senior vice president	2023/12/28	600,000	600,000	-	-	-	-	-	600,000
Ms. Ye Juan	Executive Director and senior vice president	2023/12/28	600,000	600,000	-	-	-	-	-	600,000
Ms. Zhang Huijuan	Executive Director and chief financial officer	2023/12/28	600,000	600,000	-	-	-	-	-	600,000
Ms. Yan Yajuan	Senior vice president and associate of Mr. Yan	2023/12/28	600,000	600,000	-	-	-	-	-	600,000
Other employees		2023/12/28	17,600,000	17,600,000	-	-	-	-	-	17,600,000
Total			20,000,000	20,000,000	-	-	-	-	-	20,000,000

For the aggregate of 20,000,000 Options granted on 28 December 2023, (1) the vesting period is: 40% of the Options granted shall be vested after one year from the date of grant; 30% of the Options granted shall be vested after two years from the date of grant; and the remaining 30% of the Options granted shall be vested after three years from the date of grant; (2) the exercise period will be subject to the respective letters of grant to the Grantees (and their respective vesting periods as stipulated thereunder), provided that under any circumstance such period shall not exceed 10 years from the date of grant and the Options shall lapse upon the expiry of such period; (3) no purchase price is payable by the Grantees on acceptance of the Options; (4) Exercise Price of Options granted is HK\$35.05 per Share, and the closing price of the Shares of the Company on the date immediately preceding the grant of Options (being 27 December 2023) is HK\$33.7 per Share; (5) each Grantee shall fulfill his/her respective appraisal targets during the vesting period, including (i) annual results and performance of the Group; (ii) the key performance indicators of respective department and/or business unit that the Grantee belongs to; and (iii) his/her individual position, annual appraisal result and other factors relevant to such Grantee; and (6) the fair value of relevant Options on the date of grant was HK\$6.25 per Share, HK\$125 million in total.

Other information

As at the beginning of the Reporting Period and the end of the Reporting Period, the number of Shares available for future grant under the Scheme Mandate Limit of the 2023 Share Option Scheme and the 2023 Share Award Scheme is 79,500,000, and the number of Shares available for future grant under the Service Provider Sublimit of the 2023 Share Option Scheme and the 2023 Share Award Scheme is 19,900,000. During the Reporting Period, the number of Shares (being 20,000,000) that may be issued in respect of Options and awards granted under all the share schemes of the Company divided by the weighted average number of Shares in issue for the Reporting Period of 1,028,220,000 is around 1.95%.

Save as disclosed above, as at the date of this report, none of the Grantees is (i) a Director, chief executive or substantial shareholder of the Company, or an associate (as defined in the Listing Rules) of any of them; (ii) a Participant with Options granted and to be granted exceeding the individual limit of 1% of the Shares in issue under Rule 17.03D of the Listing Rules within the 12-month period up to and including the date of grant; or (iii) a Related Entity Participant or Service Provider with Options granted and to be granted in any 12-month period exceeding 0.1% of the Shares in issue.

CONTINUING DISCLOSURE OBLIGATIONS UNDER THE LISTING RULES

As of 30 June 2024, the Company did not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

PROCEEDS FROM THE GLOBAL OFFERING

On 4 November 2022, the Company's Shares were listed on the Main Board of the Stock Exchange. The net proceeds from the Global Offering (including proceeds from full exercise of the over-allotment option) after deducting underwriting discount and commission are approximately HK\$573.7 million, which will be utilized according to the use of proceeds disclosed in the Prospectus as follows:

- approximately 11% of the net proceeds will be used for the investment in research and development to enlarge our research and development team through recruitment, expand our research and development facilities and conduct testing and validation studies;
- approximately 28% of the net proceeds will be used for the expansion of manufacturing capacity with respect to our product portfolios and bioactive ingredients;
- approximately 46% of the net proceeds will be used to enhance our omni-channel sales and distribution network, and implement our science – and knowledge-driven marketing initiatives to enhance our brand recognition;
- approximately 5% of the net proceeds will be used for the enhancement of our operation and information systems, including (i) procurement of software and hardware; (ii) development of an integrated hybrid cloud infrastructure through investments in hardware such as servers and Internet services; and (iii) recruitment of IT specialists, including software developers and IT engineers; and
- approximately 10% of the net proceeds will be used for working capital and general corporate uses.

During the Reporting Period and up to the date of this report, there is no change to the intended use of the net proceeds disclosed above.

Other information

As of 30 June 2024, the use of net proceeds by the Group is set out below:

Purpose	% of use of proceeds raised	Net proceeds (HK\$ million)	Unutilized amount as at 1 January 2024 (HK\$ million)	Utilized amount during the six months ended 30 June 2024 (HK\$ million)	Accumulated amount utilized as at 30 June 2024 (HK\$ million)	Unutilized amount as at 30 June 2024 (HK\$ million)	Expected timetable for full utilization of remaining net proceeds
Investment in our research and development to enlarge our research and development team through recruitment, expand our research and development facilities and conduct testing and validation studies	11%	63.1	19.6	19.6	63.1	0	/
Expansion of manufacturing capacity with respect to our product portfolios and bioactive ingredients	28%	160.6	39.7	39.7	160.5	0	/
Enhancement of our omni-channel sales and distribution network, and implementation of our science- and knowledge-driven marketing activities to enhance our brand recognition	46%	263.9	68.2	68.2	263.9	0	/
Enhancement of our operation and information systems	5%	28.7	23.2	3.0	8.5	20.2	31 December 2027
Working capital and general corporate uses	10%	57.4	22.6	19.5	54.3	3.1	31 December 2027
Total	100%	573.7	173.4	150.0	550.3	23.3	

PROCEEDS FROM THE PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER THE GENERAL MANDATE

On 16 May 2024 (after trading hours), the Company, Juzi Holding Co., Ltd (the **"Top-up Vendor"**) and Goldman Sachs (Asia) L.L.C. (the **"Placing Agent"**) entered into a placing and subscription agreement (the **"Placing and Subscription Agreement"**), pursuant to which (i) the Top-up Vendor has agreed to sell, and the Placing Agent has agreed, as the Top-up Vendor's agent, on a best effort basis, to procure the placees, who will be professional, institutional, corporate or other investors, and who and whose ultimate beneficial owners shall be the Independent Third Parties, to purchase 33,220,000 shares held by the Top-up Vendor at a price of HK\$49.40 per share (the **"Vendor Placing"**), and (ii) the Top-up Vendor has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, such number of new shares equal to the shares actually placed under the Vendor Placing at a price equal to the placing price (the **"Subscription"**). The closing price of the Company's Shares as quoted on the Stock Exchange on the date of entering into the Placing and Subscription Agreement was HK\$52.95 per Share. The net price for the Subscription (after deducting the commissions and estimated expenses) is estimated to be approximately HK\$48.97 per Subscription Share. On 21 May 2024 and 24 May 2024, the Vendor Placing and the Subscription were completed respectively. A total of 33,220,000 Shares have been successfully placed to not less than six professional, institutional and/or individual investors at a placing price of HK\$49.40 per Share. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, such investors, together with their respective ultimate beneficial owners, are third parties independent of and not connected with the Company and its connected persons. So far as is known to the Company and Top-up Vendor, none of the placees and their ultimate beneficial owners will become substantial Shareholders of the Company as a result of the Vendor Placing and Subscription. For details, please refer to the announcements of the Company dated 17 May 2024 and 24 May 2024, respectively.

Upon the completion of the Vendor Placing and Subscription, the proceeds raised will enhance the Group's financial strength, market competitiveness and comprehensive strength, and promote the long-term healthy and sustainable development of the Group. The Vendor Placing and Subscription will also further diversify the Company's Shareholder base by attracting a number of high-quality institutional investors, and to further enhance the liquidity in the Shares through the Vendor Placing. The net proceeds received by the Company from the Subscription are approximately HK\$1,627 million (after deducting the commissions and estimated expenses), among which, (i) approximately 90%, or HK\$1,464.3 million, will be used for development of core business and the layout of ecosystem, including but not limited to brand promotion, marketing and research and development investment; and (ii) approximately 10%, or HK\$162.7 million, will be used for replenishment of liquidity and general corporate purposes.

During the Reporting Period and up to the date of this report, there is no change to the intended use of the net proceeds from the Vendor Placing and the Subscription disclosed above, and the Company plans to gradually utilize the net proceeds in accordance with such intended use within the next three years based on its actual business situations. Such expected timetable is based on the Company's best estimation of market conditions and business operation in the future, and is subject to change depending on the development of current and future market conditions as well as actual business needs.

As of 30 June 2024, the net proceeds from the Vendor Placing and the Subscription have not been utilized by the Company.

AUDIT COMMITTEE

The Company's Audit Committee is comprised of Ms. Wong Sze Wing (chairperson), Mr. Huang Jin and Mr. Shan Wenhua, all of whom are independent non-executive Directors. The Company's Audit Committee has reviewed the unaudited interim results and interim report of the Company for the six months ended 30 June 2024. The interim results and the condensed consolidated financial statements of the Group for the six months ended 30 June 2024 were approved and authorized for issue by the Board on 19 August 2024.

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

For the six months ended 30 June 2024

	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
REVENUE	4	2,540,432	1,605,698
Cost of sales		(447,192)	(254,702)
Gross profit		2,093,240	1,350,996
Selling and distribution expenses		(892,020)	(555,177)
Administrative expenses		(65,650)	(47,484)
Research and development expenses		(48,701)	(34,009)
Other expense		(1,338)	(968)
Other income	4	52,428	33,304
Other gains or losses, net		17,775	28,646
Finance cost		(54)	(57)
Reversal of impairment losses on financial assets, net		(490)	332
PROFIT BEFORE TAX	5	1,155,190	775,583
Income tax expense	6	(174,640)	(109,560)
PROFIT FOR THE PERIOD		980,550	666,023
Attributable to:			
Owners of the parent		983,164	666,940
Non-controlling interests		(2,614)	(917)
		980,550	666,023
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(8,248)	–
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Translation of the Company's functional currency to presentation currency		9,830	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		1,582	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		982,132	666,023
Attributable to:			
Owners of the parent:			
Ordinary shareholders of the parent		984,746	666,940
Non-controlling interests		(2,614)	(917)
		982,132	666,023
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic (RMB yuan)		0.99	0.67
Diluted (RMB yuan)		0.97	0.66

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Unaudited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	928,668	663,469
Other intangible assets		6,571	7,357
Right-of-use assets		46,875	48,155
Prepayments, other receivables and other assets, non-current		99,906	117,908
Deferred tax assets		156	1,110
Investments in associates		10,255	–
Total non-current assets		1,092,431	837,999
CURRENT ASSETS			
Inventories		333,740	200,440
Trade and bills receivables	10	195,918	102,029
Prepayments, other receivables and other assets, current		94,470	53,835
Financial assets at fair value through profit or loss ("FVTPL")	15	1,499,696	1,274,776
Cash and cash equivalents		4,564,386	2,503,999
Total current assets		6,688,210	4,135,079
CURRENT LIABILITIES			
Trade payables	11	337,106	133,109
Other payables and accruals		1,265,240	241,966
Tax payable		97,666	116,720
Lease liabilities, current		1,370	1,563
Deferred income		1,503	1,503
Contract liabilities		52,762	35,751
Total current liabilities		1,755,647	530,612
NET CURRENT ASSETS		4,932,563	3,604,467
TOTAL ASSETS LESS CURRENT LIABILITIES		6,024,994	4,442,466

Interim Condensed Consolidated Statement of Financial Position
30 June 2024

		30 June 2024	31 December 2023
	Notes	(Unaudited)	(Unaudited)
		RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities, non current		87	1,166
Deferred income		18,857	19,575
Deferred tax liabilities		31,202	50,675
Total non-current liabilities		50,146	71,416
Net assets		5,974,848	4,371,050
EQUITY			
Equity attributable to owners of the parent			
Ordinary share capital	12	65	63
Treasury shares		(1)	(1)
Reserves		5,970,068	4,362,078
		5,970,132	4,362,140
Non-controlling interests		4,716	8,910
Total equity		5,974,848	4,371,050

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent									
	Ordinary share capital	Treasury shares	Share premium	Surplus reserve	Other reserve	Exchange fluctuation reserve	Retained profits	Subtotal	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024 (audited)	63	(1)	1,694,690	135,537	48,814	-	2,483,037	4,362,140	8,910	4,371,050
Profit for the period	-	-	-	-	-	-	983,164	983,164	(2,614)	980,550
Other comprehensive income for the period:										
Exchange differences related to foreign operations	-	-	-	-	-	(8,248)	-	(8,248)	-	(8,248)
Translation of the Company's functional currency to presentation currency	-	-	-	-	-	9,830	-	9,830	-	9,830
Total comprehensive income for the period	-	-	-	-	-	1,582	983,164	984,746	(2,614)	982,132
Issue of shares	2	-	1,498,500	-	-	-	-	1,498,502	-	1,498,502
Share issue expenses	-	-	(12,867)	-	-	-	-	(12,867)	-	(12,867)
Transfer from retained profits	-	-	-	17,766	-	-	(17,766)	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(1,580)	(1,580)
Recognition of equity-settled share-based payments	-	-	-	-	46,048	-	-	46,048	-	46,048
Final and special 2023 dividend declared	-	-	-	-	-	-	(908,437)	(908,437)	-	(908,437)
As at 30 June 2024 (unaudited)	65	(1)	3,180,323	153,303	94,862	1,582	2,539,998	5,970,132	4,716	5,974,848

For the six months ended 30 June 2023

	Attributable to owners of the parent									
	Ordinary share capital	Treasury shares	Share premium	Surplus reserve	Other reserve	Retained profits	Subtotal	Non-controlling interests	Total equity	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at 1 January 2023 (audited)	63	(1)	1,596,869	88,094	69,720	1,078,727	2,833,472	3,561	2,837,033	
Profit and total comprehensive income for the period	-	-	-	-	-	666,940	666,940	(917)	666,023	
Capital injection into a subsidiary by non-controlling interests	-	-	-	-	-	-	-	4,000	4,000	
Recognition of equity-settled share-based payments	-	-	-	-	10,431	-	10,431	-	10,431	
As at 30 June 2023 (unaudited)	63	(1)	1,596,869	88,094	80,151	1,745,667	3,510,843	6,644	3,517,487	

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,155,190	775,583
Adjustments for:			
Finance costs		54	57
Interest income	4	(38,991)	(23,758)
Provision for/(reversal of) impairment of trade and bills receivables	5	477	(337)
Provision for impairment of prepayments, other receivables and other assets	5	13	5
Provision for impairment of inventories	5	863	648
Fair value gains on financial assets at FVTPL		(20,356)	(15,194)
Depreciation of property, plant and equipment	5	18,843	15,154
Share of profits and losses of associates		847	–
Amortization of other intangible assets	5	785	735
Depreciation of right-of-use assets	5	1,223	980
Loss on disposal of property, plant and equipment	9	–	2,371
Foreign exchange losses/(gains), net	5	4,796	(15,042)
Equity-settled share award expenses	5	46,048	10,431
		1,169,792	751,633
Increase in inventories		(133,274)	(3,244)
Increase in trade and bills receivables		(92,866)	(21,261)
(Increase)/decrease in prepayments and other receivables		(40,515)	11,159
Increase in trade payables		201,302	18,745
Increase in other payables and accruals		14,276	36,780
Decrease in deferred income		(719)	(359)
Increase in contract liabilities		17,011	731
Cash generated from operations			
Income tax paid		(212,214)	(101,289)
Net cash flows generated from operating activities		922,792	692,895

Interim Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2024

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	(165,417)	(186,961)
Proceeds from disposal of items of property, plant and equipment	–	50
Disposal of subsidiaries net of cash	(3,508)	33,134
Purchase of financial assets at FVTPL	(1,000,780)	(946,301)
Proceeds from disposal of financial assets at FVTPL	796,216	603,916
Additional investment in associates	(9,000)	–
Interest received	38,991	23,758
Net cash flows used in investing activities	(343,498)	(472,404)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	1,498,502	–
Capital injection into a subsidiary by non-controlling interests	–	4,000
Share issue expenses	(12,867)	(12,444)
Payment of lease liabilities	(1,326)	(531)
Net cash flows generated from/(used in) financing activities	1,484,309	(8,975)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,063,603	211,516
Effect of foreign exchange rate changes	(3,216)	15,042
Cash and cash equivalents at beginning of the period	2,503,999	1,330,951
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	4,564,386	1,557,509
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,564,386	1,557,509

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

1. BASIS OF PRESENTATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

In prior years based on the primary source of income from Chinese Mainland, the board of directors regarded RMB as the functional currency of the Company. From 2024, the Company has had more operating and financing activities denominated in USD. Considering the above reasons, the board of directors have determined to change the functional currency of the Company from RMB to USD from 1 January 2024 accordingly, while the presentation currency of the Company remains unchanged as RMB. The change in functional currency of the Company was applied prospectively from the date of change in accordance with IAS 21 *"The Effects of Changes in Foreign Exchange Rates"*.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the " 2020 Amendments ")
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the " 2022 Amendments ")
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

Notes to Interim Condensed Consolidated Financial Information
30 June 2024

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(cont'd)*

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into one single business unit that primarily includes the research, development, manufacture and sale of bioactive material-based beauty and health products.

The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors review the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

During the period, all of the Group's revenue was derived from customers located in Chinese Mainland and all of the Group's non-current assets were located in Chinese Mainland, and therefore no geographical segment information in accordance with IFRS 8 Operation Segments is presented.

4. REVENUE AND OTHER INCOME

Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from contracts with customers	2,540,432	1,605,698

Notes to Interim Condensed Consolidated Financial Information
30 June 2024

4. REVENUE AND OTHER INCOME *(cont'd)*

Revenue from contracts with customers

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Type of goods or services		
Sale of goods	2,540,432	1,605,698
Geographical market		
Chinese Mainland	2,540,432	1,605,698
Timing of revenue recognition		
Goods transferred at a point in time	2,540,432	1,605,698

Other income

An analysis of other income is as follows:

The Group

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Other income		
Government grants	13,241	7,747
Interest income	38,991	23,758
Others	196	1,799
Total	52,428	33,304

Notes to Interim Condensed Consolidated Financial Information
30 June 2024

5. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	Note	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of inventories, consumables and customized products		314,231	199,527
Depreciation of property, plant and equipment		18,843	15,154
Depreciation of right-of-use assets		1,223	980
Amortization of intangible assets		785	735
Provision for/(reversal of) impairment of trade and bills receivables		477	(337)
Provision for impairment of prepayments, other receivables and other assets		13	5
Government grants	4	(13,241)	(7,747)
Marketing and promotion expenses		811,642	521,705
Bank interest income	4	(38,991)	(23,758)
Foreign exchange losses/(gains), net		4,796	(15,042)
Provision for impairment of inventories		863	648
Employee benefit expenses (including directors' and chief executive's remuneration):			
– Wages, salaries and allowances		81,757	51,819
– Pension scheme contributions, social welfare and other welfare		19,120	11,577
– Equity-settled share award expense		46,048	10,431
Other outsourcing labor costs		12,193	1,258

Note: Equity-settled share award expense was included in cost of sales, research and development costs, selling and distribution expenses and administrative expenses in the amounts as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Administrative expenses	14,485	8,240
Research and development costs	13,469	1,290
Selling and distribution expenses	16,167	509
Cost of sales	1,927	392
Total	46,048	10,431

Notes to Interim Condensed Consolidated Financial Information
30 June 2024

6. INCOME TAX

Taxes on profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The Company incorporated in the Cayman Islands are not subject to income or capital gains tax under the law of Cayman Islands. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

Hong Kong profits tax has been provided at a rate of 16.5% (2023:16.5%) on the estimated assessable profits arising in Hong Kong during the period.

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the assessable profits as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008.

Certain subsidiaries were entitled to a preferential company income tax rate of 15% during the period based on the revised version of Guidance Catalogue for Adjustment of Industrial Structure (2011 edition) 《產業結構調整指導目錄(2011年本)》 applicable in 2020 and 2021 issued by the National Development and Reform Commission which was related to the approval given to selected entities to enjoy the preferential tax rate in the Western Development.

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current tax	169,763	103,900
Deferred tax	4,877	5,660
Total tax charge for the period	174,640	109,560

7. DIVIDENDS

	For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Final dividend declared for 2023 – RMB0.44 (2022: Nil) per ordinary share	449,536	–
Special dividend declared for 2023 – RMB0.45 (2022: Nil) per ordinary share	458,901	–
Total	908,437	–

The declared dividend were paid in July 2024.

No interim dividend has been paid or declared by the Company during the period (six months ended 30 June 2023: Nil).

Notes to Interim Condensed Consolidated Financial Information
30 June 2024

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB983,164,000 (six months ended 30 June 2023: RMB666,940,000) and the weighted average number of ordinary shares of 988,391,916 (2023: 995,000,000) in issue during the period, as adjusted to reflect the placing of existing shares and top-up subscription of new shares under the general mandate during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed vest of shares under the RSU Scheme and the 2023 Share Option Scheme.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended	
	2024 RMB'000	2023 RMB'000
Earnings		
Profit attributable to ordinary shares holders of the parent, used in the basic earnings per share calculation	983,164	666,940
Total	983,164	666,940
	30 June 2024	30 June 2023
Number of shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	988,391,916	995,000,000
Effect of dilution – weighted average number of ordinary shares:		
RSU Scheme	5,479,715	10,692,319
2023 Share Option	19,033,962	–
Total	1,012,905,593	1,005,692,319

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets at a cost of RMB284,042,000 (30 June 2023: RMB111,910,000).

There is no disposal of assets during the six months ended 30 June 2024. Assets with a net book value of RMB2,421,000 were disposed of by the Group during the six months ended 30 June 2023, resulting in a net loss of RMB2,371,000.

Notes to Interim Condensed Consolidated Financial Information
30 June 2024

10. TRADE AND BILLS RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within one year	195,450	101,545
Over one year and within two years	112	100
Over two years and within three years	64	129
Over three years	292	255
Total	195,918	102,029

11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within one year	325,268	126,432
Over one year and within two years	7,299	5,663
Over two years	4,539	1,014
Total	337,106	133,109

12. SHARE CAPITAL

Ordinary share capital

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Issued and fully paid 1,028,220,000 (2023: 995,000,000) ordinary shares of USD0.00001	65	63

Notes to Interim Condensed Consolidated Financial Information
30 June 2024

12. SHARE CAPITAL (cont'd)

Ordinary share capital (cont'd)

A summary of movements in the Company's share capital is as follows:

	Number of shares	Nominal value of shares RMB'000
Ordinary shares		
As at 1 January 2023 and 31 December 2023 (audited)	995,000,000	63
Issue of shares (a)	33,220,000	2
As at 30 June 2024	1,028,220,000	65

- (a) On 16 May 2024, the Company issued a total number of 33,220,000 ordinary shares at a subscription price of HK\$49.40 per Share (equivalent to RMB45.11 per share) via vendor placing to the placees according to the terms and conditions set out in the placing and subscription agreement entered into between the Company, the Top-up Vendor and the Placing Agent on May 16, 2024 ("**the Placing and Subscription Agreement**"). The proceeds of HKD3,000 (equivalent to RMB2,000) representing the par value were credited to the Company's share capital and the remaining proceeds of HK\$1,641,065,000 (equivalent to RMB1,498,500,000, and before deduction of share issue expenses) were credited to the share premium account. Further details of the share issue are set out in the announcements dated 17 May,2024 and 24 May,2024 issued by the Company.

13. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Buildings	169,751	349,281
Plant and machinery	70,067	140,942
Total	239,818	490,223

In addition, the Group had the following commitments provided to an associate, which are not included in the above:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Capital contribution to an associate	11,000	16,000

Notes to Interim Condensed Consolidated Financial Information
30 June 2024

14. RELATED PARTY TRANSACTIONS

(a) The Group has the following transactions with related parties during the period:

	Note	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
Associates:			
Sale of products	(i)	5,601	–
		5,601	–

Note:

- (i) The sales to associates were made according to the published prices and conditions offered to the major customers of the Group. The outstanding balance due from the associates as at 30 June, 2024 was RMB4,720,000 (31 December, 2023: Nil), which was included in Trade and bills receivables.

(b) Compensation of key management personnel of the Group:

	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
Salaries, bonuses, allowances and benefits in kind	1,851	1,377
Pension scheme contributions	225	213
Equity-settled share award expense	14,564	7,595
	16,640	9,185

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments are as follows:

	Carrying amounts		Fair values	
	30 June 2024 RMB'000	31 December 2023 RMB'000	30 June 2024 RMB'000	31 December 2023 RMB'000
Financial assets at fair value through profit or loss	1,499,696	1,274,776	1,499,696	1,274,776

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Notes to Interim Condensed Consolidated Financial Information
30 June 2024

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (cont'd)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss:				
Financial products	–	1,499,696	–	1,499,696

As at 31 December 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss:				
Financial products	–	1,274,776	–	1,274,776

Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all inputs that are significant to fair value measurement are observable, the instrument is included in Level 2. The fair value of the financial products is estimated by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2023: Nil).

DEFINITIONS

In this interim report, the capitalized terms shall have the meaning set out below unless the context requires otherwise.

“Articles” or “Articles of Association”	the articles of association of our Company, as amended and/or restated from time to time
“Board” or “Board of Directors”	the board of Directors of our Company
“business day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“Company” or “our Company” or “the Company”	Giant Biogene Holding Co., Ltd (巨子生物控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 28 July 2021
“Director(s)”	director(s) of our Company
“Global Offering”	the Hong Kong Public Offering and the International Offering described in the Prospectus
“Group” or “our Group” or “we” or “us”	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
“HK\$”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

Definitions

“Listing”	listing of the Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“PRC” or “China”	the People’s Republic of China. For the purposes of this interim report only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus of the Company dated 20 October 2022
“Province”	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
“Reporting Period”	the six months ended 30 June 2024
“RMB”	Renminbi, the lawful currency of the PRC

Definitions

“RSU Scheme”	the restricted share unit scheme as approved by the Company on 8 December 2021
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the ordinary share(s) in the share capital of the Company with a par value of US\$0.00001 each
“Shareholder(s)”	the holder(s) of our Shares
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States

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